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**OP-ED CONTRIBUTOR**

## **OPEC 2.0**

**By TIM WU**

AMERICANS today spend almost as much on bandwidth — the capacity to move information — as we do on energy. A family of four likely spends several hundred dollars a month on cellphones, cable television and Internet connections, which is about what we spend on gas and heating oil.

Just as the industrial revolution depended on oil and other energy sources, the information revolution is fueled by bandwidth. If we aren't careful, we're going to repeat the history of the oil industry by creating a bandwidth cartel.

Like energy, bandwidth is an essential economic input. You can't run an engine without gas, or a cellphone without bandwidth. Both are also resources controlled by a tight group of producers, whether oil companies and Middle Eastern nations or communications companies like AT&T, Comcast and Vodafone. That's why, as with energy, we need to develop alternative sources of bandwidth.

Wired connections to the home — cable and telephone lines — are the major way that Americans move information. In the United States and in most of the world, a monopoly or duopoly controls the pipes that supply homes with information. These companies, primarily phone and cable companies, have a natural interest in controlling supply to maintain price levels and extract maximum profit from their investments — similar to how OPEC sets production quotas to guarantee high prices.

But just as with oil, there are alternatives. Amsterdam and some cities in Utah have deployed their own fiber to carry bandwidth as a public utility. A future possibility is to buy your own fiber, the way you might buy a solar panel for your home.

Encouraging competition is another path, though not an easy one: most of the much-hyped competitors from earlier this decade, like businesses that would provide broadband Internet over power lines, are dead or moribund. But alternatives are important. Relying on monopoly producers for the transmission of information is a dangerous path.

After physical wires, the other major way to move information is through the airwaves, a natural resource with enormous potential. But that potential is untapped because of a false scarcity created by bad government policy.

Our current approach is a command and control system dating from the 1920s. The federal government dictates exactly what licensees of the airwaves may do with their part of the spectrum. These Soviet-style rules create waste that is worthy of Brezhnev.

Many "owners" of spectrum either hardly use the stuff or use it in highly inefficient ways. At any given moment, more than 90 percent of the nation's airwaves are empty.

The solution is to relax the overregulation of the airwaves and allow use of the wasted spaces. Anyone, so long as he or she complies with a few basic rules to avoid interference, could try to build a better Wi-Fi and become a broadband billionaire. These wireless entrepreneurs could one day liberate us from wires, cables and rising prices.

Such technologies would not work perfectly right away, but over time clever entrepreneurs would find a way, if we gave them the chance. The Federal Communications Commission promised this kind of reform nearly a decade ago, but it continues to drag its heels.

In an information economy, the supply and price of bandwidth matters, in the way that oil prices matter: not just for gas stations, but for the whole economy.

And that's why there is a pressing need to explore all alternative supplies of bandwidth before it is too late. Americans are as addicted to bandwidth as they are to oil. The first step is facing the problem.

*Tim Wu is a professor at Columbia Law School and the co-author of "Who Controls the Internet?"*

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