

12-1994

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### Recommended Citation

Blumenfeld, Seth D. (1994) "Developing the Global Information Infrastructure," *Federal Communications Law Journal*: Vol. 47 : Iss. 2 , Article 9.

Available at: <https://www.repository.law.indiana.edu/fclj/vol47/iss2/9>

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# Developing the Global Information Infrastructure

Seth D. Blumenfeld\*

The telecommunications industry is participating in a major dialogue that has been launched by the Clinton administration's program for a National Information Infrastructure (NII) and its concept of a Global Information Infrastructure (GII). A GII is the logical next step in the development of the NII since U.S. consumers are international consumers, and our economy is inextricably linked to the economies of virtually every other country.

MCI is contributing to the development of the NII and GII in many ways. Through its networkMCI project, MCI will be investing more than \$20 billion to expand the scope and capabilities of the information superhighway. The networkMCI vision represents the largest commitment by a U.S. long-distance company to invest in and create alliances to build the communications infrastructure for the twenty-first century. MCI is also deploying its broadband information superhighway, which uses SONET technology at speeds fifteen times faster than any commercially available network, throughout the MCI domestic network. This technology will be implemented on international routes by 1995. Moreover, MCI will be investing more than \$2 billion in fiber rings and local switching infrastructure in major U.S. metropolitan markets.

The administration has adopted five principles for developing the NII: encouraging private investment, promoting competition, creating a flexible regulatory framework, providing open access, and ensuring universal service. The implementation of these principles will encourage the private sector to build the NII and stimulate the most productive uses of what will become a powerful economic tool. These same principles are also central to the successful development by the private sector of an advanced, globally accessible and affordable GII.

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To a significant degree, the backbone for a ubiquitous, seamless global network already exists in the form of satellites and fiber-optic cables that interconnect countries. What is missing are the domestic networks in many countries that permit affordable and instantaneous access to the advanced services which can be carried through that backbone network, and legal environments receptive to foreign investors and competitors.

The U.S. government can play an important role in the development of the GII, but that role must be clearly delineated. That role should be to afford private industry the leeway it needs to develop creative, timely, and efficient solutions to customers' needs, while at the same time, working with and encouraging foreign countries to open their markets. The U.S. government should afford U.S. telecommunications companies both the structural and regulatory flexibility to continually refine and expand their global service offerings. U.S. telecommunications companies must be able to develop, through relationships with other domestic and foreign companies, the service and technological synergies and complementary skill sets that are essential to satisfying the requirements of customers operating on a global scale.

The U.S. government can assist the efforts of companies in building the NII and GII by: (1) not erecting regulatory barriers that increase cost and risk; (2) permitting companies to engage in foreign commercial relationships; and (3) working closely with the governments of other countries to create environments that allow private telecommunications to invest in, and deliver, information services to those countries.

Perhaps the U.S. government's greatest challenge is to promote cooperation and collaboration among competing companies and countries in a manner that advances the overall goal of opening markets to private enterprise. This effort will require close coordination with U.S. industry. It will also require international diplomacy that facilitates change, respect for the sovereignty of both the United States and other countries, and clarity about GII objectives and requisite actions.

One of the most significant contributions the U.S. government can make at this pivotal time is to help "internationalize" the way industries and governments think about communications issues. It is worth bearing in mind that the U.S. government has had its greatest successes in facilitating change in other countries' communications markets when it has itself set an example. In order to succeed in this endeavor, the U.S. government must do four things.

First, as other countries liberalize their markets, the U.S. government must remain sensitive to the need for the United States to "retain the high ground in its own market." Areas that deserve careful attention in this

regard include: laws and regulations that might make sense in a domestic context but could impede a GII when translated to the global arena; areas of the U.S. market that are more closed to foreign participation than that which the U.S. government is advocating internationally; and domestic policies and regulations that inadvertently provide an excuse for closed markets or for more restrictive regulation abroad.

Second, the U.S. government must be aware that because of different cultures and traditions, no other market or regulatory scheme will be a carbon copy of what we have in the United States. To speed the development of the GII, U.S. policy must accommodate these variances.

Third, the U.S. government must continue to push for fair treatment of U.S. companies in foreign markets. There are a variety of means to accomplish this, such as having the Federal Communications Commission set benchmarks for determining whether markets are open and reserving the right to adopt other measures should the benchmarks not be met over time.

Fourth, the U.S. government must pursue synchronized communications and trade policies; all parts of the U.S. government must be seen, both internally and externally, as pursuing consistent policies.

The U.S. government can expedite the development of a seamless, interoperable GII by continuing to work with other governments to strengthen and streamline formal and informal international bodies, such as the International Telecommunication Union (ITU). Such streamlining will permit swift and internationally effective action on global standards. For these international customers, the U.S. government needs to promote standards that support technological development and the worldwide introduction of new services. However, to ensure that the standards developed represent the best interests of U.S. companies and consumers, it is essential that the government involve industry at all levels in the interagency planning process.

The rapid development of a GII depends not only on strengthening the international standards process, but also on the global extension of protection such as privacy and intellectual property. The U.S. government should advance domestic interests in these areas. The government should work to eliminate the artifacts of past monopoly structures and regulatory regimes in other countries. Open markets and collection rates that approach costs—both consistent with the principles of the GII—should be a high priority. Moreover, as foreign markets become more hospitable to competition, the U.S. government should support industry's efforts to take swift advantage of such opportunities.

The U.S. government needs to continue its support of collection rates which approach cost through the following three-pronged program: (1)

supporting U.S. industry efforts to negotiate lower accounting rates and thereby rebalance settlements between U.S. carriers and their foreign correspondents; (2) encouraging the introduction of competition into the international telecommunications market wherever and whenever possible; and (3) participating actively in bilateral and multilateral forums to develop guidelines to facilitate lower rates.

A healthy worldwide communications sector provides the surest guarantee that private industry can meet the challenges of building, operating, and providing services over a global information infrastructure. The U.S. government can encourage the growth of that sector by: (1) working to eliminate regulatory and political barriers to the international diffusion of technology, including both tariff and non-tariff barriers such as standards and quotas; (2) developing a focused and coordinated program of assistance for developing countries that draws on industry, international financial institutions, the U.S. Telecommunications and Training Institute, and U.S. aid programs; (3) promoting international privatization efforts; and (4) allowing U.S. companies the flexibility to attract capital from a variety of sources so they may create the services necessary to compete successfully on a global scale.

In sum, the U.S. government can play a key role in promoting a GII by ensuring, through the steps discussed above, that U.S. telecommunications companies have the ability and flexibility to respond to the demands and expectations of the international marketplace.