

Driving the Digital Highway

The United States needs two regulatory roads – one for urban areas and one for rural.

By Steven S. Ross / *Broadband Communities*

The goal of broadband policy should be to protect consumers while encouraging broadband buildout (perhaps the most important activity of the 21st century) by ensuring that communications carriers can make a business case strong enough to attract investment.

However, communications technology, network ownership patterns and network uses change so fast that regulation is always a step or two behind even if regulatory goals are crystal clear. Imagine highway vehicle traffic doubling every two years. That two-lane road built in 2016 becomes four lanes in 2018, eight lanes in 2020 and 16 lanes in 2022. By 2040, the roadway will be almost 20 miles wide. By 2054, that one roadway will cover the entire country with asphalt, coast to coast and Canada to Mexico.

Hidden inside pencil-thin bundles of fiber, communications traffic volume has doubled every two years for the past half-century. It is small wonder national carriers invest more than \$60 billion a year in their networks – more than any other industry on the planet. It is no wonder that fiber is the ultimate solution.

TWO POLICIES

The United States needs two policies, two regulatory regimes – one for urban areas and one for rural. To encourage investment, both should use the lightest touch possible. In urban areas, the goals should be to foster competition, encourage digital literacy and provide usage subsidies. Almost all the wealthiest urban residents are online, and fewer than half the poorest are.

In rural areas, I have shown in three studies that at least a quarter of all rural population loss since 2010, and probably half, is due to lack of broadband access. Yet many states* restrict municipalities from building their own networks even if existing carriers provide little or no broadband service. In the wake of a national election in which rural voters strongly supported the new president, the fact that Virginia and Missouri are seeking to tighten, rather than eliminate, their restrictions on municipal broadband is mind-boggling.

Ajit Pai, after being appointed FCC chairman, wasted no time in saying the two-year-old Open Internet Order (aka net neutrality) will be repealed as soon as a Republican FCC majority is confirmed. That throws into doubt many provisions, including the automatic right of broadband carriers to attach their fiber or copper to utility poles in states that don't have their own pole regulations.



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Without the federal order, carriers can still become competitive local exchange carriers to gain federal pole attachment rights, but that requirement is somewhat reminiscent of the old Massachusetts blue laws, which allowed people to harvest oysters on Sundays only if they bought licenses to sell candy bars. Pole rules allow local pole owners to force delay and higher costs on potential deployers.

Net neutrality requires that internet service providers give consumers equal access to all legal content and applications. Should cellular carriers be allowed to “unequally” provide favored (or their own) content without charging it against monthly data caps? Pai says yes and dropped all FCC investigations into the practice.

So-called zero-base content is popular. Verizon users can stream go90 video, and AT&T customers can stream DIRECTV NOW, without data usage limits. These companies gain an advantage over cellular providers that don't have content to stream, and the system encourages network providers to invest in content rather than in their networks. But so far, those downsides seem remote.

The Bureau of Labor Statistics estimates that 500,000 information technology jobs will be created in the next few years. More than 5 million American families – one in 20 – derive some income from online, work-at-home employment (not including ride- or home-sharing services), according to Microsoft Research and Pew Research Center. Economist Michael Curri says three of four new businesses require broadband access. What's the best way to ensure broadband will be available to these homes and businesses? Get some answers at the all-new May 2017 Summit. ❖

* Arkansas, Colorado, Florida, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington and Wisconsin.

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