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- *The U.S. communication system ranks behind fifteen other nations in the world.*
- *The future of communications technology will be based more on connectivity than on communications.*
- *Current legal structures present barriers to Illinois' and the U.S.'s full utilization of current and evolving technology.*
- *Illinois' current telecommunications law expires soon. It should be extended for one year while discussions of government regulation of emerging technology take place.*
- *Local governments have a major stake in the outcome of such discussions.*



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issue: *Telecommunications and the Future: The U.S. and Illinois Are Falling Behind*

*Regional Development Institute Policy Study # 1**

Written by the Telecommunications Policy Group of the Regional Development Institute

Editor's Introduction: Changes in communications technology have been so far-reaching and profound that existing ways of thinking about telephone, radio, video, and cable systems are now outdated. Even worse, the regulatory guidelines used by the nation's federal, state, and local governments to regulate communications systems and assure universal access to them are also obsolete. Still worse, government leaders and the general public have not become meaningfully engaged in the kinds of dialog that should come before new regulatory policies are developed. Only such a dialog will assure that the public's interest in this rapidly changing field is fully protected.

This *Policy Profile* attempts to define the current crisis, describe the problems confronting communications policy, and identify the issues which public policy must address. It also emphasizes matters that should be of particular concern to state as well as city and county leaders.

The United States likes to think of itself as the world's leader in research and development, and indeed most of the technological innovation in the field of communications comes from the U.S.

Yet, the nation's own communication environment does not even rank among the world's best systems in terms of broadband access. It is not as good as the systems used, for example, in Japan or even in Iceland, Denmark, and Finland. It is not even on a par with its neighbor to the north. Canada's communication network ranks # 5 in the world while the U.S. ranks only # 16.

Editor's Note: This is the first issue of Policy Profiles to be issued since NIU's Center for Governmental Studies became part of the university's newly established Regional Development Institute.

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Why is this a problem?

Because of obsolete regulatory guidelines and competition between telecommunications companies, many of the recent developments in telecommunications technology have not yet been made fully available to U.S. consumers. As a result, left with a communications network that is “less than the best,” U.S. and Illinois businesses find it harder to compete in the world’s new global economy. Anything less than a world-class communication system limits available resources and increases operating costs for both businesses and workers. *See Box # 1.*

The U.S. communications system, such as it is, also makes the acquisition of telecommunication services for homes and businesses very complex. Traditional phone companies, such as SBC and Verizon, offer a variety of packages, but bundling telephone service with higher speed broadband internet access often has severe restrictions. For example, those who obtain their broadband connection from a phone company may not find this an efficient means to connect to a Voice over Internet Protocol (VoIP) phone. Phone companies often require that their broadband service customers contract for landline phone service even if such service is neither needed nor desired. Customers preferring a broadband link over cable must either purchase cable TV or pay steep prices for their service. In neither case will they be able to get broadband service as fast as that available to consumers in Japan or South Korea.

boxone

- Q.** Is the economy of the United States really at risk?
A. South Korea is ranked #1 and Canada is #5 in broadband implementation levels worldwide. The United States is ranked # 16.

Shouldn't the U.S. be more competitive?

While U.S. customers can acquire VoIP phone service with cable service, such service is not as reliable as telephone service with a phone company, and, in the event of a 911 emergency call, the dispatcher may have no way of knowing where the call is coming from. In other words, since the telephone remains the primary method of accessing public safety and medical services, safety threats are posed by the use of some new telecommunication technologies. For example, a 17 year old Houston girl was unable to dial 911 for help after her parents had been shot by armed robbers. The 911 service was not part of the family’s new communications package.

Who Regulates the Industry?

The telecommunications system in the U.S. is regulated at both the Federal and state levels. The Federal Communications Commission (FCC) is an independent United States government agency, directly responsible to Congress. The FCC was established by the Communications Act of 1934 and is charged with regulating interstate and international communications by radio, television, wire, satellite and cable. The FCC’s jurisdiction covers the 50 states, the District of Columbia, and U.S. possessions. The laws that govern its operations have been re-written several times over the years. The most comprehensive re-write in recent years was the Telecommunications Act of 1996.

Each state also regulates the telecommunications industry within its own borders. In Illinois, the industry is regulated by the Telecommunications Division of the Illinois Commerce Commission. The law governs regulation in Illinois expires in 2005. The legislature needs to re-authorize, eliminate, or amend the law in order for state regulation of this industry to continue. Local units of government also are engaged with the telecommunications industry. Some tax its activities, others can actually enter the industry through municipal-owned utility services. Any unit of government that regulates land use also affects the industry since it often needs permits and rights-of-way in order to improve and/or extend its physical infrastructure.

What makes existing U.S. telecommunications regulations obsolete?

Traditionally, most people have contracted with different companies in order to obtain home or business telephone service, cable television, Internet service, and cell phones. Now it is possible to contract for most or all of these services from the same company. Although telephone service still is the manner by which most people stay in contact, phone companies such as SBC and Verizon now offer their service through pre-designed packages; these in turn are becoming increasingly complex, expensive, and difficult for

boxtwo Kinds of Communication Companies

Kind of Company	Example(s) of Such a Co.
Telephone Company*	
ILEC or Incumbent Local Exchange Carrier	SBC, Verizon
CLEC or Competitive Local Exchange Carrier	Globalcom, Covad
Internet Company	AOL
Cable Television Company	Comcast
Cell Phone Company	Nextel, Cingular

*For definition of terms, see Box 3 on page 4

individuals to customize to meet their own needs.

At the same time, Internet companies, cell phone companies, and cable television companies are also offering communications packages containing different combinations of several services, including telephone services using the new VoIP phones. All of these companies, even the old Internet companies, are now in the telephone business.

With so many different services offered by so many different companies, a very competitive market has developed in the communications field as each company and each kind of company competes for a bigger share of the market. (See Box # 2.) But all do not enter the competitive arena on an equal footing; each brings a very different technology as well as a huge vested financial interest in transmission facilities to the competition. Over past decades, traditional telephone and cable TV companies have invested billions of dollars to install either telephone or cable TV lines in different communities; the owners of wireless

towers and satellites have made similar investments. Each type of company hopes its technology, using its investment in facilities, will become dominant. Each kind of company is thus competing not only for market share, but to gain an advantageous position for its technology in the communications service industry.

Can't this competition be regulated by government?

Congress has enacted legislation, most notably in 1934, 1984, and 1996, in an attempt to establish the kind of communications system a great country must have. But, as the nation's 16th rank in communications suggests, those regulations set up over the decades are no longer achieving their purpose. Indeed, they have become increasingly irrelevant, if not counter-productive.

In its most recent effort (the Telecommunications Act of 1996), Congress tried to extend earlier laws designed to regulate voice communications to the new digital technologies by lumping the

telephone, fax machine, and networked computer into the general term "telecommunications device."

But, this effort did not succeed, in part because the networked computer is not an extension of the telephone and its circuit switched network, and in part because more recent technology – digital technology – has made it possible to transmit all of the different kinds of information – voice, print, graphic, radio, cable, cellular, and video – as data. The digital revolution has made it possible to translate all kinds of information into streams of "1"s and "0"s which can be sent along existing telephone lines, cables, and fiber-optics as well as transmitted through the air as electromagnetic waves. As a result of such technical advances, two consequences have emerged: (1) voice transmission and telephony are now subsets of computer technology rather than the other way around, and (2) since all transmissions can be digitalized as data, fundamentally different communication options become possible. (See Box # 3 for a glossary of terms used in communications technology.)

Quite obviously, existing government regulations affecting communications, developed in past decades for a now long-gone communications environment, are no longer capable either of facilitating the development of the kinds of communications systems now needed, or of protecting the public's interest in whatever systems ultimately emerge. In short, the regulations of the past will not suffice for the technology of the future.

boxthree A Glossary of Telecommunication Terms

Any to any connectivity: The ability of all communication technologies to work together in the process of communication. More specifically, the ability to use any communication device, utilizing any protocol, to interface and communicate with any other device utilizing any other protocol.

Cable plant. A term used to refer to the networks of TV cables, usually hybrid-coax, installed to bring television signals to the homes and businesses of individual TV viewers.

Carrier. The device infrastructure (wires, hybrid fiber-coax cable, wireless) used to transport service to either home or business.

CLEC or Competitive Local Exchange Carrier. A name given to those non-traditional telephone companies which sell telephone service to customers and often rent phone wires and facilities from other phone companies to carry their customers' phone conversations.

Connectivity. A seamless (uninterrupted) movement of information without regard to the kind of media or device being used.

Convergence. The general term used to describe how different technologies that were once used to transmit voice, video, and data are being replaced by new digital technology which transforms all information into the same digital format that can be transmitted across wires, coaxial cable, fiber optic cable, or air waves.

Communication device. An instrument which can be used to help humans communicate with each other. Examples of communication devices would be telephones, radios, microphones, television sets, computers, and palm pilots.

Data. In its broadest sense, the term refers to any information that can be communicated. The information can be in verbal, printed, graphic, visual, numeric, or any other form.

Digital. A process of communicating information using digits or symbols to communicate individual "bits" or "parts" of the message.

Digitized. The process of converting information into digital form so it can be electronically communicated or, after communication, converting it back from digital form to its original format for human use.

Interface. A device or process for connecting two items of hardware or software in the communication process.

ILEC or Incumbent Local Exchange Carrier. A traditional telephone company which owns the telephone wires and equipment on which its customers' conversations are carried.

Protocol. The system of rules or procedures governing the way in which a device uses data or the transmission of data between communication devices.

Telephony. A term which refers to the working or use of telephones.

Voice over Internet Protocol or VoIP. The term used to refer to the transmission of voice conversations on networks which use the Internet Protocol. In short, the term refers to the use of the Internet to communicate vocally by using a telephone.

What does technology promise for the future?

The foreseeable future promises to be built around a concept that has been tossed around for years in the arena of data communications. That concept is “any to any connectivity.”

While any to any connectivity is not yet feasible, the progress in allowing one device to connect with and share data with other devices has made vast leaps, utilizing the internet and virtual private networks to huge advantage. The drive for connectivity continues to fuel momentum for continuing progress in all aspects of technologically-assisted human communication.

Emerging technologies will soon allow users not only to talk to a device, but also to:

- share data with it,
- see or hear email with it,
- be entertained by it,
- engage in commerce with it,
- train workers with it,
- teach students with it,
- diagnose medical prints with it, and
- accomplish chores with it.

Furthermore, there is already demand for these services.

What is the downside of such new technologies?

Clearly these technological capabilities will yield significant advantages for customers. The downside, however, is that customers will quickly become very dependent on these new capabilities. Indeed, having access to these new capabilities will likely become essential for individuals and businesses that wish to “keep up” in the modern economy. This increases the public interest in building strong and effective commercial relations between customers and the companies that provide communications and connectivity services.

What are the key principles that can guide lawmakers when they develop new rules for connectivity?

The future of communications technology will be based more on the concept of connectivity than simply on communications itself. As noted above, connectivity’s marketing potential – society’s demand for its anticipated products – is the driving force behind modern communications research and development.

Since society’s goals are to:

- facilitate the commercial development of emerging technologies,

- foster the widest possible use of those technologies by individuals and businesses, and
- protect the interests of businesses, governments, and consumers,

then public policy efforts must be focused on the potential and implications of connectivity. (*See Box # 4*)

Such a focus yields the following general Principles of Connectivity:

Accessibility – People from all social and economic groups must have access to the Internet with a connection fast enough to be fully useful. This is not now the case. Recent studies of the “digital divide” find that access to the Internet is still a luxury for many. Too many geographic areas still have no access to broadband, and many of those that do are often limited to relatively slow speeds.

Affordability – Internet access must be widely affordable. Affordability, however, means more than just the costs of hardware, software, and Internet connections. It also includes the cost of learning to become a skilled user. Unlike the telephone, radio, or television, Internet usage requires a knowledge base.

boxfour The Internet and Jobs

Just as, in today’s world, it is true that:

Electricity may not, by itself, bring new jobs, but without it, most jobs would not exist.

So is it also true that:

The Internet is not simply necessary to attract “new jobs” but it is also crucial to the retention of current jobs by ensuring the competitiveness of established business and industry.

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Innovation – Innovation, essential for continued progress and growth in technology, requires an open and unfettered environment. The decisions of governments, businesses, communities, and individuals should not close the doors on technological development or try to predetermine which paths to progress will remain open.

Economic Development – Economic growth – increasing both the number of available jobs and family income – is critical to any society’s long term well-being. High speed access to digital information via networks like the Internet is a requisite for economic development in today’s world. So the protection and promotion of networks like the Internet is “job one” of economic progress.

Common Carrier – Access to information should not be limited by choice of the technology and infrastructure being used (e.g. the carrier). Any to any connectivity cannot occur if man-made rules or technological restrictions are allowed to stand in the way. The concept of “common carrier” that has been successfully applied to both telephone and postal communication should also be applied to all electronic communications.

Leverage Existing Systems – The existing telecommunications resources and network capacity should be utilized to their full potential. Legacy and transition issues have to be recognized and made productive. Rather than perceiving existing facilities as a hindrance to new growth, its capacity

should be leveraged to capitalize on the opportunities it presents.

Privacy and Security – Privacy and security must be protected at all costs, even in an age of any to any connectivity. New technologies now make it possible to ensure adequate security and privacy of information within even the most interconnected environment.

How can these principles best be applied?

In a number of states, efforts are under way to assess how convergence can be combined with optimal use of resources to provide state-of-the-art services at reasonable price levels. To serve rural or underserved urban areas, for example, studies are needed to find which use of available assets (phone lines, cable, fiber, wireless, or cable plant) could be combined with which technologies (optical, electronic, wireless, and hybrids thereof) to provide the most cost-effective solution that is affordable and sustainable (not requiring continuing subsidy).

Past history provides models of how some of these principles have been realized in other contexts. While these models do not reflect the current realities of the telecom industry, they do provide some valuable insights. For example, there are over 2,000 municipalities in the United States that provide electric service to their constituents. For the most part, these were smaller communities where there was not enough market demand to attract the electric utilities of an earlier period. For these locations, it was a

choice of staying in the dark or taking their own initiative. Recognizing the issue, the United States Department of Agriculture created the Rural Development Electric Program (preceded by the Rural Electrification Act) to assist with loans or loan guarantees to finance the construction of electric distribution, transmission, and generation facilities in such areas. The history of electrification thus provides an example of how different levels of government cooperated to resolve questions of access, affordability, and economic development in sparsely populated regions.

A similar example is afforded by the development of the nation’s road system. There are procedures in place which enable national, state, and local governments to assure that roads interface with other roads successfully, but with latitude that permits local communities to foster and protect their own interests.

Air transportation offers another interesting illustration. The cost of flying would be prohibitively expensive if each airline had to fund and build its own airport in each city it served. Instead, airports were instituted by local communities and all of the airlines that used these facilities contributed money, via landing fees, to build and maintain the necessary facilities.

In examples more specific to communications, the Link Michigan and the Connect Kentucky programs were set up to spur the development of broadband to better serve their business and residential constituents. Using

boxfive Local Community Concerns

In the field of communications and connectivity, city and county managers/administrators, in particular, and other local government officials, in general, should be particularly concerned with the following issues:

- **Economic Development.** Each community must determine how it can become a player in the development of connectivity infrastructure so that it can improve, or at least maintain, its competitiveness in the economic development arena. This concern has both offensive (gaining new businesses and jobs for the community) and defensive (avoiding job loss) dimensions.
- **Infrastructure Trade-Off.** Potential trade-offs may exist between traditional transportation infrastructure (such as roads) and information-age infrastructure (such as fiber-optic cable and, more recently, wireless). The key questions are to find such trade-offs and determine how they can be used to optimize the community's adaptation to the new information age.

If new, emerging connectivity policies give local governments a voice or some power of regulation, they may have an opportunity to trade off connectivity capacity for roads capacity. This could have significant implications from a cost point of view as well as from a city planning perspective. If huge roadways are less necessary, then neo-traditional, pedestrian oriented neighborhoods may become more feasible.

- **Sense of Community.** It may be possible to design new connectivity policies which will give communities the potential to utilize connectivity to foster a stronger sense of community. This would be not unlike the promise of local-access cable TV channels which, while useful, have not yet come close to fulfilling their early hype. Local officials should explore this potential.
- **Municipal Operations.** The digital revolution in general, and connectivity in particular, are having profound effects upon business, government, and the larger society. Municipal operations, from providing public safety to promoting public health, to plowing highways, can benefit from access to connectivity in ways that can now only be imagined.
- **Competition.** Local officials must be concerned about the likelihood that existing and new rules will limit competition, thereby inhibiting the promise of, and local access to, connectivity. Even the Canadian system, improperly applied, has the potential to limit innovation and initiative, freezing out local governments from participation.
- **Equity of Access.** Regulatory changes affecting connectivity must be scrutinized with particular care to be sure they will not limit equity of access geographically, economically, or in any other dimension. Local governments should act to assure at least some reasonable access for citizens, especially in light of developmental, operational, and sense of community implications of connectivity.

Local governments have an enormous interest in being able to build their own public systems to insure that their residents and businesses can fully benefit in the new atmosphere of connectivity. Local officials should be very concerned about their ability to be a player here, not just a regulator!

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combinations of gap and demand analysis, investments, loan incentives, and reduced regulatory burdens, these states are helping to plan and coordinate modernization of their electronic communications systems instead of merely waiting for market forces to take effect.

In Europe, the European parliament has taken a number of steps to promote the convergence of technologies and meet the perceived need for horizontal regulation of the new infrastructure. Their new framework is no longer limited to telecommunications, but covers all “electronic communications networks and services,” including fixed and mobile networks, cable, satellite, and broadband over power line.

Why can't Illinois develop a similar program?

The State of Illinois offers an excellent context for the application of electronic communications in ways fully consistent with the above basic principles. Because Illinois has one of the largest media markets in the country (the Chicago metro market), it is a state in which elements of convergence are emerging in some of its larger urban areas.

In addition, because the state has such a large media market, with the presence of several major telecom providers, it has abundant assets available: fiber, copper, cable plant, hybrid fiber-coax, electric plant, satellites, and airwaves. It also has market demand; it has users who want higher speeds and better access.

Yet, in spite of these advantages, Illinois has many rural and low-income areas where high-speed connectivity is not affordable, and, in many cases, not even available. Local communities, as noted in Box #5 on the next page, clearly have a major interest in how communications and connectivity policy are formulated and managed.

In addition, Illinois has a complicated array of legislative and regulatory guidelines that all need to be re-examined and re-designed in light of economic, technical, and social changes. In other words, Illinois is a state where there is a need to put the principles of connectivity into practice.

What are the problems that must be overcome?

Despite Illinois' tremendous potential for full utilization of the most up-to-date communications technology, and although many components of the connectivity infrastructure are in place, both Illinois and the nation as a whole face significant barriers to implementing the new technologies:

- The industry itself is in the midst of a tumultuous and difficult period. The rapidity of change and uncertainty about the future are causing industries to follow conservative policies designed to protect their short-term financial well-being, and
- Current legal structures present barriers to the principles of connectivity.

With the 1996 Telecommunications Act, Congress attempted to put into place measures that would encourage investment in telecommunications infrastructure. Regulations were instituted that were supposed to require the Regional Bell Operating Companies (RBOCs) to allow competitors to utilize their in-place infrastructure at wholesale rates (using the rationale that the body politic had paid for this infrastructure over decades by paying regulated rates to monopoly providers who were guaranteed certain levels of profit margins). Because the cable companies had more recently made their investment in infrastructure, without benefit of guaranteed profits, and because they were categorized differently in terms of universal service requirements (on a federal level), the cable plant was not included in the “unbundled network elements” requirements.

What this means is that long term investment in infrastructure has been discouraged by government regulations that have had effects opposite of what was intended. In the telephone industry, the RBOCs were reluctant to invest in upgrading their infrastructure (telephone wire networks) when they were in the position of having to lease portions of it at wholesale rates to CLEC competitors. In essence, the RBOCs said they were not going to play the game because they did not like the rules. The FCC has now moved away from this requirement, especially with regard to newly installed high-speed infrastructure. A number of RBOCs have recently announced new plans to upgrade their networks (which their competitors will no longer be able to rent unless the RBOC so chooses).

In the cable TV industry, the FCC has not mandated that access to customers via TV cable infrastructure be made available in an “open, non-discriminatory” fashion (in other words, cable TV doesn’t have to lease use of their facilities to competitors or to Internet service providers). The FCC has petitioned the Supreme Court to support this position in the Brand X case that is being considered at the present time, in which an Internet service provider is attempting to lease access to customers from a cable TV company.

In addition, the “shared tenant” approach (sharing the costs of infrastructure between companies jointly using the facilities) has not generally been utilized in the communications industry in the United States. Each company has built its own separate network. In Canada, by way of contrast, a consortium of industries and government entities (CANARIE) has worked together to promote funding for fiber/high speed infrastructure projects, wherein the users share the cost of the build-out.

To make matters still worse, the RBOCs and cable TV companies, to promote their own economic interests, have urged state legislation to prevent municipalities and rural cooperatives from taking the initiative to develop broadband services. The current law unfortunately labels such local initiatives as competitors in the telecommunications market and not as potential partners in the development of new infrastructure.

The bottom line is this: Operating within the structure of extant laws actually discourages investment in the kinds of

technology and services that are necessary for realizing the objectives and possibilities of connectivity.

Is new legislation needed?

This question is especially timely. The State of Illinois Telecommunications Statute expires on July 1, 2005. And pressure is building to re-write the 1996 Federal Telecommunications Act.

In the emerging debate over how these laws should be changed, there seems to be widespread agreement that, in the new digital environment, all kinds of communication – voice, video, data – are soon to be data. Thus it seems to make little sense to keep laws in place that distinguish between telecommunication services and data services. The evolution of technology has rendered many of the earlier approaches to regulation unusable; little is to be served by extending legislative models inherited from a technology that is well over 100 years old and obsolete.

Yet, there is little agreement about how to proceed. Currently and understandably, there are different interests involved in the debate over this legislation. The RBOCs claim, with some justification, that because of the competition from the cable, wireless, and satellite industries, there is no longer any need for the government to regulate communications. The RBOCs and cable companies agree that industries shouldn’t have to lease their services on a wholesale basis to their competitors. Consumer groups, however, are worried that a total lack of regulations will give

boxsix A Lesson From History

Many decades ago, the railroads thought they were in the railway business, and they took aggressive measures to keep others out of railroad competition. What they didn’t realize is that they were really in the freight business, and while they were focusing on the narrow topic of railroads, trucking companies came to the fore.

Will today’s telephone companies, Internet companies, and cable TV companies suffer the same fate?

the RBOCs and cable companies control of both prices and access to homes and businesses, squelching all other competition in the process.

Consumer and public interest groups also point out that a total lack of regulations will eliminate the cross-subsidization of services. In the past, regulations required that prices for telephone service in urban areas must be high enough to help defray the higher per customer cost of services in rural areas. Without such regulation, the cost of service to rural areas will increase dramatically, effectively making such services too expensive for many rural users.

What should happen next?

Technological change has so transformed the communications industry and process that a whole new conversation has to be undertaken, one that neither ignores nor simply affirms

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the new realities, but engages in an open-minded exploration and analysis of where the nation is today and where it needs to go tomorrow. See Box #6 for an example showing a historical consequence of looking at the wrong question.

The first questions facing Illinois and the nation should not be: Should the discussion of new legislation be focused on telephone communications? Or cable? Or wireless or satellite communications? Do these individual technologies and industries provide the appropriate model?

Is the appropriate debate limited to whether one business or another should or should not be regulated? **Box 7 on page 10** identifies the limitations of Illinois' current efforts to address the problem. *Should the communications industry repeat the historic error of the railroad industry? (See Box # 6)*

The key issues to be faced are larger and more comprehensive. They must be based on an interest in, and understanding of, the new paradigm and possibilities of connectivity. Among the factors to be considered as part of any new legislation are the following acknowledgments:

- The technical distinction between voice, data, and video is fast disappearing.
- Dissimilar regulatory treatment of platforms (telephony, cable, wireless, satellite) makes diminishing sense as additional platforms are offered to a community.

boxseven Temporary Fixes: Legislation Pending in the Illinois General Assembly

The two bills under active consideration in the current session of the Illinois General Assembly do not address the scope of the challenge.

The first of these bills, HB 3650, sets up a structure and related funding to establish programs to eliminate the digital divide. While a positive step, this bill deals only with the cure in a limited fashion, and doesn't attack the cause of the problem.

The second bill, SB 1700, stays firmly in the old conversation of regulatory control versus free market determination. The 2001 Illinois Telecommunications Act allowed the utility commission to encourage competition. The current bill states that competition has arrived in every part of Illinois and the commerce commission should look elsewhere for something to do.

Two flaws in this argument and this legislation:

- Competition does not effectively exist throughout Illinois.
- More importantly, by staying within the box of the old discussion, the General Assembly is not addressing the larger issues of connectivity, such as affordability, common carrier access, and the requirements to promote economic development.

Neither of these bills is a long-term solution.

- What is offered to one community may be vastly different than what is offered to another. One rule may not fit all circumstances.
- It is in the nation's interest to allow the Internet to expand unfettered, as much as possible, by regulation
- The abrupt cessation of all regulation, while superficially tempting, on closer analysis can be seen as overly simplistic:
 - *Elimination of regulation in a period during which competing companies are merging seems to open the door for new monopolization.*
 - *Ending rate structures for universal service telephony to be provided in all areas (rural and urban) at comparable cost will cause affordability issues that will need to be addressed.*
 - *Elimination of tele-communications taxes and fees will create shortfalls in state and local government that will have to be addressed. Local government officials must be very concerned about this distinct, very realistic possibility!*
- Vertical relationships within communications carriers (the same company providing transmission, telephony, Internet access, video) may result in limitations in choice and elimination of effective competition.
- Local governments should retain the right to promote the development of high-speed

services to protect their economic viability.

- Tax incentives or similar structures may be appropriate to spur development of high-speed infrastructure in areas seen as less profitable for market-driven installation.

Above all, the criteria for judging the merits of any future legislation must be made from the perspective, not of short-term gains in individual industries or regions, but with an interest in the long-term success and continued prosperity for all residents of the United States and the State of Illinois.-

What is the first step?

Given the complexity of the issues that need to be carefully explored in order to craft competent new legislation, the best short-term course of action for the State of Illinois may be to extend the current telecommunications law for one year. This will allow time for the democratic process to function in such a manner that all factors and opinions can be taken properly into account.

But the conversation suggested above has to start immediately. Its focus must be on connectivity rather than telecommunications. The criteria for judging the merits of any future legislation must not be based on short term considerations affecting individuals or industries, but rather on long term considerations of what will best promote continued prosperity for all residents of Illinois and the nation.

It is already past time to get started. It's time for Illinois' political leadership to get going. Let the dialog begin!

Members of the Regional Development Institute's Telecommunications Policy Group (in alphabetical order):

James M. Banovetz, Professor Emeritus of Public Administration and Senior Research Fellow, NIU Center for Governmental Studies

Robert Alan Brookey, Associate Professor of Communication and Co-Director, NIU Laboratory for Interaction, Networking, and Communication

Ray Elseth, Senior Consultant, Broadband Development 3

Robert Gleeson, Associate Director, NIU Regional Development Institute, Director, NIU Center for Governmental Studies

James R. Griesemer, Professor and Dean Emeritus, Daniels College of Business, University of Denver and formerly the city manager of Lake Park, FL; Ponpton Plains, NJ; Downers Grove, IL; and Aurora, CO

David J. Gunkel, Associate Professor of Communication and Co-Director, NIU Laboratory for Interaction, Networking, and Communication

Alan Kraus, Founder and CEO of Broadband Development 3

Herbert L. Kuryliw, Chief Network Architect, NIU Information Technology Services

John Lewis, Associate Vice President, NIU Outreach, Director and Senior Research Fellow, NIU Regional Development Institute

Doug Power, Senior Consultant, Broadband Development 3 and formerly Director of Telecommunications, City of Chicago

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Associate Director:

Robert E. Gleeson, Ph.D.

Editor:

James M. Banovetz, Ph.D.

For more information contact:
Regional Development Institute
815-753-1907
fax 815-753-2305
www.rdiniu.org

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