

**THE TELECOMMUNICATIONS ACT OF 1996:  
BUSINESS ACCESS, AND IMPLICATIONS FOR INTEGRATED CARRIERS**

by

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**ABSTRACT**

The Telecommunications Act of 1996 is a landmark piece of legislation. This thesis analyzes how the 1996 Act lowers entry barriers in the telephone, cable and broadcast markets, and the business implications of these regulatory changes. Lower access costs for businesses, it is hypothesized, will result from these legal and regulatory changes, and enable more rapid growth.

Technical change in the telecommunications industry was a driving force behind the passage of the Telecommunications Act of 1996. Traditionally regulation of telecommunications in the United States was a three-segment model. The three-segment model had separate regulatory regimes for print, radio, and telephony. This trifurcated approach makes increasingly less sense as technologies converge. The lines between media segregated by mode of transportation (paper vs. Radio vs. Landline) are quickly disappearing. Telecommunications is moving toward a digital, broadband world of networks which interconnect with one another.

I make a policy recommendation for an upcoming FCC rulemaking on access charge reform based on the changes in technology discussed above and the regulatory changes embedded in the Telecommunications Act of 1996. Lowering access charges towards cost and establishing a universal fund that recovers competitively neutral contributions for basic residential telephone service would better promote competition. To the extent that additional subsidies are needed regulators should carefully target subsidies to low-income families to keep their rates affordable.

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