

# QUELLO CENTER

2004

**annual report**

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THE JAMES H. AND MARY B.

QUELLO CENTER

FOR TELECOMMUNICATION

MANAGEMENT & LAW

MICHIGAN STATE UNIVERSITY

# QUELLO CENTER

## 2004 highlights



Above:  
*Eddie Fritts, Jim Quello, Richard Wiley (at 90<sup>th</sup> birthday party)*

Left:  
*FCC Commissioner Kathleen Q. Abernathy, Jim Quello at Quello Symposium*

Below:  
*Rick Coy (Clark Hill PLC), Richard Wolfe (Comcast), Wayne Fonteix (AT&T), Paul Fuglie (Verizon), Robin Gleason (SBC), Kevin Schoen (ACD Net), Richard Gamber (MI Consumer Federation), Robert B. Nelson (MI Public Service Commission) at VoIP workshop.*



**A**s the remainder of this report will make clear, 2004 was a very busy year for the Quello Center.

The Center sponsored and organized several conferences and forums on communication policy issues. Center staff made presentations at numerous academic and professional conferences and conducted research on a variety of research projects. Four events are worthy of special note.

On February 25, 2004, the Quello Center hosted the Fifth Quello Communications Law and Policy Symposium in Washington, D.C. The symposium was co-sponsored by the Michigan State University Law Review, the Intellectual Property & Communications Law Program of the Michigan State University College of Law, and MSU's Institute of Public Utilities. Titled: "Harnessing the Swarm: Business Strategy, Rights Management & Policy for the New Media,"



the symposium examined the challenges to policy makers and business posed by new information and communication technologies and the digitization of information.

**J**ames Quello turned 90 on April 21, 2004. To honor the former FCC Chairman for whom the Center is named, the Quello Center organized a special birthday celebration of his life and accomplishments on April 19, during the National Association of Broadcasters Convention in Las Vegas, Nevada. Held at the Mirage Hotel, attendance by policy makers, industry luminaries and a legion of friends of Jim Quello made the event a night to remember.

**A**t MSU, especially notable events included the fourth annual Quello Lecture, which was delivered by Pat Mullen, President of Tribune Broadcasting on November 3, and a workshop on Internet telephony (VoIP) on February 19 that featured FCC Commissioner Kathleen Abernathy as a keynote speaker. Mullen's lecture, "The Evolution of Media and the New Digital World," drew an enthusiastic crowd of students, faculty and Michigan media professionals. In addition to students and faculty, the Internet telephony workshop drew numerous attendees from Michigan's information technology and services industries.



*At left, top:  
FCC Commissioner Michael J. Copps  
at Quello Symposium*

*Bottom:  
Pat Mullen, Karole White, Steven S. Wildman  
(at Quello Lecture)*

## 2004 center activities

**S**trategic goals for 2004 were the solidification of our local, regional, and national presence and an expansion of our international activities.

Important events contributing to the realization of these goals were our Washington Symposium, public lectures and workshops on the campus of Michigan State University, presentations at academic and professional conferences, and publications. To leverage our resources and enhance our effectiveness, several of these activities were pursued with partner organizations, including the Michigan State University College of Law, the Institute of Public Utilities, as well as the University of Florida's Public Policy Research Center and Public Utility Research Center.

### Washington Symposium

The Fifth Quello Communications Law & Policy Symposium was held February 25, 2004, at the J. W. Marriott Hotel in Washington, D.C.

It was dedicated to a broad review of the issues surrounding the transition to digital media and the managerial and policy challenges posed by it. The symposium was preceded on February 24 by a special pre-conference session on balancing business, consumer, and citizen interests affected by digital technologies in the

design and enforcement of intellectual property law. The line-up of prominent speakers included Fritz E. Attaway (MPAA), Steven Marks (RIAA), Alan Davidson (Center for Democracy and Technology), Stevan D. Mitchell (Interactive Digital Software Association), Amy Nathan (Federal Communications Commission), and Mike Godwin (Public Knowledge).

The day-long symposium featured distinguished academics, business leaders and policy makers as panelists and speakers. Feature presentations included session keynote addresses by FCC Commissioner Michael J. Copps and Eli M. Noam, Professor of Finance and Director of the Columbia Center for Tele-Information (CITI). The luncheon keynote address was delivered by Senator Ted Stevens (R, Alaska), Chairman of the Senate Committee on Commerce, Science, and Transportation. In a gesture of bipartisanship, he was introduced by his U.S. Senate colleague, Senator Daniel Inouye (D, Hawaii). Both Commissioner Copps and Senator Stevens addressed current issues related to the state of and future policies towards the U.S. advanced telecommunication infrastructure.

In addition to the keynotes, three panels discussed current issues. Michael Katz (UC Berkeley), Robert Calaff (T-Mobile), and Jeffrey A. Citron (Vonage) dealt

with the economics of next generation digital platforms, digital migration paths, and policy responses. Harold L. Vogel (Vogel Capital Management), Sarah Deutsch (Verizon) and Sandra Aistars (Time Warner) addressed the legal, policy, and business aspects of bundling, versioning, and the pricing of information and entertainment. David Post (Temple University Law School), Edward J. Felten (Princeton University), and Stuart Biegel (UCLA) debated recent developments in the technology of digital rights management, options to digital rights, alternatives to the present "one-model-fits-all" approach, and the roles of law and policy in the development of new approaches to intellectual property protection. All panels offered insightful commentary and often spirited debates. The conference was widely covered in the trade press and selected contributions were published in the Winter 2005 issue of the Michigan State University Law Review.

### Workshops

On February 19, 2004, less than two weeks after a critical decision at the FCC affecting the future of VoIP, the Quello Center organized a half-day workshop on **IP Telephony** on the campus of Michigan State University to explore the most important technical, business, and policy issues raised by VoIP.



*Full house at the VoIP conference, Michigan State University. Seated in the front row: Richard Wolfe (Comcast), Paul Fuglie (Verizon)*

FCC Commissioner Kathleen Q. Abernathy delivered the opening keynote address, informing an interested audience of 150+ of the most recent federal initiatives and pending issues. Commissioner Robert B. Nelson (Michigan PSC), Wayne Fonteix (AT&T), Paul Fuglie (Verizon), Richard J. Wolfe (Comcast), Rick Gamber (Michigan Consumer Federation), Robin Gleason (SBC), and Kevin Schoen (ACDNet) explored the business issues raised by VoIP. Rick Coy (Clark Hill PLC) served as the moderator, often stimulating the discussion with thought-provoking questions. A VoIP tutorial preceded the event. The workshop was co-sponsored by the Institute of Public Utilities and webcast live to a full-capacity Internet audience.

Once again addressing issues of emergent competitive telecommunications technologies, the Quello Center organized a half-day workshop for state regulators and industry on “**Policy Responses to VoIP, Unlicensed Wireless, Powerline and other Competitive Telecommunication Technologies**”. The intense tutorial, held December 5, 2004 in conjunction with the annual regulatory

policy conference of the Institute of Public Utilities in Charleston, SC, provided regulators and industry with an update on the technology, the evolution of markets, as well as business and regulatory issues related to competitive telecom technologies and services. It also explored policy options and discussed principles of efficient, sustainable regulation and policy. Link Hoewing (Verizon), Richard Keck (Troutman Sanders), Robert B. Nelson (Michigan Public Service Commission and NARUC Telecommunications Committee), Barbara A. Cherry (FCC), and Johannes M. Bauer (Quello Center) gave an overview of the pertinent issues to an audience of industry and regulatory professionals.

Together with the Public Policy Research Center and the Public Utility Research Centers at the University of Florida, the Quello Center organized the third workshop “**Formulating a Research Agenda for Communication Policy**” on December 10, 2004 at the Federal Communications Commission. More than 30 staffers from the Commission had an opportunity to discuss issues of broadband policy,

media ownership and diversity policy, and inter-carrier compensation policy issues with academic researchers and experts from other federal agencies, such as the Department of Justice. Leading universities represented were California Institute of Technology, Fordham University, Michigan State University, Northwestern University, Rutgers University, the University of Florida, and Temple University.

### **Lectures and colloquia**

During 2004, the Center continued its series of public lectures and colloquia serving the intramural and regional communities.

The fourth annual Quello Lecture was delivered on November 3, 2004, by Pat Mullen (President, Tribune Broadcasting). On April 14, 2004, Professor Volker Schneider (University of Konstanz) gave a colloquium on policy networks and their effects on communications policy in Germany. On September 22, Professor Andrea Grisold (Vienna University of Economics and Business Administration) reported her research on the experience with liberalization in the European television markets.

## research & publications

### **D**uring 2004, Center staff continued work on two externally funded research grants.

A National Science Foundation project (in collaboration with researchers at Rutgers University and Cornell University) studies the conditions under which innovation and new services in unlicensed wireless bands could flourish and the potential roles of public policy. A second project funded by the Ford Foundation explores the contribution of research to the U.S. policy-making process and its outcomes.

Research findings from both projects have been presented at national and international conferences and are now starting to appear in publications. Preliminary findings are disseminated in the Center's Working Paper Series, accessible at [www.quello.msu.edu/research](http://www.quello.msu.edu/research). A PhD dissertation by Carol Ting based on research supported by the National Science Foundation grant is also nearing completion.

As these grants-funded projects are nearing completion, new projects were submitted to the National Science Foundation and two European Foundations.

In addition to these larger funded projects, the Center and its research associates pursued numerous other research topics, including:

- The industry developing around Internet streaming media technologies and the relationships emerging between streaming media services and established media.
- The future of broadcasting in a digital environment.
- Antitrust and regulation of vertical relationships for communications industries.
- Content bundling for information services.
- Pricing of commercial time for broadcast and commercial television.
- The economics of media audiences.
- Application of complexity theory to information and communications policy.
- Methods for evaluating and benchmarking the outcomes of legal and regulatory policy.
- Factors shaping the diffusion of broadband in the OECD countries.
- Factors affecting the diffusion of next-generation mobile services.
- Pricing of mobile voice and data services in the U.S.
- Effects of industry consolidation on sector performance.

Quello Center staff presented research papers at numerous national and international conferences, including meetings of the American Economic Association (San Diego), the European Communications Policy Research Conference (Barcelona), the International Telecommunications Society (Berlin), the Research Conference on Communication, Information and Internet Policy (Alexandria, VA) and the International Communication Association (ICA, New Orleans). Johannes M. Bauer delivered the Enarson Lecture at Ohio State University. Junior researchers also delivered papers at several academic conferences. Center research was published in journals, including *Communications and Strategies* and the *Michigan State Law Review*, and several book chapters. Several new papers were released in the Quello Center Working Paper series, available at <http://quello.msu.edu/research/>, which was initiated in 2003 to disseminate research findings prior to formal publication.

The research and public service activities of the Center are organized in two major clusters: governance of the information society and communication industry economics and management.

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## the road ahead

**Work within the governance of the information society cluster studies the multiple local, national, and global challenges of governance of the information and knowledge society.**

The early debates on the rewrite of the U.S. Telecommunications Act of 1996 and the global discourse on Internet governance illustrate the daunting tasks ahead. Harnessing the benefits of ICT will need intelligent supportive legal and regulatory frameworks and policies. Under its “governance” initiative, the Center explores the wide array of issues related to the governance of networks, services, and applications in the information and knowledge society. In addition to traditional approaches to the

study of policy issues, we are using computational methods and intend to explore experimental methods as well.

Within the broad **communication industry economics and management** cluster the Center explores the effects of ubiquitous digitization and the availability of general purpose, broadband network platforms (wireline and wireless) on industry economics and the resulting challenges to management. Under this research initiative the Center is expanding its research agenda on audience economics, streaming media, and advertising economics and will soon launch a study of the role of broadcasting in the new media environment.

### **Opportunities to support the Quello Center**

Our activities are possible in large part due to the generosity of the individuals and organizations that have contributed to Michigan State University to endow the Quello Center endowment (see our website for a list of donors). The following opportunities to join the list of Center sponsors exist:

- Named chair (new or existing position)
- Named research fellow
- Named graduate assistantship
- Named visiting scholar position
- Quello Communication Policy and Law Symposium
- Quello Lecture series

The Quello Center is a 501(c)(3) organization and contributions are tax deductible. Please contact either the Quello Center (517-432-8001, [quello@msu.edu](mailto:quello@msu.edu)) or Brenda Betts in the College of Communication Arts and Sciences at (517-432-5672, [bettsb@msu.edu](mailto:bettsb@msu.edu)) to request more information on sponsorship options.



Above: Jim Quello, Senator Ted Stevens (R-AK), Senator Daniel Inouye (D-HI), and Eddie Fritts at Quello Symposium

## staff and affiliates

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Rudy Baca <i>Precursor Group</i>	Richard D. McLellan <i>Dykema Gossett, PLLC</i>
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# QUELLO CENTER

## mission statement

**The Quello Center will maintain a vigorous, national and international program of trans-disciplinary research addressing critical issues in information and communication policy and management.**

It will serve as a catalyst for the development, implementation, and evaluation of public policies and will advance knowledge of management principles, helping to better align private sector interests with the economic and political conditions of the communication industries. Guided by these objectives, the Center will organize venues for the dissemination of new ideas and debate on current issues in information and communication policy and management, and provide a forum for candid discussions among stakeholders, government officials and other policy experts and scholars.

### James H. Quello

*In a remarkable life now spanning over 90 years, James H. Quello has been a war hero, a broadcaster, and served as a FCC Commissioner for 23 years, including a year as Acting Chairman. He is also a graduate of Michigan State University. In each of these endeavors he has compiled a record of distinction that has been recognized by awards and honors too numerous to list in their entirety. His accomplishments as a broadcast executive and contributions to communications policy have been recognized with numerous awards and honors, including the Distinguished Service Award from the National Association of Broadcasters, induction into The Museum of Broadcast Communications' Radio Hall of Fame at the Chicago Cultural Center and membership in the Broadcasting/Cable Hall of Fame in New York City. He continues to be active in communication policy circles where his advice and counsel are still sought.*

### Mary B. Quello

1913-1999

*Mary B. Quello, wife of Jim Quello, died on October 25, 1999. Mary and Jim Quello met as undergraduate students at Michigan State University and were married on September 14, 1937. While assisting Jim in his careers in broadcasting and at the FCC, she made her own mark as a distinguished designer of women's fashions. She was a strong early advocate for the founding of a Quello Center.*