

# QUELLO CENTER

Telecommunication Management & Law

## 2002 annual report

THE

JAMES H. AND MARY B.

QUELLO CENTER

FOR TELECOMMUNICATION

MANAGEMENT & LAW

MICHIGAN STATE

UNIVERSITY

## the third year in brief

**The Quello Center's third year was marked by continued growth, building on previous initiatives and activities and new research initiatives.**

The third annual Quello Communication and Law Symposium in March was a worthy successor to the first two, drawing a large crowd and substantial press coverage. Four panels of distinguished experts addressed various questions relating to laws and policies governing access to communications facilities, services and content. Assistant Secretary of Commerce Nancy Victory was the featured keynote speaker. The second annual Quello Lecture at Michigan State University was delivered by Internet pioneer David C. Clark in November. This was the first of three public lectures at MSU planned by the Quello Center for the 2002-2003 academic year under the theme "Frontiers of Communication Policy." Clark spoke to a packed house on the challenges to spectrum policy posed by new wireless technologies. Following up on the successful inaugural summit organized by the Quello Center and the Michigan Association of Broadcasters (MAB) in 2001, the Center and MAB sponsored a second broadcasters-educators summit on the MSU campus to explore ways to better match the training needs of broadcasters with the services offered by universities and other educational institutions. Center director Steven S. Wildman and associate director Johannes M. Bauer were co-recipients, with faculty from Rutgers University and Cornell University, of a three-year grant from the National Science Foundation to study mechanisms for governing the use of spectrum made available for unlicensed services. The collaborative research under this grant has already begun. The Quello Center completed a study and report on broadband policy options as part of its work on broadband initiatives with MERIT Networks on behalf of the Michigan Economic Development Corporation. The Center staff, its affiliated faculty and visiting scholars continued active programs of research and presentations on communication industry policies and economics.



*Above: Attendees at Quello Center Advisory Board meeting. Left to right: Director Steven S. Wildman, Rick Coy, Richard Wiley, Robert Pepper, Dean James Spaniolo, James Quello, Rudy Baca, Lauren "Pete" Belvin, Brian Fontes, Associate Director Johannes Bauer.*

*At left: William Castanier and MSU Trustee Colleen MacNamara at the Quello Lecture reception.*



## the third Washington symposium

**The Third Annual Quello Communication Law and Policy Symposium, "Rethinking Access: Networks, Providers, Content, Users," was held on March 26, 2002 at the Williard Inter-Continental Hotel in Washington, D.C.**

Access to networks, providers, services and content is crucial to harnessing the benefits of advanced communication technologies, but existing access rules are a patchwork that evolved over many decades. The third annual symposium offered a fresh and critical look at the foundations of access policies and the policy choices ahead. Speakers and panelists in four sessions examined the following topics: (1) Access, openness and competition; (2) Access and industry evolution; (3) Balancing open access and national security goals; and (4) Access and social/political rights. In addition to presentations by prominent experts from academia, government and industry, the symposium featured a keynote address by Assistant Secretary of Commerce, Nancy Victory. Papers and talks presented at the symposium were published in a special issue of the Law Review of the Michigan State University-Detroit College of Law. The Quello Center co-sponsored the symposium with the Law Review of the Michigan State University-Detroit College of Law and MSU's Institute for Public Utilities. The fourth annual symposium, "The State of Telecom: Realities, Regulation, Restructuring," will be held on February 27, 2003 at the Williard Inter-Continental Hotel in Washington, D.C.



*Pictured clockwise from top:*  
*Brenton C. Greene, Deputy Manager,*  
*National Security System;*

*Marsha J. MacBride, FCC Chief of Staff*  
*and Director, Homeland Security Council;*

*Assistant Secretary of Commerce,*  
*Nancy Victory;*

*Commissioner James H. Quello,*  
*Professor Gary Reid, Dean James Spaniolo;*

*Daniel Brenner, Senior Vice President Law*  
*and Regulatory Policy, National Cable &*  
*Telecommunications Association.*

# broadcast

## education summit

**T**ogether with the Michigan Association of Broadcasters, the Quello Center co-hosted the second Michigan Broadcast Education Summit on October 25, 2002. Under the guidance of a facilitator, the 30 participants from the broadcasting industry and the educational community worked in small groups and plenary sessions. The discussions focused on the most pressing issues of broadcast education and ways for closer coordination and collaboration between educators and industry. Given the high level of enthusiasm of the participants, another edition of the summit is being planned for 2003.

## the second annual quello lecture

**T**he second annual Quello Lecture, "Spectrum Policy, The Internet And Open Access" was delivered to an overflow audience by David Clark (MIT), on November 13, 2002.

His inspiring and provocative lecture explored whether the current telecommunications meltdown is just a healthy purge after the binge or a signal of an "unsound" industry structure. The presentation went on to point out structural problems in the fixed Internet-based telecommunications industry and discussed whether the wireless industry was in a more promising position. Dr. Clark proposed some considerations for the future policy-setting and future technical innovation. He concluded that it is possible that the structure of the Internet with its open interfaces is a happy accident that cannot easily be recreated, and the current wireless world is illustrating this point as we watch. The presentation slides are available at the Quello Center website.



*Above: Steve Wildman and speaker David Clark at the Second Annual Quello Lecture.*

*At Left: David Clark*

# research, publications, presentations, and outreach

**During 2002, the Quello Center's faculty, associates, and staff addressed key issues concerning managers and public policy makers in an active research and public outreach program.**

Confronted with the stagnant development of information and communications stocks and dramatic bankruptcies, the public policy debate was at risk to get caught in short-term issues. While the Quello Center did not neglect these pressing issues, it continued to place these developments into a broader perspective by addressing the fundamental and long-term issues. Faculty, associates and staff contributed to this mission with publications, presentations at major national and international conferences, and public service.

## **publications**

Articles authored and co-authored by Quello Center faculty were published in the leading journals in the field, including *Information Economics and Policy*, *Telecommunications Policy*, and *Telematics & Informatics*. Bauer and Wildman contributed to the *Law Review of Michigan State University – Detroit College of Law*. A technical report titled *Benefits of Broadband* was released in December of 2002. In addition, Quello Center staff contributed chapters to three books, and Steve Wildman served on the authoring committee for the National Research Council book, *Broadband: Bringing Home the Bits*. For a full listing of publications during 2002 visit <http://quello.msu.edu>.

## **conference presentations**

Quello Center faculty and researchers presented a total of 13 papers at nine national and international conferences. Among others, papers were delivered at the 30<sup>th</sup> Communications and Internet Research Conference in Alexandria, VA; the conference of the European Telecommunications Society in Madrid, Spain; the 14<sup>th</sup> Biennial Conference of the International Telecommunications Society in Seoul, Korea; and the conference of the American Economic Association in Atlanta, GA. Bauer presented ongoing research at conferences in Delft, The Netherlands, Konstanz, Germany, and Gainesville, Florida; Wildman presented research papers at meetings in Washington, D.C., Alexandria, VA and in Seoul, Korea.

## **public service**

As in the past, public service was one of the cornerstones of Quello Center activity. Together with the Public Utility Research Center and the Public Policy Research Center at the University of Florida the Quello Center sponsored a workshop "Formulating a Research Agenda for Communication Policy" on September 27, 2002. The workshop was held at the Federal Communications Commission in Washington, D.C. and attended by 30 people representing FCC senior staff, DOJ economists, and academics from the University of Florida, Michigan State University, the University of California at San Diego, University of Colorado, Columbia University, and Stanford.

Bauer and Wildman gave several presentations at the NARUC Annual Regulatory Studies Program at Michigan State University as well as at the Workshop for International

# our mission

**The James H. and Mary B. Quello Center for Telecommunication Management and Law was established in 1998 at Michigan State University to be a national focal point for addressing management and policy issues in the rapidly changing field of telecommunication.**

The Quello Center will assist both the public and private sectors through cutting-edge, multidisciplinary research on telecommunication management and policy: serving as a catalyst for the development and adoption of balanced telecommunication policy solutions; and contributing to the private sector's alignment with the economic and political realities of communication industries.

The Quello Center's multidisciplinary approach is vital for addressing the unprecedented challenges posed by the evolution of communication technology and industries. The ramifications of new market opportunities and technologies for industries and consumers are, at best, very poorly understood. Industry members must determine what products or services to market, investments to make, and marketing practices to adopt in response to both domestic and international competitive pressures – and at an accelerating pace in an increasingly unstable environment. Consumers are also faced with the daunting tasks of understanding new technologies, obtaining adequate and meaningful information to choose products and

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## our mission *(continued)*

services, and protecting themselves from ever-evolving forms of fraud, consumer abuse, and intrusions of privacy.

Existing regulatory and legal systems have often been inadequate to address these developments, which has created new policy problems, unintended consequences and unclear choices for policy makers. While subject to intense lobbying from all affected parties, policy makers struggle to determine the appropriate balance between reliance on competitive markets or governmental interventions as a means to address societal concerns. In so doing, they must select regulatory mechanisms for transitioning to competitive telecommunications markets and revise numerous bodies of law to address recent developments such as new forms of market failure and intellectual property, issues related to e-commerce, invasion of privacy and security, and the social welfare implications of a growing gap between those with and without access to advanced communications services.

The Quello Center seeks to contribute to a better understanding of the implications of new technologies and market developments and the adoption of more effective policies and business plans in response to these changes, by (1) conducting rigorous interdisciplinary research and publication both domestically and internationally, (2) providing opportunities, such as symposia and conferences, to stimulate dialogue among policy makers, scholars, industry executives, and consumer interest groups, (3) collaborating with other institutions to evaluate important telecommunication policy developments, and (4) providing expertise and research to policy making institutions.

## research, publications, presentations, and outreach *(continued)*

Regulators. Wildman participated in presentations on broadband policy at the FCC and at the Congressional Budget Office.

Together with the John D. Evans Chair in Technology Management, the Quello Center also co-sponsored a workshop at the University of Michigan on current issues of media ownership and competition on October 24, 2002.

### research projects

Grant awards and new project initiatives solidified the research agenda of the Quello during 2002. A three-year joint project with Rutgers University and Cornell University exploring economic, technological and regulatory mechanisms to maximize the benefits of unlicensed spectrum bands was funded with \$1.5 million by the National Science Foundation. In partnership with the Telecommunications Department at Michigan State University, Quello Center staff completed a report on the benefits of broadband for MERIT Networks, Inc., an outgrowth of a contract with the Michigan Economic Development Corporation. The Center also submitted a proposal to the Ford Foundation to study the evolution of U.S. telecommunications policy.

Other themes that are pursued at the Quello Center, often in collaboration with researchers and centers at other universities and research institutions, include:

- The industry developing around Internet streaming media technologies and the relationships emerging between streaming media services and established media.
- Modeling long run incremental costs for telecommunications networks when technologies are changing.
- Challenges facing traditional policies towards access to telecommunications networks, services, and content.
- Contributions of broadband networks and services to the economic, social and political development of rural communities.
- Factors shaping the diffusion of broadband in the OECD countries.
- Alternative approaches to spectrum management and the impact of entry costs on the subsequent evolution of the wireless industry.
- Comparative institutional analysis of information and communication policies in different parts of the world.
- Problems created by the continued role of state ownership of telecommunications operators outside the U.S.
- The future of broadcasting in a digital environment.
- Competition in radio markets
- Content bundling for information services.
- Pricing of commercial time for broadcast and commercial television.
- Effects of network unbundling on service diffusion and innovation.
- Policies towards the mobile Internet.

# our donors

More than 180 individuals, corporations and foundations have made financial contributions to support the Quello Center. Without their generosity and commitment, the Quello Center would not have been possible.

—James D. Spaniolo  
Dean

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# QUELLO CENTER

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