

Special Review Memorandum

Re: Broadband & the Next President.

Foreword

Now, as your Review's often noted, we're lucky. The next President -- regardless of who he or she will be -- will be our first truly "computer literate" Chief Executive. See "The Next Administration: Some Unarguable Points," TPR 24:9 (Mar. 2, 2008) at pp. 1-4. But these same folks have also spent the past two years campaigning.

They've had to learn about lots of different things. Even though the "Information Economy" is always intriguing, exciting, and ever-dynamic -- especially to those who steep in its lore -- you can't expect busy politicians to appreciate everything, can you?

Remember what Scarlet O'Hara declared in *Gone With the Wind* -- "If I have to think about that today, I'll just go crazy -- I'll think about it tomorrow." Well, we sure wouldn't want a crazy -- or, more crazy -- President, would we? As President Nixon famously said, "You could do that -- but it would be wrong."

KMB No. 41 to the Rescue

Fortunately, the next President doesn't really need to worry all that much about the current "hot button" communications policy topic -- fabled "broadband."

Now, they could read what your Review's Telephone Bureau's correctly written on the topic. See "Broadband: 'Is That All There Is?'" TPR 24:15 (Apr. 13, 2008) at pp. 1-3.

Alternatively, they could consider the proceedings of the latest, 41st KMB Video Journal invitational conference, where broadband, important state government initiatives, and likely financial market developments were discussed.

Three Main Points

KMB conferees made basically three noteworthy points in respect of "broadband," which is another way of referring to high-speed Internet access (usually 500 kilobits a second or faster, but sometimes slower speeds get counted, too).

:: No "Broadband Gap." First, claims of the late Ambassador Jeanne Kirkpatrick's "blame America first" critics notwithstanding, there really isn't some American "broadband gap." Don't worry. This "gap's" about as real as the one President Kennedy hypothesized in respect of nuclear missiles. Or, to put it another way, America's economy isn't at risk of being steamrolled by Iceland, Finland, or San Marino, or whatever broadband leader the Europeans are identifying this week.

The new President needs to know there are all sorts of lawyers and self-taught economists torturing our broadband statistics. The confessions are all over the block. But Dr. Robert Crandall of Brookings has done the definitive work here. Just ask him -- and, all the other serious, fact-oriented PhD. economists who've looked at these things. America's safe!

:: You're Not on Your Own. Second, there actually are lots of competent, hard-working, trustworthy people tackling the American broadband challenge -- both in Washington and "fly-over," provincial America. At the KMB conference, for example, were representatives of: (a) the Illinois broadband initiative, spearheaded by Lieutenant Governor Pat Quinn; (b) the Missouri broadband initiative being lead by Lieutenant Governor Peter Kinder; and (c) the three California state initiatives on broadband and advanced services. There was a discussion of steps which Indiana has taken, Vermont, too. And, Connected Nation (and CostQuest) folks described initiatives in Kentucky, Ohio, West Virginia, and Tennessee.

This is a big country. Fortunately, all the smart people are not just in Washington. Imagine that! There's lots of state and local government activity out there -- and, industry measures, too. Thus, if all the next President did was encourage these state and local "experiments in the laboratory of democracy," we'd be in pretty good shape.

Every President, after all, wants to know what'll happen if they do nothing. Here, that's not really a show-stopping potential problem, is it?

:: It Matters. Third, and relatedly, the next President ought to know that smart politicians in lots of states see broadband and its further development as key to economic development. Described was how Indiana Governor

Mitch Daniels -- former Director of the White House Office of Management & Budget -- has pushed broadband. Probably no Governor has been more active on this front than California's Arnold Schwarzenegger. States like Indiana, Ohio, and West Virginia have seen manufacturing and related jobs attenuate. But they've seen broadband development help.

It's also worth noting, of course, that some broadband applications are important to small community stabilization measures. In Georgia, for instance, Governor Zell Miller hired Dr. Jay Sanders to link rural and small town hospitals with the state's great medical research and teaching institutions in Atlanta. The goal was better patient care, of course. But they also wanted to ensure these hospitals -- often the largest institution in small towns -- stayed economically viable.

Like President Bill Clinton in 1993, the next President will face the challenge of "getting the economy moving again." Broadband's a good way of doing that.

Three Federal Measures

But what Federal measures could the next President direct? Things the states can't really address? Well, two things were also discussed at the KMB conference.

:: Wireless Connections. First, it was agreed that in lots of "truly rural" areas, wireless systems often offer the most cost-effective way of delivering high-speed Internet access. Yet licensing these systems, allocating spectrum, approving towers, etc., are all really Federal Communications Commission (FCC) responsibilities, aren't they?

Ourselves, we're convinced there's a "Negroponte Switch" in broadband's future, too. Right now, lots of connections are "wireline" -- telephone or cable. But virtually all notebook computers being sold today are "wireless ready." Sprint and Clearwire, and Verizon and AT&T, are pushing wireless broadband links. Notebooks are the predominant computer now being sold, too.

Some say wireless connections are too slow, or not comparable to wireless. But that's reminiscent of people who predicted lower quality cellphone service would remain the preserve of contractors, real estate agents, and delivery company personnel. But if wireless is "it," the FCC needs to do more to facilitate that, don't they?

:: Regulatory Reform. Second, at the KMB conference an Indiana official discussed the experience of the City of Fort Wayne. There, former Mayor Graham Richard ordered the "permitting" process be streamlined -- to facilitate Verizon's FiOS deployment. In the end, the process not only went very quickly, but Verizon saved a lot. Instead of an average cost of \$1,300 per customer, it only cost \$900.

Similarly, a California representative noted there were real savings when all the various state departments were required to use a single broadband application -- the parks, highways, environmental, etc., folks agreed to work from the same form.

Not only can the Federal Government encourage similar state and local government streamlining, but imagine if the FCC staff were directed to try and facilitate new entry, new investment, and new services? At present, some parts of the FCC make an effort -- notably, and commendably, the International Bureau. But others tend to see the public and applicants as "interfering with the essential work of the bureau." But that could be changed, couldn't it?

:: Encouraging Jobs Creation & Investment. Third, at this KMB conference the securities industry authorities were unified and adamant: If the Government wants companies to invest in what's a competitive, risky business, then regulatory impositions need to be kept to a minimum. Requirements for "unbundling" may be program-matically elegant, and elicit praise for proponents from the already converted. But they're reminiscent of that famous Vietnam War episode, where the village was supposedly burned in order to save it.

Regulatory reform, streamlining, and thus forward progress was championed by both President Ford and President Carter -- so it shouldn't be regarded as a partisan proposition. The next President could help "get the economy moving" by directing Federal agencies themselves to minimize regulation -- and, to encourage those provincial agencies to do the same, too.

Conclusion

In conclusion, we're not sure all the next President needs to know about broadband could be easily typed in speech font on a three-by-five inch card, as one President required. But it's not "rocket science" either, is it?

What the President needs to know is (a) there's no real "broadband gap," and if you need all the details, check with Brookings's Dr. Crandall. Then, (b) there are lots of competent people working on these matters already, including top-level officials in many of the major states. The FCC and Commerce Department, living in their own Washington world, may not be fully aware of these provincial initiatives. But don't worry. It's actually happening.

There's (c) clear potential broadband can spur economic activity -- at least that's what Governors Mitch Daniels, Arnold Schwarzenegger, and Joe Manchin of West Virginia think. And, the FCC and other Federal agencies could help by (a) streamlining and expediting spectrum uses, (b) recommending much "de-thicketing" of traditional regulatory processes, and (c) avoiding the imposition of "poison pill" requirements -- for comprehensive "unbundling," for example.