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Phoenix Center: FCC Discouraging Wireless-Infrastructure Investment

Free-Market Think Tank: Open-Access Conditions Could Be Harmful

By John Eggerton -- *Broadcasting & Cable*, 4/15/2008 6:20:00 PM

Free-market think tank the [Phoenix Center](#)

said the Federal Communications Commission could discourage \$50 billion in wireless-infrastructure investment over the next decade if it applied open-access conditions across all wireless networks.

The FCC applied such conditions to a block of spectrum in its recent [700-megahertz auction](#) and the result, critics of that move said, was a price only one-third of that paid for similar spectrum in the auction and no bidder willing to buy up the whole block and create a new national competitor to existing cable and phone networks.

According to a copy obtained by *B&C*, that \$50 billion hit was a prediction from a study the center plans to release Wednesday, one day after The House [Telecommunications & Internet Subcommittee held a hearing](#) with FCC commissioners and others about the implications of the auction.

FCC chairman [Kevin Martin](#)

recommended not applying those conditions across the board -- a point he reiterated to legislators -- at least not until the FCC can gauge the impact of applying them to the block purchased in the auction, although he said early indications are that it helped to spur others, like [AT&T](#), to begin voluntarily opening up their networks.

The Phoenix Center used the results of that 700-MHz auction to forecast the impact of the open-access conditions across the board and predicted that it would harm consumers by reducing the profitability of wireless networks by almost one-third, limiting consumer choice by hurting smaller and medium-sized carriers.

If the FCC applies so-called [Carterfone](#)

open-access conditions, said Phoenix Center chief economist George S. Ford, "you are likely to see more industry consolidation and that likely means fewer choices for consumers."

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