Ushering a New Era of TV: A National Call to Action

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A National Broadband Strategy: "Make No Small Plans"

by Jim Baller

"Make no small plans. They have no magic to stir men's blood."
— Architect Daniel Burnham

I n October 2006 and January 2007, Casey Lide and I wrote two articles arguing that the United States should promptly develop a national broadband strategy, as the other leading nations are doing.[1] In the first article, we focused on America's pressing need for rapid deployment of high-capacity next generation networks, and in the second article we proposed an ambitious 8-step plan to make national broadband planning a reality. Since then, a large and growing number of organizations and individuals have voiced support for a national broadband strategy, and a small but vocal opposition has emerged. This paper summarizes the main arguments on both sides and shows that the opponents are wrong on multiple levels.

Support for a National Broadband Strategy

Over the last six months, FCC Commissioners Michael Copps and Jonathan Adelstein have repeatedly called for the development of a national broadband strategy. Senator Jay Rockefeller (D-WV) has introduced a resolution – S. Res. 191 – proposing that Congress and the President develop a national strategy to make the United States a "100 Megabit Nation" by 2015.

Similarly, in a "Dear Colleague" letter, Rep. Anna Eshoo (D-CA) has urged her fellow members of the House to embrace the concept of a "100 Megabit Nation." Senator Dick Durbin (D-IL) hosted a creative four-night online seminar to gather public input for legislation on a national broadband strategy.

Likewise, numerous associations representing a broad cross-section of American life have expressed support for a national broadband strategy, including NATOA, the National League of Cities, the National Association of Counties, the United States Conference of Mayors, Free Press, Media Access Project, Consumer Federation of America, Public Knowledge, EDUCAUSE, Communications Workers of America, the American Library Association, the Benton Foundation, Information Technology & Innovation Foundation, and many others. So, too, have many leading high technology companies and organizations, including Amazon, Cisco, COMTEL, EarthLink, eBay, the Fiber to the Home Council, Google, PayPal, Skype, TechNet, YouTube, and many more. Incumbents Verizon and AT&T have also come out in support of a national broadband strategy.

While proponents of a national broadband strategy may disagree vehemently on some issues – such as net neutrality and cable franchising – they all agree on the following key points: (1) universal access to affordable broadband is critical to America's economic development, global competitiveness, educational opportunity, homeland security, public safety, digital equity, and quality of life; (2) America's mediocre world rankings in per capita broadband deployment, access to high-capacity broadband networks, cost per unit of bandwidth, and growth of new broadband users are matters of grave national concern; (3) it is not only wrong, but dangerous, to pretend that the United States is doing well in broadband deployment, particularly when residents of other nations can obtain far more bandwidth capacity than Americans, and for a fraction of the cost;[2] (4) a "digital divide" continues to exist between residents of wealthy metropolitan areas and residents of rural and low income areas; (5) the FCC's definition of "broadband" – i.e., 200 kilobits/second in one direction – is ridiculously low; and (6) the FCC's data-gathering and reporting methodologies are seriously flawed, particularly its assumption that the existence of a single broadband line in a zip code means that everyone in the zip code has access to broadband.

Those who are troubled by America's broadband situation believe that it is essential for the United States to do what every other leading nation is doing – develop a national broadband strategy to ensure accelerated deployment of advanced communications networks. In doing so, the United States must candidly, clearly, and comprehensively define our national goals and analyze our needs, assets, deficiencies, opportunities, and shortcomings, including the legal, technological, financial, and other barriers that are retarding our progress. The public and private sectors must then work cooperatively, in a spirit of mutual respect and accommodation, to develop tax incentives, subsidies, and other creative means of stimulating supply and demand, and enhancing competition, digital inclusion, openness, and accountability.

Opposition to a National Broadband Strategy

In contrast to the wide-ranging support for a national broadband strategy, only a handful of opponents have emerged. Among them are Representative Fred Upton (R-MI), former FCC Commissioner Harold Furchtgott-Roth, Scott Cleland of the Precursor Group, Scott Wallsten of the Progress and Freedom Foundation, and FCC Commissioner Robert McDowell. The opponents make three main arguments.

First, the opponents contend that a national broadband strategy is unnecessary because the United States is doing well without one. They note that the United States has the most broadband lines in the world (64.6 million) and that "broadband" is now available in 99 percent of zip codes in the United States. They claim that broadband prices are dropping, competition is increasing, and new entrants are poised to enter the field. The opponents also maintain that minorities and low income persons are increasingly using broadband.

Second, the opponents have mounted a concerted attack on a recent report by the Organization for Economic Cooperation and Development (OECD), which indicates that, during the last six months, the United States dropped from 12th to 15th place among the OECD's 30 members in per capita broadband deployment. According to the opponents, world rankings are uninformative, and the OECD's data are misleading and biased against the United States. One problem, they say, is that comparisons based on per capita penetration are prejudicial to countries such as the United States, that have a relatively high percentage of individuals per household. Similarly, they claim that the OECD harms the United States by failing to count broadband connections in wireless hotspots, colleges and businesses. The opponents also assert that the OECD data disguise

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[1] These articles, the positions of the organizations and individuals cited in this paper, and much additional information about national broadband planning in the United States and abroad is collected at *http://www.baller.com/national_broadband.html*.

[2] For example, residents of Japan obtain 8.5 times the bandwidth that residents of the U.S. do and pay 1/12 the cost that Americans pay. Communications Workers of America, "Speed Counts," *http://tinyurl.com/2398r9* (Oct. 2006).

> Of far greater importance, broadband deployment in the United States cannot be viewed in isolation but must be seen against the backdrop of America's larger goals in the emerging global economy. In the years and decades ahead, the United States is going to come under intensive competitive pressure from China, India, South Korea, the European Union (as an integrated whole), and many other nations, large and small.

America's world leadership in broadband lines in the world, the huge investments that America's incumbents are making in broadband infrastructure, and America's lower population density than that of many of the countries ahead of it on the OECD list.

Third, the opponents argue that calls for a national broadband strategy are nothing but ill-disguised demands for a return to regulation of the telecom industry. They claim that national broadband planning is far too complicated for an economy as complex as that of the United States. According to Harold Furchtgott-Roth, economists cannot even agree on whether faster broadband deployment would help or hurt the United States in the global marketplace. For all these reasons, the opponents conclude that America's best strategy is to continue to rely on "the market" to govern broadband deployment.

The Opponents are Wrong on Multiple Levels

As Free Press has shown, the opponents' main arguments suffer from serious factual and analytical errors, and adjusting the data to address their criticisms does not materially change America's global rankings.[3] But even if the opponents were correct, their arguments are not persuasive.

For one thing, the opponents' primary argument – that a national broadband strategy is unnecessary

because the United States is doing well in broadband deployment – is tied to the FCC's inadequate definition of "broadband" and its flawed methodology for determining "deployment." The opponents themselves acknowledge these deficiencies. That the opponents must rely on such paltry standards to be able to say that the United States is "doing well" thus amounts to an argument for, rather than against, a national broadband strategy.

Of far greater importance, broadband deployment in the United States cannot be viewed in isolation but must be seen against the backdrop of America's larger goals in the emerging global economy. In the years and decades ahead, the United States is going to come under intensive competitive pressure from China, India, South Korea, the European Union (as an integrated whole), and many other nations, large and small. As applied to just China, the following passage from Ted Fishman's China, Inc.[4] illustrates this point:

Future Shock

> The most daunting thing about China is not that it is doing so well at the low-end manufacturing industries. Americans will be okay losing the furniture business to China. In the grand scheme of things, tables and chairs are small potatoes in the U.S. economy. The Japanese, for their part, have lost the television business. The

Italians are losing the fine-silk business. Germans cannot compete in Christmas ornaments. Everyone but the Chinese will lose their textile and clothing factories. More worrisome for America and other countries is the contour of the future, where manufacturing shifts overwhelmingly to China from all directions, including the United States. Consumer goods trade on the surface of the world's economy and their movement is easy for consumers to see. The far bigger shift, just now picking up steam, is occurring among the products that manufacturers and marketers trade with each other: the infinite number and variety of components that make up everything else that is made, whether it is the hundreds of parts in a washing machine or computer or the hundreds of thousands of parts in an airplane. And then there are the big products themselves: cars, trucks, planes, ships, switching networks for national phone systems, factories, submarines, satellites, and rockets. China is taking on those industries too.

In the emerging global economy, the United States can hope to maintain its economic prosperity and leadership only by acting promptly and aggressively to transition the American workforce to high-technology information-based industries.

3 S. Derek Turner, "'Shooting the Messenger': Myth vs. Reality: U.S. Broadband Policy and International Broadband Rankings," *http://tinyurl.com/2x9uyg* (July 2007).
4 T. Fishman, China, Inc.: How the Rise of the Next Superpower Challenges America and the World at 14-15 (Scribner—New York, et al. —2005).

This, in turn, requires the United States to greatly accelerate the pace of deployment of high-capacity, next generation networks of the kind that the other leading nations are developing.

The race for affordable access to next generation networks is one that the United States cannot afford to lose, and it is a race that the private sector cannot win alone. Rather, like the challenge of electrification a century ago, it is a race that requires the dedication and best efforts of both the public and private sectors.

The process of developing a national broadband strategy – through our 8-step plan or something like it – is the best way to ensure that the job will get done, in a way that best accommodates the interests of all concerned. If the opponents have legitimate points to make, they should make them within the process. ∎

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