

Spectrum Management Incentives

Thomas W. Hazlett
Professor of Law & Economics
George Mason University
thazlett@gmu.edu



National Academy of Sciences
Washington, DC
February 28, 2006

Exclusive Spectrum Rights & Secondary Markets

- Exclusive Spectrum Rights
 - Yes – additional allocations yield high social value
 - Rules not complex; e.g., CMRS template
- Secondary Markets
 - Largely superfluous – exclusive spectrum rights allow markets to be organized

Secondary Markets

□ CMRS Market

- Complex transactions routine
- Cell phone subscription accesses 100+ networks
- Data networks overlay seamlessly (PDAs, e.g.)
- MVNOs access wholesale spectrum market
 - infrastructure and spectrum bundled
- Transactions are not commoditized (on spectrum)

□ Secondary Markets Proceeding

- Relaxing constraints is efficient
- Dominant constraints are use restrictions



Exclusive Rights

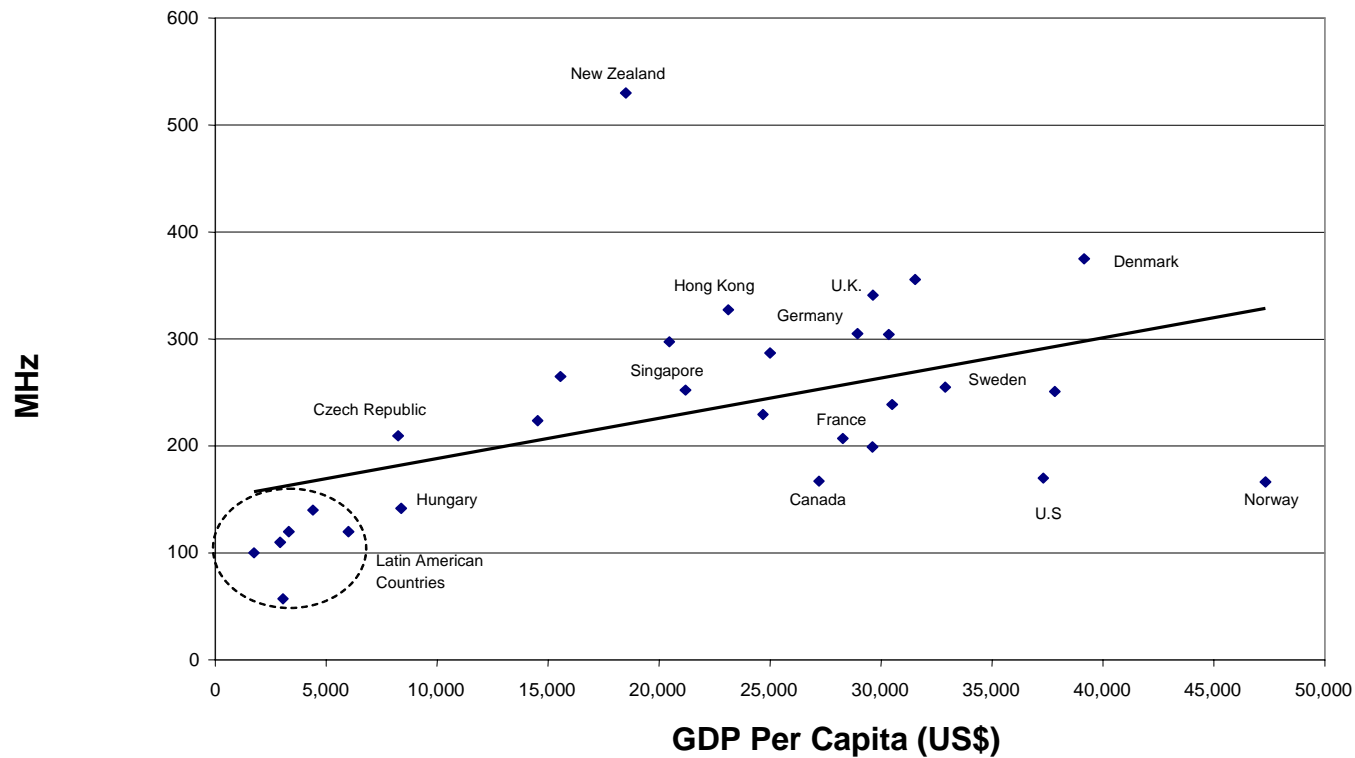


May 3, 2002

Spectrum Auction Delay Hits Fast Track

By Roy Mark

Spectrum vs. GDP Per Capita



Source: Hazlett (2004)

“ [W]orld's leading market showcase for wireless data”

Sydney "has become the world's leading market showcase for wireless data services," says... U.S. technology research Gartner in Australia... [A] reason wireless broadband is taking off here: The government sold off radio spectrum for such services relatively cheaply. Privately held Personal Broadband snapped up its license in 2001 for only about US\$7.5 million.

-- *Wall Street Journal* (2.18.05)