

Group Envisions Largely Regulation-Free Telecom World

Warren's Washington Internet Daily
Volume 6; Issue 120

A Progress & Freedom Foundation sponsored working group unveiled a proposal for a "digital age communications act" that would essentially move the communications industry from regulation to a market-driven world where disputes are settled through adjudication. **John Rutledge, a venture capitalist and expert on telecom and technology, said traditional telecom regulation is effectively keeping the U.S. from competing with the rest of the world.**

"They get it. We don't," Rutledge said Tues. at the PFF event: "India has just announced a deal with Nokia to move a \$150 million phone manufacturing operations to Chennai. China has a new telecom law and is issuing new spectrum this year. Japan is issuing new spectrum this year. China has just done a \$169 million investment in next-generation Internet."

Signs point to Asia moving past the U.S. on Internet, Rutledge said: "They're doing work on IPv6 between China, Korea, Japan and the rest of Asia so they can break the U.S. monopoly on Internet addresses... Their... companies are closing deals in Brazil and other places to sell new high-tech telecom equipment. In Japan they just tested a 1,000-channel WDM, wave-division multiplex transfer, which means they have 1,000 times the capacity in a piece of fiber that we had 10 years ago."

The thrust of the proposal met with general approval from other speakers at the event, though most expressed some caveats. The proposal would blow up the old "silo" regulatory world, placing much Commission attention on the prohibition of unfair methods of competition, which would be defined through FCC rules. The FCC could hear and act on complaints and would be subject to strict time limits for taking action. The FCC would lose authority to review industry mergers. "You're really seeing a transformation in the way services are delivered," said Dorothy Attwood, senior vp-regulatory policy at SBC: "It's really great to see broad consensus on moving away from very provider-centric rules, that served a purpose when we had one-wire worlds, when we had incumbent providers of services, and therefore control and management regulation was appropriate." Attwood said the current regulatory regime is "entirely retardant and disruptive to investment."

FCC Comr. Kathleen Abernathy said the proposed legislation should spark more debate: "This is the same debate we're seeing on a global basis... The new IP-based services are blowing up the paradigm anyway. Even if we thought we could keep our head in the sand it's not going to happen because we have a disruptive new technology." Abernathy said

the FCC in the end may end up regulating only a few aspects of telecom, such as compliance with E911, CALEA, universal access and handicap access obligations.

"The development of competition eliminates the need for laws designed to limit monopoly power, and, in particular, laws that presume -- as both the telephony and cable television titles of the current Communications Act largely do -- that all providers of certain kinds of services have dominant market power," the group said in a white paper.

"The current regulatory scheme -- where the type of regulation to which a network is subject depends upon the technical or functional characteristics of the service that the network offers --- no longer makes sense when digital technologies mean that almost any type of network can provide almost any kind of service," the group said. -- Howard Buskirk

WWID000020050623e16m00002

576 Words

22 June 2005

English

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