

# **THE GOVERNMENT'S ROLE IN TELECOMMUNICATIONS**

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# WHAT IS “TELECOMMUNICATIONS?”

- **The Network**
  - **Conventional telephone system**  
(whether provided over copper, fiber, microwave, satellite)
  - **wireless**
  - **cable**
  - **data networks**
  - **Internet**



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# **GOVERNMENT SHOULD BE POLICY PROVIDER NOT SERVICE PROVIDER**

- **Provision of telecom. service by MPT generally is at higher price and with fewer services than provided by private carriers**
- **This results from relatively slower governmental decision-making & focus more on political concerns than bottom-line economics**

# **TELECOMMUNICATIONS POLICY**

- **Must Recognize the Key Role of the ICT Sector in Economic Growth & Development**
- **Because the Network Creates Value (e.g., by improving resource allocation) and because the value of the Network increases the more users it has, Gov't policy should encourage use of the Network**



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# **TELECOMMUNICATIONS POLICY GOALS**

- **An innovative, efficient and reliable Telecom. Network**
- **Accessible to the entire population**
- **Subject to reasonable (*i.e.*, declining) rates and terms of use**

# **INNOVATIVE, EFFICIENT & RELIABLE TELECOMMUNICATIONS NETWORK**

- **INNOVATIVE**

- **Adopts new technologies (*e.g.*, DSL) as they become available**

- **EFFICIENT**

- **Uses resources in a cost-effective manner (*e.g.*, uses TCP/IP where possible)**

- **RELIABLE**

- **New service is promptly installed**
- **Existing service does not degrade or go “off line”**

# **ACCOMPLISHMENT OF TELECOM. GOALS**

- **COMPETITION**
- **INDEPENDENT REGULATOR**
- **MINIMAL REGULATION**

# COMPETITION

- **Privatize incumbent service provider**
- **Encourage open market entry by multiple (and independent) service providers**
- **Effect is to drive down price, introduce new services on the Network, thereby resulting in increased users and usage of the Network**



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## **INDEPENDENT REGULATOR**

- **Less susceptible to political influence and “slow down”**
- **“Expert” decision-making**
- **Decision-making transparency**



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## **MINIMAL REGULATION**

- **Appropriate when a competitive marketplace has been achieved**
- **Best regulatory framework uses carefully focused regulation and economic incentives**



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## CONCLUSION

- **Network value promoted by maximum users, multiple uses**
- **Policy goal: multiple providers, multiple applications and services, declining rates and reasonable terms of service, diverse access systems**
- **Regulation only as necessary prior to achievement of true competitive environment and to handle transitory dislocations**



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