



Improving Spectrum Management Through
Economic or Other Incentives:

Commercial Users

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Wireless Industry Today



- Nearly two hundred million subscribers
- 65 % of US households
- Hundreds of millions of devices
- Hundreds of billions in cumulative investment
- Hundreds of millions of dollars in economic value
 - Consumer surplus
 - Total social welfare

Impact of the Industry on the Economy



- 3.6 million direct and indirect jobs
- \$118 billion in revenue, \$92 billion to US GDP
- \$8.5 billion in productivity gains
- Industry and employees paid \$63 billion in taxes
- \$157 billion in consumer surplus
- Cumulative social value of nearly a trillion dollars

The Transition to Market-Based Policies



- Early FCC decision changed wireless license regulatory model from “command and control” to “market-oriented.”
 - New model, changing times
- Licensees decide what technology
 - In tune with the needs of the marketplace
- Followed by Congressional and FCC actions
 - competition
 - created Commercial Mobile Radio Service
 - full, flexible use of spectrum
- Changes have had profound, positive impact consumers

Encouraging Spectrum Efficiency



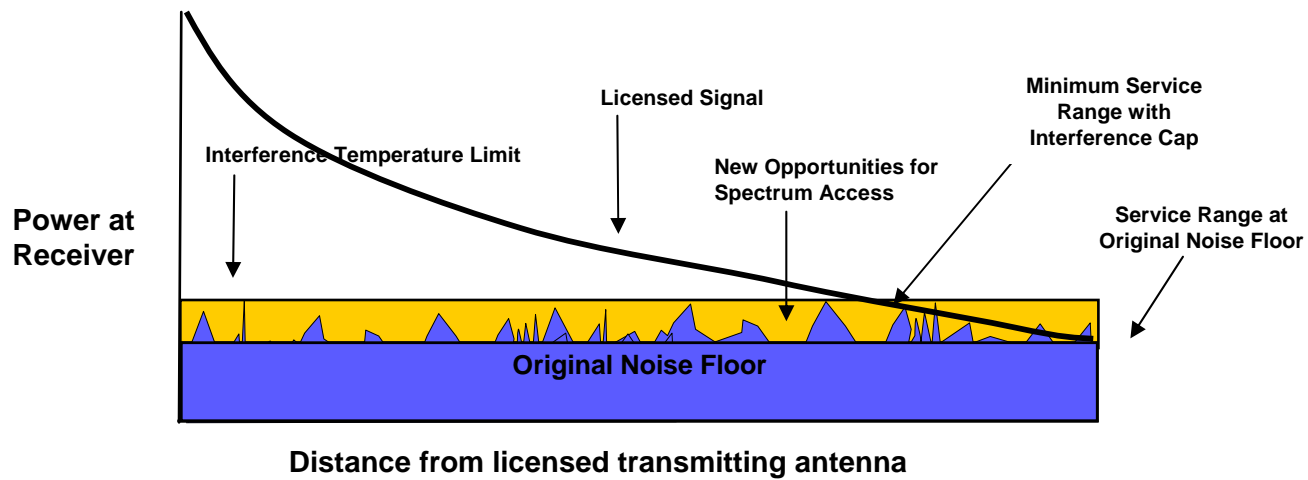
- Policies that encourage efficiency and rapid technological innovation in licensed spectrum
 - Are market-driven
 - Include exclusive assignments
 - Provide for flexible use
 - Allow licensee to maintain control of RF environment
 - No specific mandate or requirement
 - Strong, flexible secondary markets

Encouraging Spectrum Efficiency



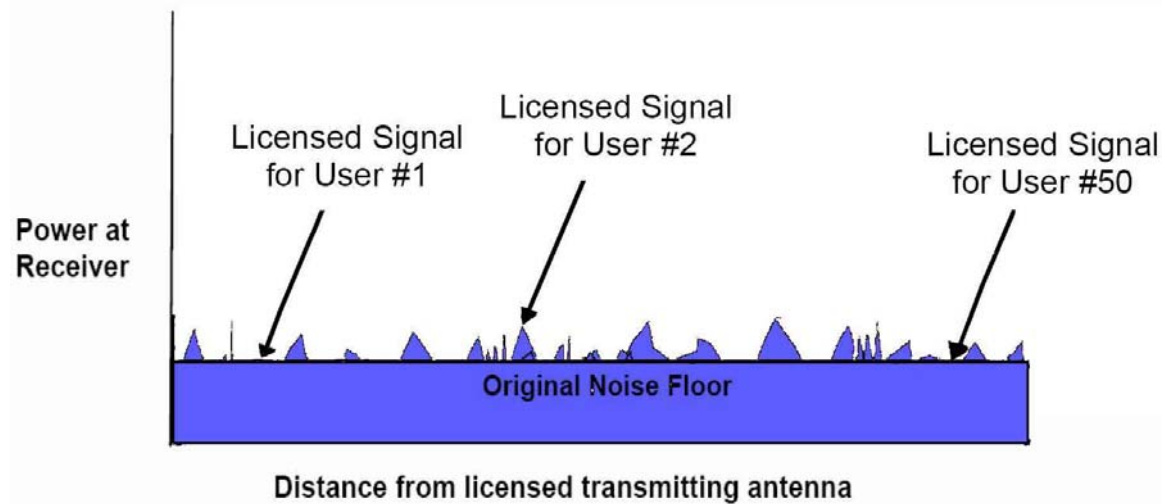
- “Involuntary” sharing undermines existing policies
 - Uneconomic
 - Questionable technical utility
 - Raises level of uncertainty
 - Undermines quality of service
- Undermines the very incentives that make such intensive use of spectrum possible

One proposal:



FCC Docket 03-237

This is reality:



Unlicensed Use of Spectrum

- Source of both technical and social innovation
- Ease of entry v. lack of rights
- Separate unlicensed and licensed use
 - More than 700 MHz below 3 GHz available
 - Commission considering several hundred MHz more

Conclusion



- What regulatory environment will foster the development of efficient use of spectrum?
 - Licensing preferred mechanism
 - Exclusive assignments
 - Clear and flexible regulatory rules of the road
 - Market-driven supply of spectrum
- Exclusivity, flexibility and competition drive efficiency