

The American way of broadband: slow



David Lazarus

LOS ANGELES TIMES

david.lazarus@latimes.com

October 30, 2014



AT&T agreed to pay \$105 million this month to settle claims that it overcharged customers by hundreds of millions of dollars for bogus wireless fees. (Andrew Harnet, Bloomberg)

A

T&T was slapped with a federal lawsuit this week for allegedly **duping wireless customers** with broken promises of unlimited data downloads.

This would be the same AT&T that agreed to pay \$105 million this month to settle claims that it **overcharged customers** by hundreds of millions of dollars for bogus wireless fees. A similar federal case is pending against T-Mobile.

It's fair to ask: Why does it seem as if telecom companies — phone, cable, satellite — always appear to be pulling a fast one on customers? The simple answer: because they can.

And there's a reason for that: In many places, consumers have only a few telecom providers to choose from.

This raises another question: Why doesn't the United States do what many other developed nations have done to promote broadband and wireless competition?

I'm talking about open access.

It sounds wonky, but what open access means is that network providers are required to allow rival companies to piggyback on their wires or airwaves at a fair, transparent price.

The idea is that this allows more players to enter a market and, thus, maintain a more competitive and innovative environment.

In Southern California, for example, an open-access arrangement would allow upstart Internet companies and low-cost wireless providers to book space on broadband and cellular networks owned by the likes of Time Warner Cable, AT&T and Verizon.

"If you want to lower prices and improve service, you need to increase competition," said Allen Hammond, a professor at Santa Clara University School of Law who specializes in telecom issues. "One way to do that is keep the network open."

I can just imagine some conservatives' heads exploding at the thought of the government dictating terms to a private company that took on all the risk and expense of building a network in the first place. Why should it have to share the benefits with competitors?

Hammond had a ready answer to that.

"There are some things that are essential to nation-building," he said. "We make roads available to everyone. We have universal service requirements for telephones. We have utilities for water and electricity.

"This is about recognizing that it is more important for everyone to be on a network than just a relative few people who can afford it."

The U.S. broadband market is nothing to be proud of.

14th place, according to the network services company Akamai Technologies. That puts us behind the Czech Republic, Latvia, even Romania.

The fastest Internet speeds can be found in South Korea, which long has had an open-access policy in place to maintain a robust broadband market. The country's average Internet speed is twice the U.S. average of 11.4 megabits a second, according to Akamai.

And that gap soon will grow even wider when South Korea introduces a rocket-fast broadband speed of 10 *gigabits* a second — enough digital horsepower to download a high-definition movie in about seven seconds.

Meanwhile, broadband access in the United States costs an average of \$90 a month, or more than five times the average of \$17 paid by South Koreans, according to the Organization for Economic Cooperation and Development.

This isn't an apples-to-apples comparison. South Korea is much smaller in area than the United States, and its population is more densely packed. These factors make it easier and cheaper to run a broadband network.

But experts say the open-access principle has been proved again and again in Asia and Europe. By opening existing broadband networks to competing services, the consistent result is lower prices and more innovation.

And the same thinking applies to wireless networks. For example, by giving so-called mobile virtual network operators access to the bandwidth of established wireless companies, hundreds of new service providers have appeared in Europe and Asia in recent years.

"We've got slower speeds at higher prices," said Sunne Wright McPeak, head of the California Emerging Technology Fund, a broadband advocacy group. "We're not competitive globally."

Open access would address that, she said. And it even could benefit the heavyweight telecom companies that might not want to share with others.

Public subsidies could be used to sweeten the deal for network providers that are reluctant to agree to open access, McPeak said.

"This is how it's worked in South Korea and elsewhere," she said. "Public subsidies are part of their national broadband plans."

The U.S. already is planning to use funds, for instance, to extend broadband lines to low-income and rural communities. The Federal Communications Commission says it will spend nearly \$2 billion a year on such efforts.

The United States didn't even have a **national broadband plan** until 2010. It spells out lofty broadband-for-all goals but lacks specifics on how most would be achieved.

For now, it looks as if we're stuck with a handful of huge telecom companies reneging on promises and overcharging us, just as we're stuck paying more for less when it comes to Internet access.

Call it the American way.

David Lazarus' column runs Tuesdays and Fridays. He also can be seen daily on KTLA-TV Channel 5 and followed on Twitter @Davidlaz. Send your tips or feedback to david.lazarus@latimes.com.

Copyright © 2014, Los Angeles Times
