

## **Sell It, Lease It, or Give It Away – How Can Spectrum Reform Best Promote Wireless Internet Development?**

*Submitted for the Competitive Enterprise Institute  
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Connecting to the internet without wires has great promise. It often costs less to put in wireless services than to buy rights of way and pay for labor to lay wires. So wireless internet technology can provide service in rural or mountainous areas where it is not cost effective to lay wires. And wireless will compete with wireline companies to offer internet and telephone services in business and residential markets. The technology players in the wireless internet arena currently are WiFi (802.11) and 3G (third generation cellular technology). Each technology offers higher bandwidth than is now available from the DSL and cable.

The real issue is how *any* wireless technology, for *whatever* purpose, can make it to the hands of consumers quickly at an affordable cost.

Enacted during the great depression, the FCC's allocation scheme is based on rigid central planning. The FCC's slow, expensive processes pick technology winners and losers *ex ante* before consumers can choose on their own. As it stands, wireless internet services must wait in technology "bread lines" for spectrum. What can Congress do?

1. Don't force the FCC to feed the federal budget in spectrum auctions. Auctions are good because they move spectrum fast into private hands, not because they raise money for the government.
2. Support the FCC in moving towards markets in spectrum allocation and management. Authorizing the FCC to use of auctions in the early 1990s was a major step forward. The FCC's Spectrum Policy Task Force report of November, 2002 offers more steps.
3. Allow the FCC to grant property rights in spectrum. Various models for the allocation of spectrum rights are under debate. The two most popular are based on ownership or the unlicensed commons model. But we don't need to choose one model over the other - there is arguably a role for both at different frequency bands. What's important is to move *all* non-military spectrum to markets, including spectrum held by government institutions.
4. Force the U.S. Military to divest some of its spectrum. The single largest holder of prime spectrum is the military. Allowing for private use of some military spectrum is technologically feasible and would not interfere with sensitive military operations. The spectrum most of the international community will use for 3G or 4G cell phones is currently military spectrum in the U.S. Overall spectrum management hinges upon efficient use by all.
5. Support withdrawal from archaic spectrum management allocation plans with which the United States is entangled by treaty.