U.S. and European Regulation: Converging, Colliding, or …?

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More European than American

- Technology choices
  - Choosing GSM
- Detailed Policy Directives
  - SMP
- Restrict Vertical Relationships
  - Apple iTunes Store
- Limit Quality Differentiation
  - GE Honeywell
- International Expansion
More American than European

• Diverse Approaches
  • Jurisdiction framework

• Legacy Policies
  • Private monopoly era

• Complex Subsidies
  • Holdover from Bell System and jurisdictional battles
Much in Common

- Favor Private Ownership
  - Differ in mix
- Remove Barriers to Competition
- Experiments with Structural Separation
- Experiments with Convergence and Broadband
Why

**Similar Interests**
- Service expansion
- Efficiency
- Affordability
- Innovation

**Different Contexts**
- **U.S.**
  - Common carrier and utility framework
  - Federalism
  - Private monopoly
- **EU**
  - Single market
  - Sovereign states
  - Reforms are recent and deliberate
Business Imperatives

- Adaptability
- Flexible relationships
- Innovation
- Resources
- Brand
Policy Imperatives for a Dynamic Environment

- Evolving market definitions
  - SMP in what?
- Ex post oversight of abuse of SMP
- Expand radio spectrum
- Experimentation
- Increased discretion
Institutional Imperative: Diverse Regulators

Good to be Together

• Customers experience global market
• Learn from mistakes
• Expertise

Good to be in Conflict

• Customers experience local market
• Diminishes ego and politicking
• Increases buy-in and accountability
• Avoid centralization dysfunctions
Centralization Dysfunctions

- Lock in – bureaucratic inertia
- Group think – forcing consensus
- Polarization – extremes
- Confirmation bias – fail to see evidence contrary to assumptions
- Hindsight bias – ex post certainty
- Dramatic, simple solutions
Say “no” to...

• Balanced approaches
  • Lack depth

• Realistic solutions
  • Lack courage

• Seclusion
  • Lacks troublemakers
  • Broad interaction with academics, consultants, industry, etc.
Stir and Steer

• Policy and Regulatory Imperatives
  • Yes to...
    • Conflict
    • Learning
  • No to...
    • Balanced approaches
    • Realistic approaches
Can we do this?

• All systems are perfectly aligned to get the results they get
  • System doesn’t want to fix the problem

• Mapping stakeholders
  • What would each have to give up to close the gap?
  • What would YOU have to give up?
The Body of Knowledge on Infrastructure Regulation

www.regulationbodyofknowledge.org
Thank you

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