

## **Down To Business: U.S. A Broadband Leader? Or Just A Poseur?**

As new World Economic Forum ranking suggests, racing to extend the fattest pipes to the most people doesn't necessarily make you a world-class networked economy.

By Rob Preston, InformationWeek  
April 19, 2008

Contrary to what you've heard elsewhere, the United States is among the world leaders in leveraging broadband infrastructure for competitive advantage, and it's a country on the rise. At least that's among the findings in a new report from the World Economic Forum, which ranks the United States No. 4 among 127 countries in terms of "network readiness," up from No. 7 a year ago and ahead of such iconic broadband economies as South Korea, Japan, and France.

What gives? A ranking released last spring by the Organization for Economic Cooperation and Development placed the United States 15th in the world, as measured by the percentage of people with high-speed connectivity, and a report commissioned by the Communications Workers of America put the median U.S. Internet download speed at 2 Mbps, compared with 17 Mbps in France, 45 Mbps in Korea, and 61 Mbps in Japan.

But it's one thing to have a trophy telecom infrastructure; it's another to have the business and regulatory environment, as well as the tech chops, to be able to fully exploit and manage that infrastructure--criteria of the WEF's Network Readiness Index. On that score, the United States trails only Denmark, Sweden, and Switzerland and beats Singapore, Finland, the Netherlands, Iceland, Korea, and Norway among the top 10. Japan and France come in at Nos. 19 and 21. Korea showed the biggest gain this year, up 10 places from last year.

The WEF's research, conducted with French business school INSEAD, takes into account a wide range of national capabilities, including the quality of telecom competition, the extent of government regulation and taxation, the level of financial market sophistication, the climate for innovation and entrepreneurship, the availability of engineers and scientists, and the technology aptitude of business, government, and consumer users. So even if the United States doesn't have the deepest broadband penetration or the fastest networks, it's got a keen ability to capitalize on what it has, according to the report's authors.

The WEF's analysis at least raises questions about claims, from both the right and the left, that the United States is "falling behind" other countries because it doesn't have a government-funded and government-orchestrated national broadband policy.

On the right are commercial interests such as Cisco Systems CEO John Chambers, who has long argued for such a policy to boost national competitiveness--and, no doubt, Cisco's bottom line. (It's worth noting that Cisco sponsored the latest WEF report, which casts U.S. network readiness in a more favorable light than Chambers does.)

On the left are folks like CWA president Larry Cohen, who foresees many union jobs created amid a national broadband build-out, and the Freedom To Connect crowd, who, in the words of Robert Atkinson, believe that broadband networks should be "publicly owned" and "ideally free."

Atkinson, president of the centrist Information Technology and Innovation Foundation, is calling for a national debate on the broadband issue "based on pragmatic realism, not ideological extremism." He notes that private-sector carriers delivered the fiber-to-the-masses infrastructures in South Korea and Japan, but they "got a lot of help and guidance from smart and activist governments that decided their nations needed to move into the digital world" more aggressively than the carriers would have moved on their own. What's needed in the United States, Atkinson says, are private-public partnerships that provide incentives to carriers and ISPs to "take into account public benefits (what economists call positive externalities) when making decisions."

Fair enough, at least in theory. But let's not be too eager to pour taxpayer dollars into broadband programs absent a clear economic and social ROI justification. As the WEF report suggests, racing to extend the fattest pipes to the most people doesn't necessarily make you a world-class networked economy.

Rob Preston,  
VP and Editor in Chief  
[rpreston@techweb.com](mailto:rpreston@techweb.com)