

Debt fight could bring more airwaves for broadband

July 29 2011, By JOELLE TESSLER , AP Technology Writer

(AP) -- The debt ceiling battle could produce an unlikely winner: smartphone users.

Senate Majority Leader Harry Reid's current plan would direct the [Federal Communications Commission](#) to auction off highly valuable [radio spectrum](#) to wireless carriers desperate for more airwaves. Companies such as AT&T and T-Mobile USA say they need more capacity to keep up as their customers increasingly use iPhones, tablets and other portable devices to handle mobile applications, online video and other bandwidth-hungry services.

The plan could generate critical revenue for a government spending beyond its means. Congressional budget officials estimate the auctions would raise \$13.1 billion for deficit reduction.

Reid's proposal would also deliver a big victory to public safety officials: It would set aside airwaves and money for the construction of a nationwide wireless broadband network that would let police officers, firefighters and emergency medical workers communicate with each other across agencies and jurisdictions.

"Spectrum auctions are a win-win-win," said Tim Doyle, a spokesman for the Consumers Electronics Association.

But the proposal still faces significant hurdles. For one thing, a competing debt ceiling plan from House Speaker John Boehner, which

will be voted on Thursday, contains nothing on wireless spectrum auctions. Boehner's focus is on spending cuts, not finding new sources of revenue. What's more, Reid's proposal has run into major opposition from [television broadcasters](#), which are under pressure to give up spectrum that would be sold to [wireless carriers](#).

The haggling over wireless spectrum auctions comes as Congress rushes to try to agree on a plan to stave off an unprecedented U.S. default on its debt, which could have catastrophic consequences for the global economy. The Treasury Department has warned that the government will run out of money to pay its bills after Aug. 2 if Congress does not raise the debt ceiling. Reid and Boehner are pushing competing proposals to lift the debt limit and slash spending.

No matter how the current fight plays out, many in Washington see spectrum auctions as an attractive way to chip away at the federal deficit.

Stifel Nicolaus analyst David Kaut, for one, says spectrum auction legislation has a good shot of passage in Congress - whether it is part of the current debt ceiling package, a deficit reduction measure down the road or even a stand-alone bill.

"You have wireless pressures, budget pressures and public safety pressures," Kaut said. "The forces are aligned."

Reid's proposal would give the FCC authority to auction off airwaves voluntarily relinquished by government agencies such as the Pentagon and television broadcasters with extra spectrum. It would allow broadcasters to share in the auction proceeds.

Congressional budget officials estimate those auctions would raise a total of \$24.5 billion over 10 years. Reid's plan envisions \$13.1 billion going

to the Treasury Department to help narrow the federal deficit. The remainder would largely go to compensate television broadcasters that give up airwaves, cover the expenses of broadcasters and government agencies that move to different parts of the spectrum and fund the construction of the public safety wireless network.

Reid's plan, based largely on a Senate Commerce Committee bill, would also dedicate a highly contested piece of airwaves to that network. Such an "interoperable" network was a key recommendation of the 9/11 Commission, and is becoming an urgent priority for lawmakers as the 10-year anniversary of the 2001 terrorist attacks approaches. The shortcomings of existing networks became apparent after the 9/11 attacks and Hurricane Katrina, when emergency workers could not talk to one another because they were using incompatible - and sometimes antiquated - systems.

At this point, perhaps the biggest hurdle facing any spectrum auction proposal is opposition from television broadcasters reluctant to give up their existing airwaves. Dennis Wharton, an official with the National Association of Broadcasters, noted that many broadcasters fear being moved to different channels that would reach fewer viewers.

He added that many broadcasters want to use their existing airwaves to deliver television signals to mobile devices and to "multicast" more than one television signal at a time. Broadcasters worry that they could be moved to a part of the electromagnetic spectrum that is less conducive to such broadcasts.

Wharton said that while the proposals in Congress are intended to be voluntary for [broadcasters](#), those that want to hang onto their airwaves are concerned that they could face user fees and other government sanctions intended to force them to give up their spectrum anyway.

Ultimately, Wharton said, it will be viewers who suffer in the face of "incredibly shrinking free and local television."

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Citation: Debt fight could bring more airwaves for broadband (2011, July 29) retrieved 26 April 2024 from <https://phys.org/news/2011-07-debt-airwaves-broadband.html>

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