

## ONLY CO

## Kansas City gives it up for Google, by

In its 2010 National Broadband Plan, the Federal Communications Commission declared, “Every American should have affordable access to robust broadband service.” It’s a worthy goal, given that nearly 100 million Americans still lack high-speed access to the Web. But how should this goal be achieved? The FCC could have looked back to successful New Deal programs that expanded access to electricity. In the early decades of the twentieth century, private holding companies controlled 94 percent of the power generation in the United States and kept the vast majority of rural areas dark. In response, Franklin Roosevelt persuaded Congress to finance locally owned electric cooperatives and larger, government-owned bodies such as the Tennessee Valley Authority to bring power to rural customers at a reasonable price. Unfortunately, the FCC’s plan primarily advocates a return to the Roaring Twenties. The agency argues that the market needs less regulation, not more—and that the best candidates to fund and control the nation’s next-generation networks are private companies. This is the philosophy that has brought Google to Kansas City, where the search-engine leviathan has signed a deal to build a citywide fiber-optic network.

Fiber-optic cable can transfer roughly 1,000 times more data per second than most existing copper cable. And yet for years, private telecom companies have neglected comprehensive upgrades—a failure the FCC blames on excessive government interference rather than corporate eagerness to squeeze every last penny out of antiquated infrastructure. During a September 2012 visit to Kansas City, FCC commissioner Ajit Pai (formerly associate general counsel for Verizon) sounded the antiregulatory battle cry. To get fiber-optic networks off the ground, he said, “we need to eliminate regulatory barriers . . . at all levels of government.” The city has certainly complied. According to its contract, Kansas City must give Google access to its underground conduits, fiber, poles, rack space, nodes, buildings, facilities, and available land. It cannot charge the company for “access to or use of any city facilities . . . nor will it impose any permit and inspection fees.” And what does the city get in return? It has no say in the pricing of Google’s services, nor can it ensure that Google will deliver fiber-optic service to all of the city’s residents. Google’s offices, meeting spaces, and showroom are provided free of charge, and the city pays the company’s electric bill. The mayor, moreover, is barred from commenting on Google’s activities without the express permission of Google.

Why does Google feel so at home in Kansas City—rather than in, say, California, where the company is based? Why not build their first citywide fiber-optic network in a nearby community? According to Google vice president Milo Medin, the company has preferred to steer clear of such pesky statutes as the California Environmental Quality Act. “Many fine California city proposals . . . were ultimately passed over in part because of the regulatory complexity here,” Medin told a congressional committee in 2011. “In fact, part of the reason we selected Kansas City for the Google Fiber project was [that] the city’s leadership and utility moved with efficiency and creativity in working with us to craft a real partnership.” Conservative pundits have been much more explicit about what this kind of “partnership” means. In a blog post on the project, former FCC official Fred Campbell celebrated Google’s “rejection of the public-interest community’s regulatory agenda. . . . That’s the policy template that worked for the residents of Kansas City. It could work for the rest of America too.”



# CONNECT

by Whitney Terrell and Shannon Jackson



Utility-owned networks guarantee access to every citizen in a municipality. Google, by contrast, divided up Kansas City into 202 “fiberhoods”—and decreed that between 5 and 25 percent of the residents in each fiberhood had to preregister for its service by paying a ten-dollar fee and opening a Google account. Fiberhoods that didn’t qualify would be left out of the network. Worse, Google’s fiberhood map bisected the city at Troost Avenue, a historical racial divide. It soon became clear that most lower-income black areas would fail to meet the preregistration quotas. Local teachers and librarians began canvassing door-to-door with Google employees, urging residents to sign up, and charitable groups raised money for registration fees. A majority of these fiberhoods ultimately qualified for service. But the frenzied volunteer push revealed an uncomfortable truth behind the city’s “real partnership” with Google: Kansas City had left itself powerless to guarantee service for its most vulnerable constituents. And it could not compel Google to redraw its maps in a less discriminatory way. (Of course, the vegan bakery, Pilates studio, and Italian deli next door to Google’s subsidized offices received their fiber service for free.)

Despite the hand-wringing from Google and the FCC over governmental “red tape,” private corporations have actually been the more creative parties when it comes to obstructing fiber-optic networks. In 2004, Lafayette, Louisiana, asked BellSouth and Cox Communications whether either company would be willing to create such a network in the city. Both refused, saying that Lafayette, with its population of 120,000, was too small for such a large investment. But when Lafayette decided to build its own network through its public utility, Cox and BellSouth began a campaign of civil suits and lobbying that delayed the network’s deployment by three years and cost the city \$4 million. Similar industry scare tactics have delayed or derailed municipal fiber-optic projects in Bristol, Virginia; Longmont, Colorado; and Monticello, Minnesota. In North Carolina, state legislators actually passed a bill designed to *deter* local governments from building their own broadband networks. Meanwhile, Lafayette’s municipally owned and financed fiber-optic network began service in 2009. Comparable networks have gone live in the Tennessee cities of Chattanooga and Bristol, where the local utilities are—perhaps not coincidentally—customers of the federally owned Tennessee Valley Authority.

So why would an Internet-search company *want* to spend a fortune to install fiber-optic cable in Kansas City, Missouri, and neighboring Kansas City, Kansas? Freedom from regulatory headaches is one part of the equation: if such networks are the wave of the future, the time to jump in is now, before legislative oversight can ruin the party. But another explanation might be the treasure trove of user-behavior information that such a network represents. Data of this kind is so prized that a company like Google can afford to give away other services for free, as long as this beneficence opens up new markets. In Kansas City, low-income subscribers to the company’s slower, “free” Internet option will be giving Google details about each URL they visit, even if their accounts remain anonymous. And customers who plunk down \$120 a month for the “Full Google Experience” will have their television-viewing habits individually tracked by Google’s data-mining elves. Is this a reasonable bargain? For Kansas City, it’s too late to ask. But history—and the success of municipally owned fiber-optic projects throughout the country—strongly suggest that we should look this gift horse in the mouth. ■

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