



# CIRF

## **Converging Industries Research Foundation**

*Practical Solutions for Communications Policy*

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### **Abort, Retry, Fail? The Need for New Communications Policies**

*Executive Summary*

**July 11, 1994; Revised October 10, 1994**

*Presentation at the July 1994 NARUC Meeting  
San Diego, CA*

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# ***Abort, Retry, Fail?*** **The Need for New Communications Policies**

## ***Executive Summary***

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## **Telecommunications Industries Analysis Project**

**Carol Weinhaus**

Telecommunications  
Industries Analysis Project

**Teresa Pitts and Rob McMilin**

Washington Utilities and  
Transportation Commission

**Mark Jamison**

Sprint

**Harry Albright**

Ameritech

**Dan Harris**

Bell Atlantic

**Terry Monroe**

New York Public Service  
Commission

**Jim Dunbar**

Sprint Local Telecom

**Linda Garbanati**

Bellcore

**Sanford Berg**

University of Florida

**Peter Copeland**

U S West

**David Charlton**

Corning

**Sandra Makeeff**

Iowa Utilities Board

**Larry Little**

GTE

**Fred Hedemark**

AT&T

**Pete Martin**

BellSouth

**Glen Sims**

Southwestern Bell

**John Monfils**

Anchorage Telephone Utility

**Ron Cowles**

NYNEX

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## **Background on the Telecommunications Industries Analysis Project**

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### **Informed Policy Debates**

The goal of the Telecommunications Industries Analysis Project is to provide information to support the development of alternative communications policies to meet the needs of stakeholders in an environment that includes competitive and non-competitive markets, federal and state regulatory jurisdictions, and a proliferation of new services made possible by technological advances. The purpose of the project is to produce research and analysis which will assist policy makers in making informed decisions.

### **Broad Representation on Project**

The project is a neutral forum of communications industry stakeholders exploring multiple viewpoints of selected issues. The current forum includes local exchange carriers, interexchange carriers, materials and equipment manufacturers, and regulators. The project actively seeks expansion of this forum to include other communications industry representatives such as competitive access providers, cable television companies, computer companies, electric power utilities, and publishers.

### **Development of Alternative Policies**

The project members have developed a database and computer software models to analyze issues. The existence of a database and computer software models may not resolve differences of opinion concerning what the data or the results of the modeling process mean. It does, however, allow one to concentrate on underlying issues rather than on data sources by providing a common language. All data, analysis methods, and results are public.

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### Need for a New Framework

There is a need for a new framework for communications policies. Existing public policies for communications industries - publishing, telecommunications, broadcasting, and computers - do not match technological and market realities. These policies also set prices on a paradigm - one of separate monopolies for local telecommunications and cable TV - that is quickly becoming outdated. If policy changes are not made, gains of the past, such as universal service, will be threatened; expectations for the future, such as new technology deployment, may not be achieved. A companion paper <sup>1</sup> provides alternative policies for resolving these problems.

### Policy Makers' Choices

The well-known computer error message - *Abort, Retry, Fail?* - illustrates policy makers' choices:

- ***Abort*** - Abandon the old traditions and create a new framework for communications policies.
- ***Retry*** - Make incremental changes to the current policies. While this approach may appear to work initially, it will eventually lead to *Fail* because this system will be overcome by the speed of change.
- ***Fail*** - Allow the current policies to run their course.

### Examples

This paper provides a concise statement of why a new framework is needed for communications policies. *Retry* and *Fail* are not good long-term options because the current policies:

- ***Are based on outdated industry boundaries.***  
Policies treat telephone, television, radio, publishing, computer, etc., as separate industries. Policies keep traditional markets, such as local telephone markets, separate from other markets. Technology has made these boundaries obsolete.
- ***Are intertwined with regulatory pricing systems.***  
Regulatory pricing rules vary among traditional industries. These industries are no longer separate. In addition, the pricing rules for telephone and cable television assume distinct monopoly markets. These rules do not work when there is competition.

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<sup>1</sup> *Getting from Here to There: Transitions for Restructuring Subsidies* provides ideas for moving from current to new long-term subsidy structures.

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- ***Assume old technologies.***  
New technologies create opportunities for new products and services. The old pricing systems make it difficult to pay for the new technologies. Also, the old policy mechanisms are generally applied to new services even though policy goals have changed.
- ***Maintain vested interests.***  
Traditional policies benefit some vested interests (financial and political) more than others. Those that benefit from the current policies resist change. There are numerous paths that vested interests can follow to change policies to their advantage, or to delay changes.

Based on previous research by the Telecommunications Industries Analysis Project, this paper provides a foundation for other project papers on new frameworks for communications policies. Each of these papers presents one option or idea for a new framework. Policy makers in government and industry must look at each idea and weigh the consequences against their own objectives.