

Sibling rivalry: The emergence of competition among the baby bells

William F. Shughart II

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Abstract

The Modification of Final Judgment (MFJ) prohibits the seven regional Bell operating companies (RBOCs) spun off by AT&T from competing with one another in various markets 'adjacent' to the local telephone exchange. I have examined the competitiveness of three of these adjacent markets (cellular telephone, paging services, and yellow pages publishing) since divestiture in order to assess the likelihood of collusion among the RBOCs. On the basis of a decade of post-divestiture experience, I find the prospect of collusion to be remote and, hence, the probability of anticompetitive effects from lifting the MFJ to be vanishingly small.

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