

Building the Broadband Economy and Society

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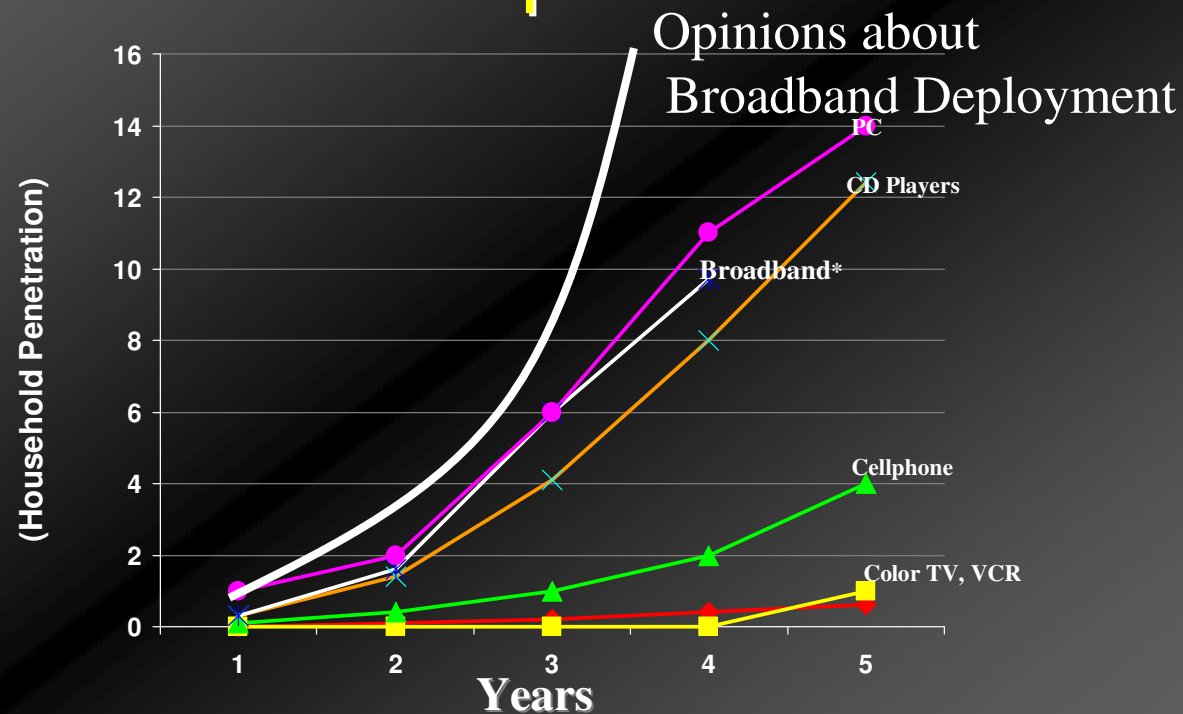
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Broadband Policymaking?

Deployment of Broadband and Deployment of Arguments about Broadband

Consumer Technology Adoption



*3Q2001; Sources: ebrain.org; Telechoice, Cable Datacom News, DSL Prime

Does theory clear up the Net Neutrality debate?

Proposition 4 *Suppose the connection quality offered when the platform is subject to a single-product restriction exceeds the lowest technically feasible quality level (i.e., $q_r > q$). If $q_r(\cdot)$ dominates $q_u(\cdot)$ in the sense of second-order stochastic dominance, then the single-product restriction lowers welfare.*

- Cournot
- Bertrand

So What do we Know?

■ Ev Erlich

- Broadband market structure is concentrated, but performance has been laudable
- Competition (“the cavalry”) is coming
 - » 3-G, WI-FI, WI-MAX and BPL
- The “Special Nature” of Broadband Competition”
 - » High Fixed costs → quality competition to fill up pipes

So What do we Know?

■ Rob Atkinson

- Fixed costs of Broadband deployment are very high
- Consequently, there is a trade-off between efficient market structure and competition

What do we know?

- Broadband is a nascent, evolving technology
- Broadband is a nascent, evolving business model
- Prices for Broadband service in the US have fallen
- Output (deployment and adoption) have increased dramatically
- Innovative uses for the Web have burgeoned

Where are we headed?

- Today, behavior is very competitive
- Consumers are benefiting from lower prices, higher speeds, expanding output
- Could market become less competitive and need greater regulatory oversight?
 - Theoretically, yes
- Is there a need to rush to (big R) Regulate?
 - Observed behavior suggests “no”
 - Available tools: antitrust/regulation
 - Enable Markets (Spectrum; municipal franchise reform)
- But what about our international position?

United States Rankings on Major World Metrics

Issue	Rank/Year	#1 Country	Source
Adult Literacy	10 /1998	Sweden	OECD
Infant Mortality	10 /2006	Sweden	CNN/ Save the Children
Mathematical Literacy (7 th graders)	23 /1996	Singapore	Boston College
Health Expenditure per capita	1 /2003	USA	Kaiser Family Foundation
Life Expectancy	6 /2005	San Marino	WHO
Freedom of the Press	23 / 2006	Finland	Reporters without Borders
Efficiency of Health System	37 / 2000	France	WHO
Broadband Penetration	12 / 2007	Denmark	OECD

A Man for All Seasons

Robert Bolt

Sir Thomas More: Well, take me home.

Boatman: From Richmond to Chelsea, a penny half-penny
From Chelsea to Richmond a penny half-penny.

From Richmond to Chelsea, it's a quiet float downstream,
from Chelsea to Richmond, it's a hard pull upstream,
and it's a penny half-penny either way.

Whoever makes the regulations doesn't row a boat.

