Insight

# Keeping a Clear Path to 5G

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## Executive Summary


- While 5G deployment by private companies is already well underway in the United States, the Department of Defense released a Request for Information that could indicate it is considering a national network built by a single contractor—a sudden shift from the light-touch approach to internet infrastructure that the United States has historically taken.
- A single, national approach to rolling out 5G would likely be slower and costlier than a more market-based approach and runs the risk of cronyism.
- Policymakers should continue to look for ways to support private development and deployment of 5G infrastructure, including ensuring that spectrum is available for its most efficient use.


## Introduction: Where Is 5G Now?

Deployment of 5G is well underway, and the federal government has taken a decidedly light-touch approach. This hands-off strategy has allowed multiple private actors to develop and begin deploying 5G technologies simultaneously to meet increased consumer demand. The federal government—most notably the Department of Defense (DOD)—still holds some crucial mid-band spectrum that could be used for 5G, but observers have assumed that these holdings would be coordinated with the private actors in an approach that continues to embrace a competitive market.

Recently, however, the DOD issued a Request for Information (RFI) that has given rise to questions about what the federal policy for 5G is. The DOD asked for information for what would lead to a government-run 5G network using a single contractor to implement the critical infrastructure of the network. Some policymakers have been calling for such a single-contract, government-run network, arguing that more direct action from the government would yield a smoother and more secure deployment of 5G across the country.

The private sector has already achieved significant progress in deploying 5G. Rather than attempting to take over the deployment of 5G, the federal government should continue to support a free-market approach by improving spectrum availability and utilization.

## Avoiding Roadblocks: The Problems with Calls to Nationalize 5G

The DOD issued a RFI regarding a potential single contractor to engage with its currently held critical mid-band spectrum and development a government-run shared-spectrum 5G network. Such a request could be the first step before a request for proposals, which if implemented would lead to a single actor controlling this valuable telecommunications infrastructure. Advocates for this approach argue that to counter China's progress on 5G, the United States needs a unified national strategy to ensure swift and secure deployment of 5G. Advocates for a nationalized approach further point to 5G's national security importance as a reason why the DOD action might be necessary. Yet changing to a government-run network is unlikely to achieve the stated goals and could instead hinder the progress that has already been made.

Spectrum is a limited resource, and mid-band spectrum is especially critical to the deployment of 5G. Because of the limited amount of spectrum available, tension can arise in determining the best allocation. In some cases, this spectrum may be currently allocated but underutilized by the incumbents, including government agencies. The DOD currently controls a sizable and valuable amount of this mid-band spectrum, but in the past it has been willing to free up parts of this resource for private development. The RFI indicates a potential shift in this behavior toward a more national, DOD-controlled approach to this resource that would severely limit the ability of other actors to compete in the 5G market domestically. The result could be that American companies are less competitive overall in this technology.

Private sector companies are already engaged in providing 5G, and to shift to a government-run approach would have negative consequences. Any government effort would be well behind where private companies already are, leading to delays, at best, if 5G were to be nationalized. Further, a single-contractor approach is likely to be costly to taxpayers and would fail to achieve the same speed of deployment and increased connectivity that private investment would. As an example, Russia and other countries that took a centralized approach to rolling out 4G failed to achieve comparable results to the United States' private-centric approach in the same timeframe. Additionally, this approach does not guarantee a more secure network than what the private sector could provide. Even if some of the spectrum is to be shared with the private sector, the process for spectrum sharing would be much slower than traditional spectrum allocation. As a result, it wouldbe difficult for private-sector competitors to provide a viable alternative to the government-run network with such limited resources.

Beyond the slower and more expensive rollout of 5G that nationalizing would bring, there aren't obvious problems with the current approach that nationalizing would solve. As the American Enterprise Institute's Shane Tews writes, there is no market failure when it comes to 5G investment. Private actors are already investing in 5G and competing with one another to improve their services. Government intervention can make sense when a market failure is apparent, but that isn't the case here. Additionally, some have expressed concerns about the risks of political favoritism if single actor has control of such a valuable resource.

Many policymakers are aware that a government-run approach might deter 5G deployment and have pushed back against the idea of a government run, single-contract approach. For example, Senators Thune and Barrasso wrote a letter to the White House expressing their concerns regarding the DOD's RFI. Additionally, Senator Marsha Blackburn wrote in a recent op-ed, "Attempting to win the race to 5G using nationalization or spectrum sharing will only delay and needlessly complicate our transition to a next-generation telecommunications infrastructure." Democrats have also questioned these indications of possible 5G nationalization and the DOD request. For example, Rep. Doris Matsui issued a statement that such an approach "raises serious legal concerns and threatens the important progress made by the FCC [Federal Communications Commission] and NTIA [National Telecommunications and Information Administration]."

**Clearing the Path: Policy Actions to Further Accelerate 5G Deployment**

Rather than a costly single-actor approach that would move away from current progress, policymakers should seek to further clear the path for private investment and deployment and look to build on the policy framework that aided past successes in telecommunications infrastructure deployment.

One of the critical issues to ensuring the private sector is able to engage in the development of 5G is the availability of currently underutilized spectrum. Both the FCC and Congress have recognized this need and are finding free-market solutions to solve it.

The FCC is finding ways to encourage deployment and investment in currently underserved areas. For example, the FCC created a 5G Fund for Rural America to provide an incentive for companies to serve these often-underserved areas. Further, the FCC in its most recent meeting voted to increase access to spectrum currently available in many rural and other underserved areas that is not being used by television broadcasting bands. This approach to "TV White Space" allows this spectrum to continue to be used by those with licenses without interference but provides new opportunities for investment and deployment in areas where it is currently being under- or unutilized. For example, the best use of spectrum in a busy city like Chicago may be different from that in more rural parts of Louisiana. Overall, the FCC's 5G Facilitate America's Superiority in 5G Technology (FAST) plan focuses on providing a policy environment where private companies have the access to necessary tools and infrastructure to deploy and develop this technology.

Moreover, legislation introduced in both houses of Congress seeks to increase spectrum availability for 5G deployment. This legislation would also encourage American companies to pursue 5G technology, providing a competitive (and more secure) alternative to Chinese technology such as Huawei.

**Conclusion**

2020 has shown that America's light-touch regulatory approach to internet infrastructure results in a robust network that can handle increasing demands. As policymakers seek to speed the country along the path to the next generation of telecommunications infrastructure, they should continue such an approach and avoid the unnecessary roadblocks nationalization of a network could bring.