

Opinion **New Technology Policy Forum**

High-speed politics

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With the US electoral campaign heating up, one of the main high-tech issues will be the state of high-speed internet in America.

The scenario for the discussion is predictable and formulaic. Barack Obama will charge that America has fallen woefully behind during the Bush years, trailing 14 OECD countries and will call for governmental action. John McCain will downplay the issue and advocate more of the free market system as the best way to generate efficient investment and low prices. Obama will then call for regulated open access to broadband (“net neutrality”) as a means to inject dynamism, while McCain will want to wait for abuses before launching restrictive regulations. Each of the candidates will point to their position statements. These issue papers are carefully calibrated by committees of supporters. They provide nuanced hints of agreement with various stakeholder groups, but will be ignored by most voters and later, after the elections, by the main decision makers in this field, which are Congress, the nominally bipartisan and independent FCC and the courts.

A campaign discussion on this subject could be much deeper and more meaningful. It should be about America’s future information economy, about the interplay of private and public initiatives, about a diverse media landscape and about its role as an exporter of information and media products.

The starting point might be whether it is true that America has fallen behind and, if so, why? Obama, for credibility, must lower the level of rhetoric. Those OECD figures bandied about compare apples and oranges. In most countries, broadband is provided largely through a quick-fix known as DSL whose future potential in terms of speed and distance are limited. They are provided on the infrastructure of a near-monopoly telecom operator who is required by regulation to accommodate rivals, in effect becoming a public utility. In contrast, the US, as well as a few other countries, have invested much money in next-generation infrastructures with greater future potential, namely cable-based broadband and fibre, with rivalry between telecom and cable firms. Once one focuses on that, the US is one of the leaders, though behind Korea and Japan. It is noteworthy that European leaders have begun to call for catching up with the American and Japanese investment in fibre infrastructure.

Such more nuanced arguments can be made but they go only so far. It's not inspiring for a candidate for the most powerful office in the world to have to argue that the US has not really fallen behind Estonia and Slovenia. Just a few years ago, the US was the world's model and leader in the internet field and the resulting boom benefited the country economically and politically.

Today no such role exists, and the electorate, most of whom actually use the internet and are thus not exactly illiterate on the subject, will want to know why broadband in America is scarcer, costlier and slower than in several other major countries. They are nervous that such loss of leadership will have long-term economic consequences, just as America lost leadership in mobile telecom services or consumer electronics.

Fifty years ago, presidential challenger John F. Kennedy put Richard Nixon on the defensive with charges of a missile gap with the Soviet Union. It turned out that the gap did not exist, but the election was affected nevertheless. American voters respond well to an appeal to the country's can-do spirit. It put the challenger Ronald Reagan in the White House when incumbent Jimmy Carter projected malaise. Today, Obama's "yes we can" message of change gives him support in a significant part of the high-tech community, despite his having little to say on its subject which goes beyond standard Democratic positions. But it doesn't matter. McCain, though a jet pilot and a chairman of the Senate Commerce Committee that oversees communications, seems out of touch when it comes to information technology.

McCain should not deny that an internet problem emerged in recent years and he should not deal with minutiae of remedies. He (and Obama, too) would be better served by lifting the debate to a higher level. They should debate the factors that let the internet become, in the first place, such an extraordinary American contribution to the world and on how to rekindle that spirit. It was neither free enterprise nor government but both, plus a major infusion of the best of the academic sector, of risk-taking financial capital, immigration of talent, a creative young generation forging beyond stodgy restrictions and of a political/regulatory system which didn't try to control things too much.

Each of these factors can be re-invigorated through incentives, competition policy, openness of entry and use, lowering of barriers, a more rapid process and some government money. But there must be a purpose behind this beyond a desire to be the top dog in show. And that is that America does economically best when technological change is rapid. Cheap mass production continues to move to Asia. Energy costs will continue to divert a large part of the national product. America's global competitive advantages lie in information products and in the ability of its individuals and institutions to adjust better than in most other societies to rapid technological change.

So the real debate should be over inspiration and vision. It should be how to re-ignite these forces. How to seek national connectivity that also reaches to rural America. The vision should be how to achieve, over the next eight years, a high-powered, TV-quality internet to Americans wherever they live and work; how to make transactions and entertainment over it accessible and a major force in an economic, technological renaissance.

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