2008 ANNUAL REPORT
2008 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 prodigious. For example, the Phoenix Center published three POLICY PAPERS, three POLICY BULLETINS and three POLICY PERSPECTIVES. Many of our papers are listed as among the top papers downloaded from the Social Science Research Network (SSRN), and we were cited frequently in the academic literature. We are also proud to report that several of our papers were published in, or on file at, a variety of academic journals. In addition, Phoenix Center Chief Economist George Ford was named to the editorial board of the INTERNATIONAL JOURNAL OF MANAGEMENT AND NETWORK ECONOMICS. Moreover, the Phoenix Center’s research was cited in the press over 150 times.

The Phoenix Center also sponsored a variety of conferences and briefings in 2008. On the domestic front, the Phoenix Center sponsored a briefing for senior Congressional Staffers on international broadband rankings. On the international front, the Phoenix Center co-sponsored a successful conference in Rome with Italy’s leading free-market think tank, the Instituto Bruno Leoni entitled What Europe Can Learn from the United States featuring FCC Commissioner Robert McDowell.

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, including four current or former FCC Commissioners, over eighty people watched FCC Chairman Kevin J. Martin deliver the keynote address. We were delighted to bestow upon Ambassador David A. Gross 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 2008. For example, the FCC cited the Phoenix Center’s research in both its review of broadcast ownership rules and in its Section 706 inquiry concerning the deployment of advanced broadband services. In addition, the FCC invited Phoenix Center Chief Economist George Ford to present our research on network neutrality at the Commission’s open meeting at Stanford University. Similarly, Resident Scholar Thomas M. Koutsky was invited to present our research at the FCC-NARUC Federal-State Joint Conference on Advanced Services. As for me, not only did I testify before the California Public Utilities Commission on reforming California’s high-cost fund and basic rate transition, but I also had the privilege of traveling to Ghana, Africa to participate in the U.S. Department of State’s “West Africa ICT Roadmap to Opportunities” Conference.

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, Resident Scholar Thomas M. Koutsky continues to serve as the Chair of the North American Numbering Council, appointed by the FCC. In addition, the Governor of Alabama, the Hon. Bob Riley, named Phoenix Center Chief Economist George S. Ford to the Alabama Broadband Taskforce.

Once again, not a bad year…

— Lawrence J. Spiwak, President
PHOENIX CENTER PUBLICATIONS

The Phoenix Center continued to publish a prodigious amount of scholarly research in 2008. 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 2008, the Phoenix Center issued the following Policy Papers:


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 2008:

- Consumers and Wireless Carterfone: An Economic Perspective, PHOENIX CENTER POLICY BULLETIN NO. 21 (September 2008).
- Do High Call Termination Rates Deter Broadband Deployment? PHOENIX CENTER POLICY BULLETIN NO. 22 (October 2008).

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 2008:

- PHOENIX CENTER PERSPECTIVES NO. 08-01: Calculating the Value of Unencumbered AWS-III Spectrum (June 25, 2008).
- PHOENIX CENTER PERSPECTIVES NO. 08-02: Valuing the AWS-3 Spectrum: A Response to Comments (July 21, 2008).
- PHOENIX CENTER PERSPECTIVES NO. 08-03 (Second Edition): Broadband Expectations and the Convergence of Ranks (October 1, 2008).

LETTERS TO THE EDITOR

- Lawrence J. Spiwak, Eshoo is Wrong on Internet Economics, SAN JOSE MERCURY NEWS (August 29, 2009).
CONTRIBUTING TO THE PUBLIC DIALECTIC

In 2008, Phoenix Center scholars 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, to a two-year term; and

- Phoenix Center President Lawrence Spiwak was selected by U.S. Department of State to participate in a conference in Ghana, Africa entitled “West Africa ICT Roadmap to Opportunities Conference” as part of President Bush’s Digital Freedom Initiative.

In addition, the Governor of Alabama, the Hon. Bob Riley, named Phoenix Center Chief Economist George S. Ford to the Alabama Broadband Taskforce.

Finally, the Portuguese telecom regulator, Autoridade Nacional de Comunicações (ANACOM), invited Phoenix Center Chief Economist George Ford to present our research on broadband rankings (http://www.anacom.pt/render.jsp?contentId=670220).

TESTIMONY

In 2008, Phoenix Center staff was called upon by several different bodies to testify and present our research, including:

- Federal Communications Commission’s open meeting at Stanford University on network neutrality;

- FCC-NARUC Joint Conference on Advanced Services, San Jose, California;

- California Public Utility Commission’s hearing on reform of the state’s high-cost fund and basic rate transition.

SIGNIFICANT CITATIONS

In 2008, the Phoenix Center’s work was once again cited at the highest level, including:


“For example, a recent study by the Phoenix Center found that even if every household and business establishment had broadband among the OECD member nations, the United States would rank 20th because of the OECD study’s reliance on per capita accounting. *** Fundamentally, these various reports demonstrate the value of understanding the broader context when making comparisons regarding broadband deployment and adoption. Indeed, the priority the Commission places on continuing to promote broadband deployment will remain, as intended by section 706, regardless of the United States’s ranking on any particular metric.”

— Federal Communications Commission, Section 706 Report at ¶ 71.
ACADEMIC PUBLICATIONS

In 2009, the Phoenix Center had several of its papers published in such noted academic journals as:


SPEECHES AND CONFERENCE PARTICIPATION

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

- *The Toll Roads*, University of San Francisco School of Law;


- University of Santa Clara School of Law, *Carterfone and Open Access in the Digital Era*;

- American Evaluation Association;

- Public Utility Research Center, University of Florida (PURC), *Communicopia: Market Dynamics in Telecommunications*;

- International Telecommunications Society 17th Biennial Conference, Montreal;

- California Foundation on the Environment and the Economy Roundtable Conference on Telecommunications and Advanced Communications Technologies;

- Practicing Law Institute 26th Annual Institute on Telecommunications;

- VonTV;

- CTIA Show; and

- TelecomNxt.

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 entitled: *Developing a “National Broadband Strategy”: Understanding the OECD Rankings and the Drivers of Broadband Adoption*; and

- Co-sponsoring a conference at the historic Oratorio del Gonfalone in Rome with Italy’s leading free-market think tank, the Instituto Bruno Leoni, entitled *What Europe Can Learn from the United States* featuring FCC Commissioner Robert McDowell.
In 2008, the Phoenix Center’s work and staff were cited over one hundred and fifty times by major news and trade media outlets around the world, including:

- ARS Technica
- Baltimore Examiner
- Briebart.com
- Blandon Foundation (Blandon on Broadband)
- Broadcasting & Cable
- CableFax Daily
- Communications Daily
- Consumer Affairs
- Converge Magazine
- CSPAN
- Digital Producer
- Dominion Post (New Zealand)
- EarthTimes
- Government Technology
- Info Tech & Telecom News
- Internet News
- IP Business News
- IP Network Policy Report
- Kiplinger
- MarketWatch
- Multichannel News
- Palo Alto Weekly
- Portuguese Business Digest
- Raymond James Equity Research
- RCR Wireless News
- Reuters
- San Jose Mercury News
- South Florida Business Journal
- Stanford Daily
- Telecommunications Reports
- TMC.net
- TR Daily
- USA Today
- Wall Street Journal
- Washington Business Journal
- Washington Internet Daily
- Wireless Europe
- XChange Magazine
- Yahoo News
ANNUAL U.S. TELECOMS SYMPOSIUM AND JERRY B. DUVALL PUBLIC SERVICE AWARD

On November 18, 2008, over eighty people from government, academia, industry and the media joined the Phoenix Center for its Annual U.S. Telecoms Symposium at the National Press Club in Washington, D.C. This year’s Symposium theme was “Telecoms Priorities for the New Generation” and the discussions were both substantive and lively.

The Symposium kicked off with the traditional “Economists’ Panel.” This year, the Economists’ Panel included Dr. John Mayo, Professor of Economics – Georgetown University; Dr. Michelle Connolly, 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.

After the Economists’ Panel, 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 second panel, moderated by FCC Commissioner Deborah Taylor Tate was entitled Telecoms Priorities for the New Administration. Panelists included the Hon. Kathleen Abernathy – FCC Commissioner (2001 - 2005); the Honorable Harold Furchtgott-Roth – FCC Commissioner (1997 - 2001); and Brian Mefford – Chief Executive Officer, Connected Nation.

The Symposium ended with the presentation of the Phoenix Center’s Annual Jerry B. Duvall Public Service Award to Ambassador David A. Gross. 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 policy debate.” Given Ambassador Gross’s hard work to advance the principles of competition, liberalization and entry around the world, we could think of no one who epitomized the Duvall Award’s criteria more in 2008.
SYMPOSIUM PICTURES
RESEARCH INTERESTS FOR 2009

With the incoming Obama Administration, 2009 will bring a new set of policymakers and a corresponding new set of policy challenges. In our continuing spirit of contributing positively to the 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. 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.

BROADBAND DEPLOYMENT AND ADOPTION

In 2009 we intend to expand our analysis of international broadband adoption. In 2008 we received a lot of attention for our deconstruction and reassessment of the OECD broadband rankings, as well as our publication of an alternative methodology. Our method focuses upon demographic and economic conditions that drive broadband adoption. In 2009, we plan to continue to update our Broadband Performance Index (“BPI”) and Broadband Efficiency Index (“BEI”) 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.

In addition, the Phoenix Center has been retained by the Portuguese telecom regulator, Autoridade Nacional de Comunicações (ANACOM), to conduct research on what drives mobile broadband adoption across the OECD. This research will be presented to the OECD when it meets in Lisbon in February 2009, and we expect this study to spur additional research.

NETWORK NEUTRALITY

The network neutrality debate has many manifestations, creating a vast field of potential research topics. Our research agenda will continue to 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.

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 2009. Finally, we also intend to study the complex issue of spectrum caps and the policy consequences of the trade-off between the desire for new entrants in the market against the potential efficiency gains from allowing existing players to acquire additional spectrum.
MISSION STATEMENT

The Phoenix Center for Advanced Legal & Economic Public Policy Studies is a non-profit 501(c)(3) educational and research 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

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