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Fiber and The Un-Tragedy of the Commons

*Blair Levin
Urban Land Institute
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What is the opposite of tragedy?

Comedy? In entertainment, yes. In real life, however, tragedy involves things going badly. Comedy involves things going amusingly but not necessarily well.

The lack of an accurate antonym to tragedy is striking in contemplating the “tragedy of the commons,” the idea that individuals, acting according to each one's self-interest, may act against a community's long-term interests by depleting a common resource. The iconic example is sheepherders allowing their sheep to over-graze common land, resulting in less for all over time. Today, we have many examples, with the destruction of common resources like water or air.

But what of the “un-tragedy of the commons”; when individuals act to foster a group's long-term interest to create and nourish a common resource? While economics may not have a clever turn of phrase to describe it, it does happen.

For example, the 19th century gave us Central Park. In this century, we have the High Line as an untragedy of the commons. Both demonstrate something too often ignored; that the commons creates not just social value but hard-core economic value. As the New York Times [reported](#) about the High Line three years ago, it had already generated over \$2 billion in private investment, often doubling the values of adjacent properties.

I'm here today to talk about another commons for this century: abundant broadband. Arguably, the High Line project was optional. This isn't. World-leading broadband networks will be the new table stakes for economic growth and a healthy civic life. But our country is far from having such networks; as FCC Chairman Wheeler recently [said](#) “I don't know about you but I'm tired of seeing the charts where the U.S. ranks in comparison to the broadband speeds of other nations.”

Somewhat like Henry Ford offering customers any color they wanted as long as it was black, some incumbent broadband providers have argued consumers don't need faster speeds. On this issue, they have not been, shall we say, very visionary.

Others, however, have seen the future more clearly. Several weeks ago, for example, the Pew Research Center released a study on “Killer Apps in the Gigabit Age.” The bottom line is telling; a vast majority of the experts surveyed—86 percent—agreed

that there would be “new, distinctive and uniquely compelling technology applications that capitalize upon significant increases in bandwidth in the United States by 2025.” That may seem a long time away, but when one considers the time it has taken Google, perhaps the fastest acting company in the world, to actually build out their first gigabit network in Kansas City, the time to starting the planning for deploying such networks that can be ready for those applications is now.

Further, even without that killer app today, markets are already recognizing the added value of the abundant bandwidth that comes with fiber. Studies indicate, though on admittedly early and limited evidence, homes connected to fiber enjoy a [market value \\$5,000 greater](#) than equivalent homes limited to just cable and copper. The presence of next generation networks has recently jumped to a leading requirement for economic development recruitment. A recent Fiber to the Home Council [study](#) showed a \$1.4 billion gain in GDP by 14 communities with widely available fiber. Imagine the impact on those numbers when the type of uses the study notes become commonplace. While the plural of anecdote is not data, it is nonetheless telling that, as the New York Times [reported](#), entrepreneurs are flocking to that small subset of cities blessed today with tomorrow’s bandwidth.

Some might object to the characterization of broadband as part of the commons; unlike the High Line, for example, our nation’s broadband networks are generally funded by private risk capital.

There is some truth to that, but the deeper truth is more complicated. Our broadband networks, like every project everyone in this room has ever done, has been made economically viable by a multi-player, complex negotiation in which—let’s be honest—you asked for certain things from the government and if you don’t get them, the project is not viable.

Broadband is similar. The telco and cable networks required government actions to make the economics viable; access to rights of ways and poles, allowing monopolies, access to the programming created by others, construction permitting, etc.

When we started Gig.U, an effort by three-dozen university towns to accelerate the deployment of next generation networks, a leading Wall St. analyst said we were doomed to fail because “the math didn’t work.”

He was right. The math didn’t work. Past tense. We had to change it. And we did. Or more specifically, the communities and local governments did.

Over two-dozen communities that we worked with have taken a number of actions that have assisted them in either obtaining or moving toward obtaining such networks. There are now models ranging from upgrading a small business district to an entire state. Moreover, with Google Fiber as a primary stimulus but with the local governments as necessary partners, AT&T, Century Link and Cox have all announced plans to extend world-leading networks to dozens of communities.

We can talk about the lessons we learned on this panel but let me start with three.

First, while most municipal officials understand that everything a community does ten years from now will be affected by the quality of the broadband networks it uses, they don't yet understand how many things communities do today will affect the broadband it has ten years hence.

Second, if cities don't develop plans to get on that map of gigabit America, those cities may fall off the map. That is, cities in the United States in the next few years may split between those who have the choice of cable v. cooper and those who enjoy the choice of cable v. fiber. Real estate development involves many factors, but if you are thinking about investing in a community where the mayor can't tell you how they intend to be in cable v. fiber camp, think again.

Third, we don't think this way but as a practical reality, we buy broadband as a community. At an early Gig.U meeting a cable representative said they could sell consumers in our communities a gig for \$7,000 a month. It is now facing potential competition that will sell the same product at \$70 a months and what do you know? They want to sell a similar product at that price point now too. The difference was not technology or some other brilliant innovation by a company engineer. Rather, the difference lay in how a group of communities approached how they bought bandwidth by improving the math for the deployment of next generation networks.

Let me close with this. As a country, we don't think about the commons the way we used to or, in my opinion, ought to. In the modern political environment, it sounds like something government does and we don't trust government to do anything well.

But if there is any audience that should understand the importance of the creation of the commons and how to do it, it should be you. You know that what sells is not just granite in a kitchen or marble in an entry. The eternal mantra of your business is "location, location, location." What makes one location superior to another is not an individual building, but the commons that all in that location share. You have a long history of working effectively with all levels, but particularly local governments, to create a different forms of a commons that enable your developments to flourish.

The deepest roots of the United States lie with the Puritans, a group who saw themselves as undertaking an "errand into the wilderness." Later, others, like Lewis and Clark, would map that wilderness, enabling others to develop it.

In terms of the mission of world-leading broadband, the wilderness and mapping phases are now done. Unlike several years ago, where speaking of the need for world-leading broadband would have seemed like an errand in the wilderness, you now have many potential allies and a map for how to proceed. Still, we are in the early stages. On many issues, real estate developers have to think about how to act pro-actively and creatively to create an un-tragedy of the commons by taking

actions, in conjunction with others, to make sure everyone in and surrounding their developments has access to that faster, better, cheaper bandwidth that will be the table stakes for where people want to live and work in the Gigabit era.

Thank you.