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**Talking About Things We Don't Talk About:
Or Things My Son Made Me Read**

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Thank you.

Great to see you all again.

So much to talk about.

We could talk about money.

In the last couple decades, I've had thousands of conversations with investors about how policy impacts stocks.

I could tell you what stocks will rise, and which will fall.

But you are policy wizards.

Talk of money is so beneath you.

So, I'd like to take this opportunity to talk about things we aren't talking about.

Or things we're talking about in a weird way.

I'll throw in a few things my son made me read.

I'm at the age where the most interesting ideas I hear come from our three kids.

And I'll wrap up with some questions I wish were higher on the policy agenda.

Let's start with a tour of the weird in our policy world.

What is the fastest growing news source in the US?

TikTok.

Americans getting news from TikTok has tripled since 2020.

Over 30 million.

That's not what's weird

What weird is that federal law prohibits TikTok from buying a radio station in Juneau, Alaska.

Population 30,000.

Why?

Congress wanted to keep foreigners from influencing news coverage.

Mission Accomplished!

But fear not. We may soon ban TikTok.

Thank Commissioner Carr.

His dazzling PR campaign advocating banning TikTok earned him prominent coverage in every important newspaper, news show and a coveted [non-oversight appearance](#) before Congress.

It was more coverage than all the other FCC commissioners garnered on every other issue combined.

But that's not what's weird.

What's weird is that Carr and the FCC have zero jurisdiction over TikTok.

Carr [argues](#) the FCC related expertise on network issues gives him the expertise that justifies his weighing in.

Fair.

More important, Carr and his allies have leveled grave charges.

Count one: TikTok functions "as a sophisticated surveillance tool that harvests extensive amounts of personal and sensitive data."

As the four largest American companies by market cap also fit that description, an FCC Commissioner arguing that being a sophisticated surveillance tool justifies a ban is like Captain Renault, in the movie Casablanca, saying he's shocked, shocked there's gambling going on in the casino.

Except, instead of shutting the casino down, he just kicks out one gambler.

Weird.

Count two. Foreigners shouldn't have that personal data.

Carr quotes a General who warned foreigners with such data may expose Americans to blackmail, recruitment activities, or undue foreign influence in U.S. policymaking.

Good point.

But how to apply that to Elon Musk [reportedly](#) allowing major Twitter investors access to personal data, including a Saudi prince, a Qatari sovereign wealth fund, and a cryptocurrency exchange founded in China?

Just a guess but they're probably more dangerous than the usual suspects Captain Renault would round up.

Count three. TikTok is subject to CCP pressure

Republican Senator Marco Rubio [noted](#), "Any company operating in China is going to be pressured and exploited by the Chinese Communist Party."

Again, how to apply that to Musk, who [has extensive business involvement in China](#).

[He](#) tweets pro-CCP messages, including one proposing Communist China take control of Taiwan.

Just after he did so, China provided Tesla buyers a new tax break.

A coincidence, I'm sure.

Any concerns from Rubio?

When asked, [his spokesperson pointed](#) to a Rubio tweet saying concerns reflect "far-left" fears about losing power to censor conservatives.

Weird. Tribal weird.

Count four. TikTok is a network security risk.

Maybe.

But it's not like we don't have others.

T-Mobile just discovered a security breach affecting 37 million customers.

A year after it had discovered one affecting 76 million.

The House Commerce Committee [has detailed plans](#) for oversight hearings on eight broad communications related topics, including "data security."

Guess what example it focused on.

Hint: not the ones that have already affected over 100 million Americans.

Who had TikTok?

Bingo.

Count five, perhaps the most serious. TikTok is "[digital fentanyl](#)," as it is "highly addictive and destructive" giving rise to "troubling data about the corrosive impact of constant social media use, particularly on young men and women here in America."

If communications platforms are used, like fentanyl, to kill people, we should be outraged.

Actually, that did happen.

When Covid broke out, a popular radio host told millions, among other falsehoods:

- Covid was not different than the common cold.
- Covid was just Democrats attempting to stop Trump from holding rallies.
- Covid-19 was the 19th coronavirus, therefore common and nothing to worry about.

If TikTok is fentanyl, what is Covid misinformation that more likely caused people to act in ways that led to their death?

Did anyone in government advocate banning Rush Limbaugh?

Nah.

They gave him the Medal of Freedom.

Weird.

Dark weird.

Carr's right that data showing a negative effect on our young people is a call to action.

What's weird is, why only TikTok?

How about Instagram's impact on young women's health, as the Facebook whistleblower revealed?

Or social media generally causing [the GenZ mental health crisis](#), as scholar Jonathan Haidt has documented.

Let's look forward.

What will be the biggest social problem in the US in the year 2030 that rides on communications platforms?

A recent Wall Street Journal article provides evidence that it is likely to be [young men gambling online](#).

Particularly sports gambling.

What are we doing about it?

The New York Times reported, "to reap millions of dollars in fees, universities are partnering with betting companies to introduce their students and sports fans to online gambling."

And that "Government oversight of sports betting offers scant consumer protections and looks to the industry to police itself."

Weird.

Does anyone from the FCC, who have related expertise on communications and public health, want to jump in?

Nope.

But policy makers on all sides want to jump into the fight against Tiktok.

Why?

Which political pundit has offered the best explanation?

Rene Girard.

Bet you didn't have that on your bingo card.

Girard was a Stanford Literature professor who detailed the “scapegoat mechanism”; how human history is rooted in dealing with desire, jealousy and resolving conflicts through an in-group creating and punishing a scapegoat.

The China connection makes TikTok a perfect scapegoat for politicians and the media.

They are not all wrong.

China is a threat.

Maybe TikTok should be banned.

The problems they raise are serious.

Thinking they only apply to TikTok, however, is not.

Girard teaches it's not weird historically to apply standards to the other—TikTok--we don't apply to our own.

He, and history, however, also teach that bending the rule of law to only apply to the other, ends badly.

I read Girard only because my son made me.

He also made me read the Dawn of Everything, a “pre-history” of homo sapiens that describes indigenous cultures of the Pacific Northwest and California defining themselves in opposition to each other in a process called “schismogenesis.”

That's happening today.

Certain states—think California and New York—define themselves in opposition to other states—think Texas and Florida.

States have passed often conflicting legislation affecting our sectors on many issues: net neutrality, privacy, kids' online safety, content moderation and others.

After I published a Wall Street note discussing schismogenesis in policy development, I got a nice note from Commissioner Simington, followed up with a nice conversation.

The nice part isn't weird.

He was born in Canada.

It was, however, the first conversation in thirty years I've had with any FCC commissioner that began by discussing the behaviors of indigenous tribes 5,000 years ago.

Weird, but again, nice weird.

Bad weird is that it was the only recent substantive conversation I have had on state/federal relations and telecom policy, something of immense importance.

Are laboratories of democracy a good thing?

Is inconsistent, fragmented regulation a bad thing?

Don't know.

But quietude in DC on the proper role of the states?

Weird.

Another reading my son sent, in February 2017, was a law review article written by his college classmate, then a third-year law student, entitled the "Amazon Antitrust Paradox."

I told him it was impressive, though a shame Trump won because now, no one would read it.

I further opined that his classmate—Lina Khan-- would have been a shoo in for a great job in the Clinton DOJ.

But now, she would have to settle for some fancy clerkship, and we'd never hear of her again.

Oops.

Here's what's weird.

For the last two decades I've earned a decent living predicting the future for Wall Street.

Don't tell them.

One reason we've heard of Khan is that she discusses big things, important to lots of people.

She got even more press for her effort to ban non-competes than Brendan got for TikTok.

And a Presidential shout out in the State of the Union.

Of course, she actually has jurisdiction.

So that's not weird.

Alas, no Presidential speech love for anything the FCC is doing.

The FCC is an important institution.

It oversees a huge input to our information economy: Spectrum.

Fortunately, three decades ago, we developed a method for allocating spectrum that has garnered bipartisan praise, been copied around the world, underlaid two Nobel prizes, and is arguably the most successful communications policy innovation ever.

Unfortunately, Congress can't decide how to reauthorize that auction authority.

Congressional dysfunction?

Alas, not weird.

The stakes are high: billions in investment capital, 10x more in economic impact.

Industry needs, and deserves, a spectrum road map.

And as the FAA fiasco and other spectrum debacles have shown, there's room for policy improvements.

In 2021, Commissioner Carr, to his credit, [thoughtfully laid out](#) his proposed spectrum road map.

For which he got no press.

No scapegoat, no press?

Further, several organizations, including the [Aspen Institute](#), [Public Knowledge](#), the [Eno Center for Transportation](#), and the [Information Technology and Innovation Foundation](#), have issued reports detailing needed, spectrum policy reforms.

Great reports.

Disclosure. I may have had something to do with some of them. But the best parts, and there are many, were written by others.

NTIA and the FCC are reportedly working on a national spectrum strategy.

With spectrum, at least we're talking about what we should be talking about.

But no roadmap or policy changes yet.

So, it's not weird. Just slow.

In DC slow is not weird.

The current FCC has been busy on other things; reforming universal service, redoing the broadband maps, and administering the Affordable Connectivity Program, known as the ACP.

Important things.

Universal Service faces economic, legal, and institutional challenges, and a landscape changed by historic federal investments.

Congress wisely asked the FCC to address how USF should adapt to it those challenges and changes.

In July 2022, the FCC responded, proposing some half dozen major rulemakings.

How many have been completed?

How many have been started?

Same answer for both.

Zippo.

Weird.

As for maps, we've been waiting since 2021 for the final FCC maps so NTIA can send the states the correct allocations.

Here's what's weird.

Far better maps already existed.

Apple and Android phones know the strength or absence of every wired and wireless signal everywhere.

The ISPs also know.

They make multi-billion-dollar capital decisions every year.

You think they'd do it with bad maps?

One lesson from my Wall Street years: the private sector has much better information than the government.

I'm not criticizing the FCC staff or their maps.

Reading Girard taught me: don't go scapegoating.

I'm here to observe that the political and media forces that influence government priorities themselves never prioritize improving information gathering.

That's a problem.

As Cass Sunstein [demonstrated recently](#) in the Journal of Benefit-Cost Analysis, effectiveness requires regulators to close their knowledge gap.

But what agency has ever been motivated to act by an article in the Journal of Benefit-Cost Analysis?

A tweet, sure.

But an academic paper?

Many would find *that* weird.

As to the ACP, the North Star of communications policy should be to make communications faster, better, and cheaper for all Americans.

Yet, next year, about 50 million Americans could find that their communications capabilities have become slower, worse, and more expensive, if they have access at all.

The reason? ACP will run out of funds.

As Congress found, you can't participate in the economy, society, and civic life, or access health care, education, or job opportunities without a broadband connection.

Right.

Former Commissioner O'Reilly wrote a smart editorial [laying out](#) "The Conservative Case for the ACP."

Some might find it weird that a conservative supports a social welfare program.

As Mike demonstrates, it's not.

What's weird is that despite bi-partisan support, ACP funding is nearing a cliff.

If you remember nothing else from this speech, remember my Cassandra cry that our country may soon take the biggest backwards step any country has ever taken in increasing, rather than closing, the digital divide.

I am a Biden fan but was sad he did not call for refunding the ACP at the State of the Union.

Nor did he cite improved communications technology as a solution to any problem we face.

Question: what is the best thing we could do for the country by 2030 to pay the biggest dividends in 2040?

You could argue infrastructure, green energy, or many other things.

Here's my answer.

Taking the steps necessary so that by 2030, 90% of fourth graders read at a fifth-grade level.

Why?

First, we are already falling behind on reading.

Only [thirty-three percent of fourth-graders are proficient in reading](#), lower than 2019.

Second, the biggest predictor of how many prison beds a state will need in ten years is 4th grade reading scores.

That's not 100% true, but its 100% truer than many things said in DC these days.

Low bar, I know.

But this is totally true: 70% of all incarcerated adults cannot read at a fourth-grade level.

We could argue about correlation and causation.

What is inarguable is that raising reading scores for the rising generation will create massive economic and social benefits.

Third, the combination of communications networks and AI make it possible for new forms of tutoring that can be personalized and hugely effective.

That opportunity, however, depends on a sustaining a low-income broadband subsidy, like the ACP.

And again, our country may soon take the biggest backwards step any country has ever taken in increasing, rather than closing, the digital divide.

I know; what I think important may not be what a President thinks important.

Still, because of communications becoming faster, cheaper, and better over the last three decades, our communications policies, in their way, are in everyone's pockets, their homes, their schools, their cars, their places of work, their places of worship, everywhere.

Faster, better, and cheaper communications saved the economy and kept civil society afloat during Covid.

It can do much more, here and around the world.

To get faster, cheaper, better communications, we need different conversations.

We must stop being weird and start being serious.

The pillars of our media policies have been localism, competition, diversity, protecting kids and public safety.

Do we still care about those?

If so, how will we protect them, and protect against foreign interference, in our modern media ecosystem?

If media, traditional and digital, is demonstrating devastating consequences for the health of many, particularly young people, how do we recapture the principle that communications networks should not be used to harm public or personal health?

How do we limit the damage of online sports gambling?

How do we protect against the abuse of personal data from any source, foreign or domestic?

Are periodic breaches of our networks the cost of doing business or can we design incentives to keep them from repeating?

What is our spectrum road map for the next decade, something industry needs and deserves to know?

How do we prevent future spectrum policy debacles that have cost billions without any societal benefit?

How do we protect the Universal Service vision against its multiple challenges?

And again, how do we avoid taking the biggest backwards step ever taken in increasing, rather than closing, the digital divide.

In Clinton's 1994 State of the Union, we heard only of the upside of technology.

In Biden's this year, we heard only the downside.

How do we establish a policy framework that encourages the upside while protecting against the downside?

Are these issues the sole obligation of the federal government, a shared responsibility with the states, or left to the states?

What information should we be collecting so all these questions can be answered more effectively?

In short, how do we have a sober and fact-based debate that develops a principled, rules-based regime that discourages and punishes problematic activities, whatever its source?

And provides incentives to deliver the public interest benefits we need?

How do we focus on solutions, not scapegoats?

These are hard questions.

I don't know the answer to any of them.

I do know if we don't have the debate, we never will.

And I don't know why the FTC lawyers are the ones who now get to have all the fun.

That's just weird.

Thank you.