

POLICY EVENT SUMMARY

The Evolution of “Competition”: Lessons for 21st Century Telecommunications Policy

Georgetown on the Hill

Rayburn House Office Building B-369

April 29, 2016

12:00 – 1:30 pm

CENTER FOR BUSINESS & PUBLIC POLICY

GEORGETOWN UNIVERSITY **McDonough**
SCHOOL of BUSINESS

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SUMMARY

Assessments of competition, or the lack thereof, have been central to the evolution of public policy in the telecommunications industry for more than a century. Yet, numerous foundational questions about this concept persist. This *Georgetown on the Hill* seminar coincided with the release of a [research paper](#), "The Evolution of 'Competition': Lessons for 21st Century Telecommunications Policy" by [John W. Mayo](#) and [Amanda B. Delp](#), and accompanying [Economic Policy Vignette](#), that chronicle the evolution of "competition" in economics and also examine how competition has been defined in the communications arena.



The research finds that the academic literature on competition hits an important inflection point in the mid-20th century with the development of "workable competition," a term equated to "effective competition." It finds that while the concept of "effective competition" is central to policy formation at the FCC, the Commission's own applications of "effective competition" are inconsistently applied. Given the centrality of this concept and its inconsistent applications to date, the authors draw upon seminal contributions to the development of the notion of "effective competition" to proffer a modern definition suitable for application in 21st century markets. The authors suggest that a market can be said to be "effectively competitive" when firms exhibit overt rivalry in their quest for consumer patronage; consumers have choices among vendors, readily demonstrate their ability to change vendors, and vendors have the ability and propensity to expand output to satisfy consumer demands; rivalry among vendors manifests itself in desirable economic performance metrics, including price, output, quality, investment, and innovation; and no clearly indicated and cost-effective policy change can improve upon prevailing economic performance in the market at issue.

The proposed definition is grounded in measurable indicators about which consumers care and is largely congruent with existing data collection efforts. It does not offer a bright-line test of performance. It creates the possibility that assessments of market competition will not vacillate depending on the ideological moods of Congress, regulators, or the public.

PROGRAM

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For the full video of the presentation, please visit <https://youtu.be/UjcdccT54wU>.

- I. Research paper presentation by **John W. Mayo**, Professor of Economics, Business, and Public Policy at Georgetown’s McDonough School of Business, and Executive Director, Georgetown Center for Business and Public Policy (*Remarks begin at [2:00](#)*)
- II. Framing remarks by **David J. Redl**, Chief Counsel, House Committee on Energy and Commerce (*Remarks begin at [34:26](#)*)
- III. Panelist Remarks:
 - **Janice A. Hauge**, Associate Professor, Department of Economics, University of North Texas (*Remarks begin at [42:43](#)*)
 - **Tom Power**, Senior Vice President and General Counsel, CTIA-The Wireless Association (*Remarks begin at [57:52](#)*)
 - **Andrew Jay Schwartzman**, Georgetown University Law Center Institute for Public Representation (*Remarks begin at [48:34](#)*)
- IV. Discussion and audience Q+A moderated by **Scott Wallsten**, Vice President for Research and Senior Fellow, Technology Policy Institute; Senior Policy Scholar, Georgetown Center for Business and Public Policy (*Discussion begins at [1:05:58](#)*)

DISCUSSANTS



Janice A. Hauge is an Associate Professor in the Department of Economics at the University of North Texas. She received her doctorate from the University of Florida. Prior to attending the University of Florida, she earned a B.A. at Hamilton College in NY, and a MSc degree from the London School of Economics. Professor Hauge's research focuses on industrial organization, regulation, and telecommunications and broadband policy more specifically. Currently her work centers on empirical analyses of the effectiveness of broadband policies and initiatives both within the U.S. and internationally. Additionally, her current research includes energy policy and regulation, and analyses of regulatory independence in the U.S. Professor Hauge teaches graduate and undergraduate courses in industrial organization, regulation, microeconomic theory, game theory, and sports economics.



John W. Mayo is Professor of Economics, Business, and Public Policy in Georgetown University's McDonough School of Business. Professor Mayo also serves as the Executive Director of the Center for Business and Public Policy, which he founded in 2002. His research interests lie in the areas of industrial organization, regulation and antitrust, and, more generally, the application of microeconomics to public policy. He has published roughly 50 articles in economics, law, and public policy journals, is the author of numerous book chapters and monographs, and is the co-author of a comprehensive book entitled, *Government and Business: The Economics of Antitrust and Regulation*. Professor Mayo has held a number of senior administrative positions at Georgetown including a term as the Dean of the McDonough School of Business from 2002-2004. Additionally, he has been the Chief Economist, U.S. Senate Small Business Committee (Democratic Staff) and has served as an advisor and consultant to both public and private agencies including the U.S. Department of Justice, the Federal Trade Commission, the U.S. Department of Energy, AT&T, MCI, Sprint, Verizon, the Tennessee Valley Authority and Oak Ridge National Laboratory. He received his B.A. in Economics from Hendrix College, and his M.A. and Ph.D. in Economics from Washington University in St. Louis.



Tom Power is Senior Vice President and General Counsel at CTIA - The Wireless Association. Mr. Power served as the U.S. Deputy Chief Technology Officer for Telecommunications in the White House Office of Science and Technology Office from August 2011 until December 2014. Previously, Mr. Power served as Chief of Staff for the National Telecommunications and Information Administration, United States Department of Commerce, from April 2009 through August 2011. From 2000 to 2009, Mr. Power was General Counsel for Fiberlink Communications in Blue Bell, PA. From 1994 until 2000, Mr. Power served at the Federal Communications Commission in several supervisory roles until named Senior Legal Adviser to FCC Chairman William Kennard, where he advised the chairman on broadband, common carrier, and mass media matters. Prior to joining the FCC, Mr. Power was a telecommunications and litigation partner at Winston & Strawn. He has undergraduate and law degrees from the University of Virginia.



David J. Redl is Chief Counsel on the majority staff of the U.S. House of Representatives Committee on Energy and Commerce. In his role with the Committee, Mr. Redl advises Chairman Fred Upton and Subcommittee Chairman Greg Walden on communications and technology matters. Prior to joining the Energy and Commerce Committee staff in 2011, Mr. Redl served as Director of Regulatory Affairs at CTIA - The Wireless Association where his work focused on policy issues involving wireless technology, spectrum, broadband, and regulatory mandates. Mr. Redl received his B.A. in Journalism and his B.A. in Political Science from the Pennsylvania State University, and his J.D. from the Catholic University of America with a certificate from the Institute for Communications Law Studies. He is a member of the New York and District of Columbia bars.



Andrew Jay Schwartzman, the Benton Senior Counselor, joined the Communications and Technology Law Clinic at Georgetown's Institute for Public Representation in January 2014. From 1978 through 2012, Schwartzman headed Media Access Project (MAP). MAP was a non-profit public interest telecommunications law firm which represented the public in promoting the First Amendment rights to speak and to hear. It sought to promote creation of a well-informed electorate by insuring vigorous debate in a free marketplace of ideas. It was the chief legal strategist in efforts to oppose major media mergers and preserve policies promoting media diversity. MAP also led efforts to promote openness and innovation on broadband networks and to insure that broad and affordable public access is provided during the deployment of advanced telecommunications networks. Since 2003, Schwartzman has also taught at the Johns Hopkins University, Krieger School of Arts and Sciences, department of Advanced Academic Programs. He was the Law and Regulation Contributor to *Les Brown's Encyclopedia of Television*, and is the author of the telecommunications chapter in the *Encyclopedia of the Consumer Movement*. Schwartzman is a graduate of the University of Pennsylvania Law School.



Scott Wallsten is Vice President for Research and Senior Fellow at the Technology Policy Institute. He is an economist with expertise in industrial organization and public policy. His research focuses on telecommunications, regulation, competition, and technology policy. His research has been published in numerous academic journals and his commentaries have appeared in newspapers and news magazines around the world. He holds a Ph.D. in economics from Stanford University. He is also a Senior Policy Scholar at the Georgetown Center for Business and Public Policy. He was the economics director for the FCC's National Broadband Plan and has been a lecturer in Stanford University's public policy program, director of communications policy studies and senior fellow at the Progress & Freedom Foundation, a senior fellow at the AEI – Brookings Joint Center for Regulatory Studies, a resident scholar at the American Enterprise Institute, an economist at The World Bank, a scholar at the Stanford Institute for Economic Policy Research, and a staff economist at the U.S. President's Council of Economic Advisers.

RESEARCH



Authors John W. Mayo and Amanda B. Delp

"The Evolution of 'Competition': Lessons for 21st Century Telecommunications Policy"

<http://cbpp.georgetown.edu/evolution-competition-lessons-21st-century-telecommunications-policy>

Economic Policy Vignette

<http://cbpp.georgetown.edu/content/defining-competition-21st-century-telecommunications-industry>

INVITATION

The Evolution of "Competition": Lessons for 21st Century Telecommunications Policy

- Georgetown on the Hill -

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The research finds that the academic literature on competition hits an important inflection point in the mid-20th century with the development of "workable competition," a term equated to "effective competition." It finds that while the concept of "effective competition" is central to policy formation at the FCC, the Commission's own applications of "effective competition" are inconsistently applied. Given the centrality of this concept, and its inconsistent applications to date, we draw upon seminal contributions to the development of the notion of "effective competition" to proffer a modern definition we believe is suitable for application in 21st century communications markets.



When: Monday, April 29, 2015
12:00 PM - 1:30 PM

Where: Rayburn House Office Building
B-369
Washington, DC 20515

Research paper presentation by **John W. Mayo**, Professor of Economics, Business, and Public Policy at Georgetown's McDonough School of Business, and Executive Director, Georgetown Center for Business and Public Policy

Framing remarks by **David J. Redl**, Chief Counsel, House Committee on Energy and Commerce

Panelist Remarks:

- **Janice A. Hauge**, Associate Professor, Department of Economics, University of North Texas
- **Tom Power**, Senior Vice President and General Counsel, CTIA-The Wireless Association
- **Andrew Jay Schwartzman**, Georgetown University Law Center Institute for Public Representation

Discussion and Audience Q+A moderated by **Scott Wallsten**, Vice President for Research and Senior Fellow, Technology Policy Institute; Senior Policy Scholar, Georgetown Center for Business and Public Policy

This seminar is part of the Georgetown Center for Business and Public Policy's Georgetown on the Hill series at which we convene policymakers, academics, and industry experts to discuss important economic policy issues of the day.



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