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Calling Judge Greene: Is Ma Bell Rising Anew? >SBC AIT

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WASHINGTON (Dow Jones)--The monster marriage of SBC Communications Inc. (SBC) and Ameritech Corp. (AIT) begs the question: Are the Baby Bells trying to rebuild the once ubiquitous Ma Bell?

It's been nearly 15 years since government antitrust busters split the old American Telephone & Telegraph Co. into pieces. Seven Baby Bells provided local calling; giant AT&T Corp. (T) gave consumers long-distance service.

But that historic arrangement, overseen by U.S. District Judge Harold Greene, was scrapped in 1996 when Congress overhauled the nation's telecommunications laws. Free to marry, the seven Baby Bells will now be reduced to four.

And analysts aren't ruling out future combinations.

"This is the inevitable backslide towards a monopoly that results from excessive deregulation and weak antitrust (enforcement)," says Gene Kimmelman, co-director of the Consumer Union's Washington office. The consumer group will ask Congress and federal regulators to step in, he says.

In the two years since Congress passed the telecom-reform law, SBC has gobbled up Pacific Telesis, its sister to the west, and is acquiring Southern New England Telecommunications Corp. (SNG). Bell Atlantic Corp. (BEL) has completed its buyout of Nynex Corp., creating a telephone behemoth that serves local phone customers from Maine to Virginia.

But comparisons with the industry of 15 years ago are difficult. "Different time, different set of circumstances," says Scott Cleland, who follows telecom policy for Legg Mason Precursor Group. "They aren't reassembling the Bell system completely."

For one, the Baby Bells still haven't found a way into the lucrative long-distance business. The Federal Communications Commission says the local carriers have yet to take sufficient steps to open their networks to rivals, a prerequisite for entering the long-distance business.

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