

“Creating Broad Access to New Communications Technologies” by Robert J. Shapiro
Key Excerpts

“Broad access to new broadband telecommunications services for Americans at every income level and geographical area can be achieved by encouraging competition itself, which drives down the prices of these services and promotes additional technological innovations that further drive down prices. This is precisely how large shares of Americans at every income level, race and education, living in center cities and rural America as well as suburbia, achieved access to home computers and the Internet.”

“Competition and technological advance, not build-out rules, provide the most efficient and effective route to the broad spread of new technologies. ... Competition, combined with the technical advances that characterize the telecommunications market and information technology sector, sharply drives prices down to create broad access.”

“For at least a decade now, computer ownership and Internet access have consistently increased at higher rates among low-income households and those living in rural and central city areas, than among higher-income households and those living in metropolitan areas.”

“The soundest course for promoting broad social access to advanced telecommunications and information technology services, including the new video services, is to reject build-out requirements and instead promote competition and continuing technological advance.”

“Build-out requirements purportedly intended to guarantee broad access to new video services could well produce the opposite result, by reducing competition and the incentive to make the additional technological and competitive progress. The likely consequence of imposing build-out regulation on new telecommunications services would be higher prices and relatively lower quality and capabilities, which in turn would retard its spread to lower-income Americans and those in central city or rural areas.”

“Businesses go where their customers are, and there is substantial evidence that lower-income households provide a highly attractive market for advanced video services.”

“Today, low-income households already subscribe to current video services at roughly the same rates as high-income households, providing the basis for deploying fiber for video in low-income areas. In addition, African-American and Hispanic households subscribe to the premium channels of current video services at higher rates than other groups. There is also evidence that minorities are “early adopters” of some new video technologies, purchasing digital televisions at higher rates than other groups, for example. In the case of advanced video services, lower-income households and minority neighborhoods appear to be very high-value customers that businesses will seek.”

“When competition is permitted and investment is allowed to proceed without the burden of build-out requirements or other comparably costly regulation, the steadily falling prices that characterize these technologies have consistently created expanded access, measured by rates of increase in their ownership or use, by both income and place of residence, and for both computers and the Internet.”