

The Demise of the Dinosaur PTTs

By Sam Vaknin, Ph.D.

The Demise of the Dinosaur PTTs
by: **Sam Vaknin, Ph.D.**

Telecommunications is the most important physical infrastructure in the modern world. It is more important than roads because it can replace them. It is more important than office buildings because it allows for the formation of virtual offices. It is more crucial than legal and institutional systems because it surpasses national borders and undermines and subverts fossilized political structures.

Telecommunications eliminates distance and allows for the transfer of voice and other forms of information (data) virtually at the speed of light. It is the foundation for the future industries and the industries of the future: information, knowledge and intelligent data processing industries.

Telecommunications today is not limited to handsets, phone lines and telephony equipment. It incorporates computers and other media technologies. All these are an integral part of the new age of telecoms.

Telecommunications was partly responsible to the geopolitical sea changes of the last decade. It is enough to recall the role of satellite telephones in the media coverage of the televised Gulf War - or the anti Ceaucesco revolution in Romania.

These are precisely the reasons why regimes all over the world - in other words, politicians - strove to maintain unmitigated control of the PTT services in their countries and to block foreign and domestic competition. National telecommunication service providers and carriers became monopolistic monsters, operating highly inefficiently, charging exorbitant prices, employing far too many people at unreasonably high salaries and serving to boost the political fortunes of ministers and the like.

But all this is changing. The new World Trade Organization (WTO) set of agreements will force governments throughout the world to privatize their telecoms giants and to deregulate this industry. The deadline is 2003 with a few exceptions (Latvia has until 2013 to do so). There is a new realization that telecommunications is too important an industry to be left to the devices of politicians - or to the flawed management of state organs.

A few privatization models have evolved over the last 20 years, or so.

In the more developed countries (the West, South East Asia), some countries have

chosen to introduce free for all competition. This entails the sale of part or all of the state owned telecoms provider to shareholders through stock exchanges. A small part is usually also allocated to the workers and management of the company at favourable prices. Concurrently the industry is deregulated and licensing requirements are gradually abolished.

Initially, in this model, only certain services are open to competition, mainly the international calls segment and the mobile and wireless telephony (including paging).

But, ultimately, all types of services are opened to competition - both domestic or foreign.

The most extreme example is Finland, where competition is completely free, no licensing is required and 52 companies compete for the heart (and pocket) of the customers. They are all allowed to offer any kind of telecommunications service imaginable.

Still, very much the same situation is developing in Israel, Britain, Australia, Hong Kong and - with the 1996 Telecommunications Act - in the USA. This 1996 Act allows providers and carriers of international phone calls and of local phone calls (until now separated by regulation) to enter each other markets and compete. The result was a major spate of mergers and acquisitions as companies scrambled to offer combined, international and local, services.

The second alternative is to break up the national carriers into functional units, one dedicated to international calls and the other to local traffic. NTT in Japan is undergoing this surgical restructuring now. In the wake of this break-up, competition is allowed in certain services (again, mainly international calls and GSM and mobile telephony).

The other - less efficient - option is to sell minority stakes in the national carrier to investors (domestic or foreign), or, through the stock exchanges - while effectively preserving the monopoly of state owned provider. This was the case in Israel, until lately and is the case in Greece. In Israel, when the British Cables and wireless tried to gain control of Bezeq (the Israeli phone services provider) - it encountered the staunch opposition of the Israeli government, replete with threats of legal action.

Still, the benefits of privatization are enormous.

Prices drop. That is the most evident and immediately visible effect. The prices charged for international phone calls in Israel dropped by 80% in real terms with the introduction of two additional competitors. In Britain, prices went down by 25%.

There is a leap forward in the quality of service: waiting periods for new installations, second and third phone numbers, business dedicated lines, maintenance, fixing problems, times between faults, troubleshooting, hotlines, meter reading, detailed and allocated accounts and so on. The average wait for a new phone has been reduced in Israel and in Hungary, to take two notable examples, from months to days.

Naturally, overall economic efficiency is improved by cost savings and by more

productive allocation of time previously spent on tackling bureaucratic hassles.

Last, but by no means least, is the marked improvement in technology, its upgrading and the introduction of novel, low cost alternatives.

In the less developed and developing countries, privatization has been achieved mainly through the introduction of foreign strategic partners - usually other telecoms firms from more developed countries. This necessitates the temporary preservation of the monopolies. No profit minded foreign investor will invest in infrastructure - and let future competitors reap the benefits. An investor wants to be assured that he will continue to rule the market and overcharge the customers for a proscribed period of time. Foreign investors like monopoly situations because this way they have a captive market and thus they can force their clients to defray their development costs through overcharging. But, this can be seen as the cost of modernization and integration into regional and global telecoms alliances. Once competition is allowed, everyone (especially the clients) will reap the benefits of modern information highways.

To my mind this thinking is flawed. The direct and indirect damages incurred by monopolies are immeasurable. Monopolies must be dismantled - and the sooner, the better. The transfer of part of a monopoly from domestic to foreign hands does not alter its economically cancerous nature. Monopolies are guilty of over or under optimal investments, of overcharging clients, of distorting the allocation of economic resources, of market rigging, corruption and other criminal activities, of providing poor service, of selecting the wrong technologies. Only the threat of competition - actual and fierce - can change all that. Even so, long after competition is introduced, monopolies seem to continue to control their markets. British Telecom still controls 72% of its markets - despite more than a decade of competition.

Despite these considerations - and due to rampant corruption and cronyism - the Czech Republic, Hungary, Yugoslavia-Serbia, Estonia, Latvia and Russia chose this path. Bulgaria and Romania will follow them next year and it seems that Macedonia might follow suit, more out of lack of choice of alternatives - than out of careful selection of them.

The other way is by selling shares to investors in the stock exchanges - local and foreign. Poland has adopted this path after years of foot-ragging. It will sell shares of its carriers early next year. This, however, is not a solution available to small countries with an undeveloped stock exchange and low liquidity. To float the local PTT in the Macedonian Stock Exchange would be absurd. Even to attract domestic capital in sufficient quantity would be unthinkable.

Some countries avoid privatization altogether. They regard the fix of privatization as a fad, or a passing craze (which, in its more extreme forms, it is). They declare the telecommunications sector to be a matter of national strategic importance (again, to a very limited extent, it is). Slovakia has introduced a law in 1995 to actively prohibit the privatization of its PTT.

But experience disproves the Slovak stance. Admittedly, privatization does have its unpleasant side effects: redundant workers are fired by the thousands and

unemployment goes up, for instance. Another result, cutely felt by every potential voter, is the radical increase in the price of local phone calls which used to be subsidized by the outlandish charges imposed on international calls. Once cross - subsidization ceases and more realistic pricing is introduced - prices shoot up.

But the price of all other services drop as sharply and there is a dramatic improvement in the quality and speed of the services provided.

The technological aspect is not to be sneered at, either.

The current infrastructure is insufficient in all Central and East European countries. It is partly incompatible with European Union standards and networks. The existing backbones will, of course, still be used but they will be gradually replaced by fibre optics and digital switchboards.

Technologies like cable TV and broadcasting networks, satellites and above all, wireless and GSM networks will serve to bridge the capacity and compatibility gaps and deficiencies. They will also reduce the dependence of new market entrants on the infrastructure and services provided by local PTTs - and this is good news.

Sam Vaknin is the author of "Malignant Self Love - Narcissism Revisited" and "After the Rain - How the West Lost the East". He is a columnist in "Central Europe Review", United Press International (UPI) and ebookweb.org and the editor of mental health and Central East Europe categories in The Open Directory, Suite101 and searcheurope.com. Until recently, he served as the Economic Advisor to the Government of Macedonia.
His web site: <http://samvak.tripod.com>

The Beginnings of Medicine, via the Back Passage.

By Thick Mick.

The Beginnings of Medicine, via the Back Passage. by Thick Mick.

Hello, Mick here.

When I should have been in short pants, but didn't have any, medicine was hardly a tonic.

The nearest comparable thing to modern medicine was a type of Acupuncture

The most noticeable difference between it then, and now, is the needles.

We didn't have medical grade stainless steel.

What we did have though, was an ample supply of bamboo chutes.

While these were considered organic, whatever that is, they were somewhat larger in diameter.

If time goes as slow for you as it does for me, then discover the virtues of ORIGINAL MEDICINE.

The science of putting such probes in particular nerve paths was more primitive, and one hundred times more effective.

Supposing that you had an earache, then I can guarantee you that you would only have it once.

An immature chute (three-inches in diameter) would be forcibly inserted directly to the site of the pain!! It was a similar deal for eye infections! Re-infections were non-existent!

In the off-chance that you had diarrhoea, then the treatment was local, rapid and somewhat final.

I won't even mention toothache. We had no teeth! Indeed, teeth and any associated maladies, were considered to be a waste of good timber.

Eczema, psoriasis, acne and indeed migraine were migrant workers, as far as we were concerned.

Asthma was slightly different though, and was an herbal remedy for flatulence, not that we had much. It would be "lanced", long before it would present a problem. Gaseous or otherwise.

Yes, our local clinic was never understaffed or under-resourced, such was the availability of bamboo.

Should a hungry dinosaur "happen" on your leg, arm, or anything except your head (this

would have been considered to be a “threat”), a simple poultice made of Zinc (readily available at the 7/11), Selenium (unavailable, but anything starting with “S” was sufficient, and only your imagination could deprive you), and milk (from the milkman), would redirect the pain. Guaranteed!!!!

You had to be tough to survive medicine, and that was just practicing it. To survive it as a patient required a sharp memory. If you “forgot” your previous visit, thenwell then.....longevity was not for you!

There was nothing trivial, repetitive or indeed actual, about the Hippocratic oath. “Accept your fate, and relinquish your dinosaur eggs” as I remember it, was the motto of Medicine.

Mick,
medicinalmalice@thetrivialtimes.com

Thick Mick is an "expert columnist" with the www.TheTrivialTimes.com

Related eBooks:

[The Beginnings of Medicine, via the Back Passage.](#)

[Desert Golf, A Walk on the Wild Side](#)

[It's OK for your child to be bored. In fact, it's recommended!](#)

[Are You A Pelican Marketer?](#)

[What Balance Looks Like For You](#)

Get more Free PDF eBooks at FreePDFeBooks.com

Malamaal.com: A genuine resource center for Quality Ebooks and Softwares

Co-Sponsored Advertisement:

This PDF eBook is for free Distribution only, it cannot be SOLD
An online Community Services Directory for the Mid-Columbia River Gorge

[Click here to know more](#)

Powered By FreePDFeBooks.com

[ReBrand this PDF eBook with your Name / URL / ClickBank Affiliate ID for Free](#)