2007 Annual Report
PRESIDENT’S MESSAGE

2007 again proved to be another extremely productive year for the Phoenix Center, so much so that all of our many accomplishments and accolades cannot be summarized here.

As always, the Phoenix Center’s published work was again prodigious. For example, the Phoenix Center published five POLICY PAPERS, three POLICY BULLETINS and a POLICY PERSPECTIVE. Many of our papers are listed as among the top papers downloaded from the Social Science Research Network (SSRN). We are also proud to report that four of our papers were published in a variety of academic journals. Moreover, we authored several op-eds explaining our research in such noted outlets as THE HILL and the NATIONAL REVIEW ONLINE.

The Phoenix Center also sponsored a variety of conferences and briefings in 2007. These conferences included a briefing for senior Congressional Staffers, as well as a breakfast briefing at the National Association of Utility Regulatory Commissioners’ Annual Meeting.

We also continued our Educational Retreat in Phoenix, Arizona. Unlike other conferences, the Phoenix Center Retreat is intended solely to provide policymakers the opportunity to expand their knowledge through open and honest discussions with colleagues from across the nation. As such, this Retreat was a true “roll-up your sleeves” event: no press, no lobbyists, working meals, etc. - just policymakers and our faculty candidly talking policy in an intimate, academic setting.

The Phoenix Center’s Annual U.S. Telecoms Symposium was also another phenomenal success. In addition to hearing panels comprised of some of the leading experts in the industry, nearly 100 people watched FCC Chairman Kevin Martin deliver the keynote address. Moreover, we were delighted to bestow upon FCC Commissioner Debi Taylor Tate the Phoenix Center’s prestigious annual Jerry B. Duvall Public Service Award.

The Phoenix Center’s research also continued to make a significant contribution to the dialectic in 2007. For example, Phoenix Center Chief Economist George S. Ford was called upon twice to testify before the U.S. House Energy & Commerce Committee. In addition, Phoenix Center staff appeared before such diverse organizations as the National Association of Regulatory Utility Commissioners, the Federal Trade Commission, the Southeastern Association of Regulatory Commissioners, and the Missouri Legislature’s Interim Study Committee hearing on Voice over IP Technology.

Finally, given the Phoenix Center’s reputation for analytical rigor and ability to act as a neutral arbiter, policymakers again asked the Phoenix Center and its members to serve the public. For example, the FCC reappointed the Phoenix Center to serve on the North American Numbering Counsel (NANC) and, moreover, again selected Phoenix Center Resident Scholar Thomas M. Koutsky to service as NANC’s chairman. In addition, the Hon. Seth Hammett, Speaker of the Alabama House of Representatives, named Phoenix Center Chief Economist George S. Ford to Alabama House Interim Committee to Study Broadband Internet Access. And, on the international front, I was honored to be selected to participate on a trip to Manila and Hanoi as part of President Bush’s “Digital Freedom Initiative.”

Once again, not a bad year…

— Lawrence J. Spiwak, President
The Phoenix Center continued to publish a prodigious amount of scholarly research in 2007. As always, all of the Phoenix Center’s research is available free on the Phoenix Center’s web page and on the Social Science Research Network.

**PHOENIX CENTER POLICY PAPER SERIES**

The Phoenix Center’s POLICY PAPER SERIES seeks to provide an in-depth analysis of the current regulatory and political paradigms, as well as to provide constructive and well-reasoned solutions to the problems of the day. In 2006, the Phoenix Center issued the following Policy Papers:

- *Quantifying the Cost of Substandard Patents: Some Preliminary Evidence*, PHOENIX CENTER POLICY PAPER NO. 30 (September 2007).

**PHOENIX CENTER POLICY BULLETIN SERIES**

The Phoenix Center’s POLICY BULLETIN SERIES is designed to provide a forum for responding to breaking policy issues in a shorter period of time than our PHOENIX CENTER POLICY PAPER SERIES. The Phoenix Center published the following POLICY BULLETINS in 2007:


**PHOENIX CENTER POLICY PERSPECTIVES**

The Phoenix Center’s POLICY PERSPECTIVES SERIES is designed to provide a forum for its individual members to express their personal views on current policy developments. The Phoenix Center published the following POLICY PERSPECTIVE in 2007:

- **PHOENIX CENTER PERSPECTIVES NO. 07-01: University of Florida Study Shows Only Winners from Network Neutrality Regulation to be Content Providers, Consumers Lose** (March 14, 2007).

**OP-EDS**

- Lawrence J. Spiwak, *Wiring America*, THE HILL (April 24, 2007);
In 2007, Phoenix Center Members again continued to make numerous contributions to the public dialectic in a wide variety of forums.

**Significant Appointments and Grants:**

The Phoenix Center was honored to be selected to participate in several important programs sponsored by the U.S. Government in 2007, including:

- The Phoenix Center was reappointed to, and Resident Scholar Thomas M. Koutsky was reappointed Chairman of, the North American Numbering Council;

- Phoenix Center President Lawrence Spiwak was selected by U.S. Department of State to participate in trip to Manila and Hanoi as part of President Bush’s Digital Freedom Initiative;

- Phoenix Center completed a research project for the U.S. Department of Commerce on “The Valley of Death or Funding Gap for Technology Development”;

- Phoenix Center Chief Economist George S. Ford was selected to peer review media ownership studies by the Federal Communications Commission.

Finally, the Hon. Seth Hammett, Speaker of the Alabama House of Representatives, named Phoenix Center Chief Economist George S. Ford to the Alabama House Interim Committee to Study Broadband Internet Access;

**Testimony**

In 2007, Phoenix Center staff was called upon by several different bodies to testify and present our research, including:

- House of Representatives Committee on Energy and Commerce Subcommittee Telecommunications and the Internet Hearing on H.R. ___ A Discussion Draft;

- House of Representatives Committee on Energy and Commerce Subcommittee Telecommunications and the Internet Hearing on Digital Future of the United States: Part IV: Broadband Lessons from Abroad;

- Missouri Legislature Interim Study Committee hearing on Voice Technology Regulation.

**Significant Citations**

In 2007, the Phoenix Center’s work was once again cited at the highest level, including:

- *In the Matter of Implementation of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as amended by the Cable Television Consumer Protection and Competition Act of 1992, MB Docket No. 05-311, REPORT AND ORDER AND FURTHER NOTICE OF PROPOSED RULEMAKING (Rel. March 5, 2007).*

- *Statement of FCC Chairman Kevin Martin, Re: Implementation of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as amended by the Cable Television Consumer Protection and Competition Act of 1992, REPORT AND ORDER AND FURTHER NOTICE OF PROPOSED RULEMAKING (MB Docket No. 05-311);*

- FCC Commissioner Robert McDowell cited Phoenix Center research at the Pike & Fisher’s Broadband Policy Summit III;

• THE ECONOMIST magazine profiled the Phoenix Center’s “Broadband Performance Index” from PHOENIX CENTER POLICY PAPER NO. 29;

• Five different Phoenix Center papers made the Social Science Research Network’s “Top Ten Downloaded” lists.

• The International Telecommunication Union placed PHOENIX CENTER POLICY PAPER NO. 21, Competition After Unbundling: Entry, Industry Structure and Convergence on its recommended reading list for the 2009 World Telecommunication Policy Forum (http://www.itu.int/osg/csd/wtpf/wtpf2009/resources/convergence.phtml); and

• The Practicing Law Institute included PHOENIX CENTER POLICY BULLETIN NO. 17, Wireless Net Neutrality: From Carterfone to Cable Boxes in their Telecommunications Policy & Regulation Institute (25th Annual) final material.

ACADEMIC PUBLICATIONS

In 2007, the Phoenix Center had several of its papers published in such noted academic journals as:

• Network Neutrality and Industry Structure, 29 HASTINGS COMMUNICATIONS AND ENTERTAINMENT LAW JOURNAL 149 (2007);

• A La Carte and “Family Tiers” as a Response to a Market Defect in the Multichannel Video Programming Market, 15 COMMLAW CONSPECTUS 31 (2007);

• Competition After Unbundling: Entry, Industry Structure and Convergence, 59 FEDERAL COMMUNICATIONS LAW JOURNAL 331 (2007);


SPEECHES AND CONFERENCE PARTICIPATION

Once again, Phoenix Center staff was asked to present our research at a variety of forums, including:

• The Congressional Internet Caucus Advisory Committee “State of the Net” Conference, Global Broadband Rankings: Is the US Falling Behind or Positioned to Leap Forward?

• The Federal Trade Commission workshop: Broadband Connectivity Competition Policy;

• NARUC;

• SEARUC;

• The National Grange;

• National Conference of State Legislatures’ Annual Conference;

• The International Institute of Communications’ Telecommunications and Media Forum; and

• The Pennsylvania Bar Institute.

PHOENIX CENTER BRIEFINGS AND WORKSHOPS:

The Phoenix Center also put on several briefings and workshops to present our research to various policy makers. These briefings included:

• A Capitol Hill briefing co-sponsored with Georgetown University on Network Neutrality Research entitled Sound Internet Policy for the 21st Century: Understanding the Economic Fundamentals; and

• Hosting a breakfast briefing at NARUC’s Annual Meeting.
IN THE NEWS…

In 2007, the Phoenix Center’s work and staff were cited nearly ninety times by major news and trade media outlets around the world, including:

- THE ECONOMIST
- USA TODAY
- ARKANSAS DEMOCRAT GAZETTE
- MARKETWATCH
- BROADBAND PROPERTIES
- CIO MAGAZINE
- CNET NEWS
- COMMUNICATIONS DAILY
- COMPUTERWORLD
- CONSUMER AFFAIRS
- COMMUNICATIONS DAILY
- DOCUTICKER
- DOW JONES
- CRAINS
- EURO INVESTOR
- FORBES.COM
- HARTFORD COURANT
- WALL STREET JOURNAL
- IDG NEWS SERVICE
- INFORMATION WEEK
- INTERNET NEWS.COM
- KOREA TIMES
- LOGAN DAILY NEWS (Connecticut)

PHOENIX CENTER 2007 ANNUAL REPORT
Phoenix Center Annual Retreat

Each year, the Phoenix Center gathers together a select group of some two dozen selected policymakers, a “blue ribbon” faculty from academia and government, and several keynote speakers for a series of invitation-only briefings and informal exchanges about the interaction of regulation, economics and technological change. Unlike other conferences, the Phoenix Center’s Retreat is true a “roll-up your sleeves” event: no press, no lobbyists, working meals, etc. — just policymakers and our faculty candidly talking policy in an intimate, academic setting.

Once again, in addition to our Phoenix Center staff, we were privileged to have a great line-up of speakers this year, including Andrew Langer, Senior Manager of Regulatory Affairs at the National Federation of Small Business, Chris Moore, Legal Advisor to FCC Commissioner Debi Taylor Tate, and FCC International Bureau Chief Economist Jerry Duvall.

As always, the topics discussed ranged widely and were timely. Session topics included: “Economic Tools for Broadband Policy”; “Investing in Telecommunications Infrastructure Under Uncertainty and Irreversibility”; “Tech and Small Biz: Attitudes, Uses, and a Geographic Divide?” and an update on numbering issues from NANC Chair and Phoenix Center Resident Scholar Thomas M. Koutsky. In addition, our keynote addresses include a presentation by Brian Mefford, President of Connected Nation, who explained in detail his very successful Connect Kentucky program, and a presentation from Jake Jennings, Associate Bureau Chief of the FCC’s Wireline Competition Bureau, who discussed in great detail the FCC’s innovative new Rural Healthcare Pilot Program.
On November 28, 2007, nearly 100 people from government, academia and industry joined the Phoenix Center for its Annual U.S. Telecoms Symposium in Washington, D.C. This year’s Symposium theme was “Constructing a Coherent Policy Framework for the Future” and the discussions were both substantive and lively.

The first panel of the Symposium kicked-off with the traditional “economists’ panel.” This year, the “economists’ panel” included Dr. John Mayo, Professor of Economics – Georgetown University; Dr. Tim Brennan, Professor of Public Policy and Economics – UMBC; Dr. Greg Crawford, Chief Economist – Federal Communications Commission; and Dr. George Ford, Chief Economist – The Phoenix Center. As always, the panel was moderated by Jerry Duvall, Honorary Phoenix Center Chief Economist Emeritus, and current FCC International Bureau Chief Economist.

The second panel, moderated by Phoenix Center Resident Scholar Thomas M. Koutsky, was entitled International Comparisons and Broadband Mapping: Deconstructing “Rankings”. Panelists included the Honorable David A. Gross, Ambassador, U.S. Coordinator for International Communications and Information Policy – Department of State; Timothy Powderly, Majority Counsel – House Energy & Commerce Committee; Dr. Robert D. Atkinson, President – Information Technology and Innovation Foundation; and Laura Taylor, Vice President of Research – Connected Nation.

The last panel of the day, moderated by new Phoenix Center Adjunct Fellow, the Hon. Connie Hughes, focused on Shaping the Contours of a New Wireless Policy Framework. Panelists for this lively discussion included the Hon. Steve Largent, President and CEO – CTIA; Kathleen Wallman, Beauxcrest Creative & Analytics; Thomas J. Sugrue, Vice President, Government Affairs – T-Mobile USA, Inc. and Robert Quinn, Senior Vice President for Federal Regulatory Affairs – AT&T.

Following the various panels, we were extremely privileged to welcome FCC Chairman Kevin J. Martin as the keynote speaker of the Symposium. Chairman Martin used this opportunity to set forth his views on a variety of issues facing the Commission and discussed the Phoenix Center’s contributions extensively in his presentation.

The Symposium ended with the presentation of the Phoenix Center’s Annual Jerry B. Duvall Public Service Award to the FCC Commissioner Deborah Taylor Tate. The Duvall Award does not seek to recognize the recipient’s personal politics; rather, the Duvall Award goes to the policymaker who most demonstrated the “political courage in, and contribution of analytical rigor to, the United States telecoms restructuring debate.” Given Commissioner Tate’s hard work to move the ball forward on the always contentious Universal Service debate, we could think of no one who epitomized the Duvall Award’s criteria more in 2007.
SYMPOSIUM PICTURES

PHOENIX CENTER 2007 ANNUAL REPORT
Research Interests for 2008

2008 is a year of debate, and in our continuing spirit of contributing to the public dialectic, the Phoenix Center has a series of projects underway designed to educate the public and policymakers on the impact of broadband and technology policy.

In the coming months, we intend to tackle several specific issues related to network neutrality, broadband deployment and wireless spectrum policy. As always, the Phoenix Center welcomes comments and suggestions from the public and policymakers to ensure that our research is relevant for the current policy debate.

Network Neutrality

The network neutrality debate has many manifestations, creating a vast field of potential research topics. Our research agenda will focus primarily upon understanding and studying the welfare effects of proposals and arguments made by both sides. We believe that every form of regulation should pass through a consumer and social welfare cost/benefit analysis, and we hope that our research will provide policymakers comprehensive tools for undertaking that analysis. In particular, we intend to study the consumer and social welfare effects of traffic management policies that include blocking or choking access to high-bandwidth applications as opposed to requirements for uniform bit-by-bit pricing to end-users. We also intend to study the incentive—if any—of broadband providers to discriminate among application providers.

Broadband Adoption

In 2008 we intend to expand our analysis of international broadband adoption. In 2007 we received a lot of attention for our deconstruction of the OECD broadband rankings and our publication of an alternative methodology that focuses upon demographic and economic conditions that drive broadband adoption. In 2008, we plan to continue to update our Broadband Performance Index (“BPI”) calculations as the OECD releases broadband data, because we believe our approach presents a far more realistic method of comparing broadband adoption rates among countries.

Wireless Spectrum Policy

Wireless spectrum policy remains an important component of telecom policy. Calls for regulations that mandate that wireless firms permit “open access” to their networks have sparked debate among policymakers. Little understood is the actual consumer welfare impact of such mandates, which we intend to study in 2008.
MISSION STATEMENT

The Phoenix Center for Advanced Legal & Economic Public Policy Studies is an international, non-profit 501(c)(3) organization that studies broad public-policy issues related to governance, social and economic conditions, with a particular emphasis on the law and economics of telecommunications and high-tech industries.

Founded in 1998, the Phoenix Center's mission is to maximize consumer welfare by promoting free markets, competition, and individual freedom and liberty.

The Phoenix Center achieves this goal by providing an honest and credible new voice in the public dialectic by supporting objective, solutions-based academic research to the forefront that is unencumbered by political hyperbole or agendas and is instead well grounded in fact, law and economic theory.

Long-Term Goals:

(1) The Phoenix Center seeks to demonstrate that consumer welfare is best enhanced by promoting free markets, competition, and individual freedom and liberty.

(2) The Phoenix Center's seeks to remind stakeholders that it is crucial to avoid political hyperbole and instead approach public policy with the analytical rigor and solemnity it deserves.

(3) The Phoenix Center seeks to promote public confidence in the democratic process, government’s institutions and in the free enterprise system.

(4) The Phoenix Center seeks to foster an environment where citizens can openly and vigorously debate today about what kind of a world they want to live in tomorrow.

The “ideal of democracy rests on the belief that the view which will direct government emerges from an independent and spontaneous process. It requires, therefore, the existence of a large sphere independent of majority control in which the opinions of the individuals are formed.”

— Friedrich von Hayek