

What This Country Needs
Is a Free Phone Call

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It is often stated that telephone service in the USA is the best in the world. By comparison with most other countries, including the United Kingdom, American phone service can seem like heaven. In Scandinavia, while the cost may be higher, the service is comparable. The ability to dial from Stockholm or Oslo to Valencia or Budapest is as technically impressive as dialing from Philadelphia to Albuquerque. And the political achievement it represents is even more impressive.

To help balance the critique which follows (after all, Ma Bell is not *all* bad), it is necessary to observe that it is the very excellence of American telephone service that has made us so dependent on it. The threat of losing it involves fundamental issues of freedom and personal security.

A fire on February 27, 1975 left a 300 block area of Manhattan without telephone service for 23 days! This affected 144,755 phones directly and the entire city indirectly. After the crisis was over interviewers talked to 600 persons who were affected. They found that the telephone was "missed pervasively and neither the exchange of letters

nor the one-way flow of mass communications could be made to substitute for the *immediate interaction* provided by the telephone." To the majority of people, "The telephone proved to be a communicative mode for which no satisfactory alternative was available."¹ This is an indirect sociological commentary on the differences between Americans and those who live in Eastern Europe or other places where the telephone is not as accessible or pervasive.

Telephones do not only connect us with friends, loved ones, colleagues, and politicians. Today, the telephone provides access to reports on time and temperature, daily astrological forecasts and even hotline updates on the adventures of comic strip heroes. The Pennsylvania Hospital in Philadelphia recently initiated the TEL-MED service, as have other hospitals in the United States. TEL-MED enables you to hear tape-recorded discussions on health care topics including everything from aging to venereal disease. A number of the tapes are even recorded in Spanish. The TEL-MED service is free—with one big exception: you must pay for the cost of the phone call. As far as I'm con-

cerned, that's the point where Ma Bell's special brand of insanity starts to get in the way of information flow.

For example, it used to be a cardinal principle of business that cash payment entitled you to something extra—not less. Yet if I call TEL-MED from a coin-operated phone, not only is the service not free, but in most parts of the U.S. it costs me more than it costs a person who calls from a private phone, where the payment is deferred until the end of the month. Since it is the poor (including many students) who depend heavily on public coin phones, their ability to use TEL-MED and other “no-cost” information services is significantly reduced. This helps to aggravate the disparities in American income levels.

While I enjoy the luxury of several touch-tone extensions at my home and office, I know that certain younger members of my family cannot afford a private telephone. For thousands of poor people even the dime phone call is a real expense. Unhappily, there are already some places in the U.S. where the phone company has succeeded in raising this price to 20 cents. I can't help but wonder how the telephone company that serves New Orleans can survive. There, you can still make a local call for a nickel.

The telephone company argues that it costs a lot to collect money through coin phones because of the personnel required to service them and because of vandalism. It is hard to assess the validity of this. The phone company also claims that

coin-operated phones cost more because operators must be used to tell you how much to pay. But this is true only for toll calls. Local calls, by definition, should not require any operator assistance. So why are users of local telephone service penalized for other people's operator-assisted calls? I might add that I fail to see the logic of charging coin phone users *more*, even for a cash-payment long-distance call. Perhaps one must acknowledge the cost of vandalism and operator time without regard to the principle that cash should be king over credit.

It is true that on toll calls operators frequently must get involved, but I would like to know why the most advanced telephone system in the world does not yet have an automatic system for collecting money when the feat has been performed in Europe for years. In small towns in Spain there are now public telephones which even return change. And you can call anywhere in Europe from such phones.

If AT&T is going to insist that vandalism is a key problem, I fail to see how raising the price of a local call solves it. On the contrary, it may be time to consider making all public phones free for local use. Whatever loss of cash revenue would result from this move could be made up by eliminating those telephone operators employed to interrupt you so assiduously when three minutes have elapsed. The money collectors who apparently find nothing but empty coin boxes could also be eliminated.

Free public phones would reduce the number of unnecessary calls

made from private phones to public ones in order to avoid excessive cash payments. For example, if I telephone Downingtown, just 35 miles from Philadelphia, it costs \$1.05 for the first three minutes—and it is *not possible* to be charged for *less* than three minutes. If the party I'm calling, however, returns the call from a private phone it costs only 31 cents for one minute and 17 cents per minute thereafter. No matter what time of day I use a coin phone, I have to pay a *minimum* of \$2.35 to call Los Angeles from Philadelphia. The same call made from a private phone at night on a weekend costs 21 cents for the first minute and 16 cents for each additional minute. With such a rate structure, it is no wonder that so many prearranged, coded messages are called in from pay phones to private phones as part of various schemes designed to beat the system.

It is not inconceivable that in this century basic telephone service, like health services, might come to be regarded as a fundamental right provided by government. While it might seem ridiculous to the AT&T economists that telephones be provided free to aged or poor people, how much paid-in-full long-distance calling by relatives and friends would this promote? Maybe this is a simplistic notion, but if AT&T ever even considers proposals like this it is keeping them secret. The lack of a more open attitude is part of the company's basic problem.

I would also like to know by what data AT&T forecasts that a call between any two points in the U.S.

will be a local call. The present distinctions of long-distance vs. local are absurd when you consider that it is often cheaper to call from Philadelphia to Los Angeles than it is from Philadelphia to a suburb just a few miles away. If the idea of a single, low charge for a phone call no matter what the distance involved seems premature, consider this. A variety of companies which offer on-line computer services already enable their customers to access their computers through the equivalent of a local phone call even though the computer may be located thousands of miles away. This is done through such communications networks as TYMESHARE. This is the same type of access ISI® provides on its incoming toll-free lines, which eliminates long-distance charges for our customers.

I also do not understand the inability of Ma Bell's computer to deal with the digital information contained in one's telephone credit card number. It would be eminently more efficient to *dial* your credit card number than to recite it like a robot—not too slow and not too fast—to an operator who is merely dialing or keying the same information you could have keyed yourself. And why can't existing technology be used to eliminate operators from collect calls? Collect calls could be preceded by a simple code. This would activate a tape recording advising the recipient that the call can be refused by simply hanging up. Most such calls would not have to be operator-assisted if one could dial in such a way that the called number would be the one charged.

And remember how long it took before Ma Bell installed telephones that do not require a coin just to reach the operator, police, or other emergency aid? For decades before this was done in the U.S., Europeans were able to reach the operator or make local calls without depositing a coin in *advance*. I find it hard to swallow the technological backwardness of the necessity of having the proper coins—and the inconvenience when one loses the coins because of an error in dialing or some peculiarity of the telephone system, which can never be perfect in its performance. In the United Kingdom you can still make a local call by depositing two pence *after* someone answers the phone. If I have to pay Ma Bell in advance, a nickel is as far as I want to go.

Despite my knowledge that the scientists at Bell Laboratories are making substantial contributions to better communications, I find it hard to believe that there are insuperable technical barriers to the implementation of completely automatic telephone service. While it is impressive to learn that 16,000 people are employed at Bell Labs, I am not impressed that the Bell system spends only one percent of its revenue on research.

William G. Sharwell, vice-president of AT&T's long-term planning, claims that costs, not lack of innovations, have impeded the pace of communications technology.² Others offer different reasons. Bell's monopoly is economically inefficient, according to Richard B. Long, president of the North American Telephone Asso-

ciation, a group of manufacturers, suppliers, and others who produce telephone equipment attached to AT&T lines. Long charges that lack of competition has kept Bell from developing innovations as rapidly as might be expected.²

When one sees how hard AT&T works at preserving its monopoly status, there is a ring of truth to Long's complaint. Early this year AT&T arranged to have a series of bills introduced in the U.S. Congress. These bills, collectively called the "Consumer Communications Reform Act," would give the telephone company virtual control over all of the country's electronic communications.^{3,4} Under the proposed legislation, each state, instead of the Federal Communications Commission (FCC), would decide what devices may be connected to telephone lines. Companies providing private phone service to businesses would have to prove that they would not duplicate services that present phone companies provide or *could* provide. Private companies would also have to prove that the revenues they might drain off would not force existing phone companies to increase consumer rates, and that the private equipment would not technically impair the existing telephone network. What's more, existing phone companies would be immune to antitrust suits. Thus they could buy out the competitors driven out of business by the legislation. The stated purpose of this immunity is to "protect" the customers of competitors who might otherwise lose service.

If this act is passed the long-run consequences are even more serious, since it would eliminate choice in future telecommunications systems. The most important aspect of this for consumers would involve information terminals attached to home phone lines to allow electronic mail, checkless financial transactions, remote shopping, electronic newspapers, and much more. Explosive growth is expected in this area.

In the second quarter of 1976 alone, AT&T *reported* spending \$1,040,009 to lobby for this legislation. It is no wonder, then, that 102 representatives and 9 senators have been willing to sponsor the various bills involved. It will be interesting to watch what happens when Congress resumes hearings and debate on this legislation later this year.

Our dependence on information and its transmission is becoming more crucial in our economy. Today more of the U.S. gross national product evolves in the information sector than in the production of tangible goods.⁵ Economists Manley R. Irwin of the University of New Hampshire and Steven C. Johnson of the National Research Council have written that, "Policy decisions as to what information services are provided, who provides them and at what prices, go to the heart of tomorrow's economic infrastructure. The stakes, markets, and investment are incalculable. It is in this context that the public policy issues surrounding telecommunications should be considered. And it is in this context that the merits of a policy of competition and monopoly

in telecommunications should be debated and resolved."⁶

Let's return to more prosaic concerns. Ma Bell has turned a deaf ear to many consumer issues. For example, certain groups want a married woman's name listed in phone directories on an equal basis with her husband's name. The company wants to list the woman's name *instead* of her husband's or provide a separate entry for an additional fee. It claims that directories would be too expensive and bulky if additional names were included free.⁷ No doubt more names will add cost and size to directories, but wouldn't such listings also increase the use of telephone service? Typically, it seems that Ma Bell has not handled this issue in a manner designed to improve service and increase its *overall* business.

The New York State Public Utilities Commission recently ordered the New York Telephone Company to tell new customers about the cheapest forms of telephone service and to allow present customers to switch to the cheaper forms without paying for the change. The order was the result of numerous complaints from consumers about the telephone company's former negligence in this matter. Before, phone company sales representatives often pushed sales of package deals of three or four phones with luxury features.⁸

With such a never-ending litany of abuses, my personal feeling is that there should be an elected panel of consumer-oriented ombudsmen to help regulate the telephone industry. The FCC and

state regulatory agencies are hopelessly inadequate. It would also help if consumers were better represented on the board of directors of AT&T and the individual state telephone companies.

But even Ma Bell tries to do good now and then. Last year it received so many complaints from overseas travellers overcharged by hotel keepers for trans-Atlantic phone calls that it launched a campaign called Teleplan to curb the problems. For example, travellers were charged \$70 for a \$17 call from Berlin to the United States, \$90 for a \$15 call from Paris, and \$686 for \$270 worth of calls from Beirut. E.E. Carr, director of overseas administration for AT&T's Long Lines Department, said one European hotel keeper admitted to earning \$35,000 extra in one season by overcharging for overseas phone calls. Under Teleplan, AT&T pledges to promote travel to the countries involved and the countries are expected to charge reasonably uni-

form rates for overseas calls.⁹ As a frequent user of overseas calls I appreciate Ma Bell's concern; but I'll be even happier when they figure out how to find me another dime when my last one has dropped into the box and I need to make another call before my train leaves.

As the country's largest corporation, AT&T undoubtedly gets a great deal of unwarranted criticism. It is difficult to understand how a company which spends so much money on public relations should have such a negative image. The PR experts at Ma Bell might tell you, off the record, that the image would be much worse without all the PR, but I fail to be impressed.

You start to wonder how bad things are when you think about T.O. Gravitt, a vice-president of Southwestern Bell Telephone Company, who killed himself in October, 1974. His suicide note said in part: "Watergate is a gnat compared to the Bell System."³

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