



### What's at stake for the nation?

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Nationwide deployment of broadband infrastructure would generate economic and consumer benefits estimated to be worth as much as \$500 billion each year. The economy needs this unique stimulus now more than ever. After a period of ever-accelerating growth, the pace of new broadband connections has slowed dramatically this year.

### What should government policy makers do?

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Federal policy makers should provide a regulatory environment in which various technologies can compete with one another for the delivery of broadband content and applications. They should remove artificial impediments to the timely and efficient deployment of broadband infrastructure. Current federal policy thwarts these important goals by discouraging investment in broadband facilities and distorting competition.

### What's happening in broadband?

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Although still in its youth, the broadband market is already marked by robust, facilities-based competition. Telephone companies are minority players in the market, which is dominated by cable modem operators. New technologies – satellite and terrestrial wireless – are expected to gain significant market shares in the months and years ahead. But while there are several technologies competing head to head, further broadband deployment will require substantial additional investment on the part of all providers.

### What's wrong with the current rules?

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Currently, there is no national policy on broadband. Instead, through “regulatory creep,” broadband services offered by telephone companies are burdened with common-carrier regulations developed for traditional phone services. Among all competing technologies, only telephone companies are subject to such regulations. These regulations increase the telephone companies’ costs, magnify the risk of new investments, and deny them marketing flexibility to better serve consumers. In contrast, despite controlling some 70% of the broadband market, cable modem operators are substantially free from regulation, as are providers of satellite and terrestrial wireless services. They can price their services as they choose, without filing tariffs, and are under no obligation to make their services available to competitors.

### What's the right broadband policy?

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The two overarching themes of a new, truly national broadband policy should be: (1) allow the market to drive efficient broadband deployment by removing artificial regulatory obstacles to investment, and (2) treat all broadband providers alike. The logical way to implement this policy would be to declare that broadband services and facilities fall under Title I of the Communications Act, regardless of who provides them.