

Opinion **New Technology Policy Forum**

Can America Afford FCC Chairman Genachowski?

Eli Noam DECEMBER 14 2010

President Obama gave an inspiring speech earlier this week, in which he declared: “our generation’s Sputnik moment is back...we need a commitment to innovation that we haven’t seen since President Kennedy challenged us to go to the moon...There is no reason that over 90 percent of the homes in South Korea have broadband Internet access, and only 65 per cent of American households do. Think about that.”

It is worthwhile to check how these words are being translated into action at the key agency for the digital sector, the Federal Communications Commission.

Its chairman, Julius Genachowski, was widely applauded when he was nominated two years ago. His resume was impeccable for the job. He was trusted by Obama. He commanded a dependable majority on the typically fractious Commission. He could rely on the Democratic control of the relevant Congressional committees. Times were tough, and people looked again to government for leadership. Regulation was not a dirty word anymore. Infrastructure and stimulus were in.

And yet, two years later, what has his agency—hardworking, competent, smart people— to show for its efforts? Very little.

I write this assessment as a neutral from politics and stakeholders, who knew the 12 previous FCC chairmen, and who served on a regulatory commission (New York PSC). Nor do I write here in advocacy of specific policies. My problem with this FCC is not policy but its inaction and the uncertainty it engenders.

There was a time, not so long ago, when the FCC was looked up to by the world with admiration as the leader in thought and action for changing telecom, TV, and the internet. It changed the information landscape, liberating competitive and innovative forces, and was instrumental in unleashing the internet boom of the 1990s which gave America soft power and hard exports worldwide.

Today, America has lost its leadership. To rectify this is a mission which Chairman Genachowski has embraced with rightful fervour.

But as a previous Democratic contender said, “where is the beef?” The FCC has held dozens of public hearings. It passed a few decisions, often on issues that were extensions of Clinton/Gore or Bush era FCCs. It issued a report on broadband. It spent a lot of its time on the non-discriminatory use of the internet infrastructure (“net neutrality”), which is important in the long run but secondary to the creation of a nationwide infrastructure in a recession. And in any event, after much spinning of wheels, it got nowhere on this issue.

Is Chairman Genachowski to blame? Yes and no. It is true that he faces too many lawyers who are blocking and too many courts that are second-guessing. But his predecessors, too, faced complex political constellations, inter-industry dog-fights, fuzzy jurisdictional mandates, and vocal advocacy groups of the left and right with their associated think tanks. They also established clear agendas and priorities, and for better and worse, they stood up for them, got bloodied, and accomplished important parts of them.

The problem today is that regulatory delay is costlier than ever. Not only is the information environment much larger than in the past, it is also much faster-moving, and more central to the national economy. The cause of this is technological change, which progresses at the sizzling rate of “Moore’s law”, while the policy process barely moves at all. If anything, the FCC has become, in recent years, more politicised and dysfunctional.

And this is what is happening. While it polishes its elaborate proceedings, the economy is stagnating and the information sector, the growth engine in the 1990s, is on hold. The FCC is becoming the anti-stimulus agency.

What, then, should Julius Genachowski do in the next two years? The answers are short and simple:

1. In terms of procedure: Set policies and dates. There are a lot of good policy proposals out there and even more worthy opinions, but now, after two years of immersion, it is high time to pick a few, clear priorities, avoid distractions, and make decisions tirelessly under ambitious deadlines.

2. In terms of substance: focus on nationwide broadband infrastructure. One of the FCC's few accomplishments, prodded by Congress, was a national broadband plan. But this excellent plan has been crawling along in its implementation. The FCC claims that it is pushing sixty proceedings to do so, but if one looks more closely, many of them are clean-up operations the agency was doing anyway. Missing in the bureaucratic detail is the big picture of a national purpose, and a sense of urgency. It is doubtful that countries like Korea or Japan, which upgrade their networks aggressively, go about it in this way.

Broadband is our Sputnik moment, and the time is now. There is a plan. It requires leadership, drive, and determination. The window of opportunity is closing, and we may be all the poorer if it does.

Eli Noam is Professor of Finance and Economics at Columbia University

[Copyright](#) The Financial Times Limited 2022. All rights reserved.

