

---

For additional information: Bill Winter, Director of Communications ♦ (202) 333-0008 Ext. 226

---

## **Paying 10¢ more for pay-phone calls is good news (really!), say Libertarians**

*New FCC deregulation means that local calls may cost 35¢*

WASHINGTON, DC — The cost of a pay-phone call may jump by a dime on Thursday — and that's good news for consumers, the Libertarian Party says.

"In the long run, competition always benefits the consumer, even if we end up paying a little bit more in the short run," said the party's national chairman, Steve Dasbach.

**On Thursday, bureaucrats at the Federal Communications Commission ended their price regulations on America's 2.1 million pay phones.**

The result: Most pay-phone operators, who were prohibited by law from charging more than 25 cents for a local call, can now charge whatever they want. Industry experts predict that the cost of local calls will jump to 35 cents.

Consumer advocacy groups are already grumbling about the deregulation, complaining that consumers will be "nickel and dimed" to death. ***But Libertarians disagree.***

"The worst thing the government can do is keep prices artificially low," said Dasbach. "Such heavy-handed government regulations always hurt consumers, even if we think we're saving a few pennies. Why? Because such Soviet-style price restrictions lower the profits that pay-phone companies can make — which reduces their incentive to offer more phones at more locations, or better service, or newer technology. In the long run, the industry stagnates."

That kind of stagnation stands in sharp contrast to the extraordinary growth that has occurred in the rest of the deregulated telecommunications industry, noted Dasbach.

"Over the past decade, we've seen a virtual revolution in telephone technology," he said. "Millions of ordinary Americans now use cellular phones. Millions more have beepers. Still others use e-mail and fax machines to communicate when they're traveling. Thousands of Americans make practically free phone calls via the Internet.

**"But price-controlled pay phones haven't changed in a decade** — and all these new telephone technologies, prices, and services have left them increasingly obsolete and irrelevant. That's the price we've paid for all those years of government-mandated 25 cent pay-phone calls," said Dasbach.

"Fortunately, the new FCC price deregulation will let free-market magic start working on the pay-phone industry," he said. "We're just glad that the federal regulators dialed 1-800-GET-A-CLUE, and *finally* did the right thing for consumers."