

Revolution Amid Recession

UNTIL RECENTLY, THE OPTIMISTIC ASSUMPTIONS OF an era of prosperity dominated ideas about the information revolution. Although many observers recognized that new technology would bring “creative destruction”—making old industries obsolete, while opening up new

ones—the emphasis has been on the “creative” part, not on the “destruction.”

Amid an economic crisis, however, the costs of change become more conspicuous, though the prospect of future payoffs is, if anything, more urgent. Some industries are now facing a double whammy from the recession and long-term structural change eroding their businesses. Newspapers and other media are in this position. So are many workers whose jobs have moved overseas thanks to global telecommunications. Yet there’s no going backward; new technology has to be part of the solution for both threatened institutions and Americans out of work.

That assumption underlies the stimulus package adopted by Congress as well as other policies pursued by the administration. The stimulus includes \$19 billion to promote health information technology and \$7.2 billion to support broadband connections in underserved or unserved areas. The legislation also gives the Federal Communications Commission a year to come up with a plan for universal broadband service. The purpose of investing in both health information technology and broadband is not just to provide an immediate boost to employment but to further long-term growth and the ideal of a more inclusive society—universal coverage in both health care and communications.

America’s problems in health care and communications bear a resemblance to each other. In both spheres, there are

sharp inequalities in access to a vital service. In both, the United States has performed relatively worse than other advanced societies in recent decades. And in both, progressive reforms confront entrenched corporate interests.

In health care, the problems aren’t new. The United States has long been the one major rich democracy without universal coverage. Information technology isn’t going to address the core problems, but it can improve the quality of care, perhaps help control costs, and thereby facilitate reform.

In communications, the United States has historically played a leading role. The early American republic created a postal system that, unlike any other at the time, reached into every village and supported the free circulation of news and political opinion. When new technologies developed in the 19th and early 20th centuries—the telegraph, telephone, and broadcasting—the United States often pioneered the innovations, and they spread more quickly in America. Although the new communications industries were prone to monopoly, the characteristic American pattern was to deny the monopolist of one era’s communication system control over the next. The result was a higher level of what econo-

mists call “intermodal competition” than other countries developed.

In recent decades, however, the United States hasn’t always been in the lead. To be sure, the Internet is an American invention, and it followed the classic pattern, originating in institutions (the Defense Department and the universities) that had no stake in the communications status quo. But because of poorly conceived policies, two other recent innovations—mobile phones and broadband—have spread more rapidly abroad. By one measure, the United States ranks 15th in broadband penetration, as people elsewhere get faster connections at cheaper prices. In America, where the cable and telephone companies can prevent rivals from using parts of their networks to deliver broadband, they provide access only at a price and to those areas they expect to be profitable. And those incentives haven’t been sufficient to drive faster deployment.

Studies have shown that expanded broadband would have substantial economic benefits, but watch out: Broadband can transmit any medium, and universal broadband service (wireless as well as wireline) could therefore make obsolete *all the other major electronic media*—over-the-air broadcasting, cable television, and both landline and cell phones.

If history is any guide, the best way to get universal service is to support new entrants with no interest in the status quo—for example, by opening up more of the spectrum to unlicensed wireless. One way or another, broadband is going to be spectacularly disruptive, and the challenge isn’t just going to be getting everyone connected. A vision

for a broadband democracy has to include a realistic appreciation of its implications for the institutions and values that democracy requires. As the current collapse of newspapers suggests, the kind of society we have—and especially our public life—will depend on the choices we make. **TAP**

— PAUL STARR

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