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Extending FCC Spectrum Auction Authority Is Essential to the 5G Race

by

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I. Introduction and Summary

Stakes in the global 5G race are high. America's continued leadership in mobile broadband vis-à-vis other countries, in particular China, has huge implications in terms of both economic opportunity and national security. A flowing spectrum pipeline therefore is critical. Absent congressional action, however, the Federal Communications Commission's spectrum auction authority will expire on March 9 – and without a process in place to allocate airwaves to their highest and best use, ongoing efforts to identify and repurpose additional bands for commercial licensed use will be in vain. Fortunately, the newly installed House leadership is making spectrum policy a top priority.

During a [Pop-Up Conversation with Punchbowl News Founder and CEO Anna Palmer on February 8, 2023](#), Congresswoman Cathy McMorris Rodgers (R-WA), the new Chair of the House Energy and Commerce Committee, [described](#) the need for additional spectrum as "a national security issue" and emphasized that "it's important that we reach an agreement as soon as possible" on a long-term extension of the FCC's spectrum auction authority.

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In addition, Republican Senators Ted Cruz (R-TX) and John Thune (R-SD) – ranking members, respectively, of the Senate Committee on Commerce, Science, and Transportation and its Subcommittee on Communications, Media, and Broadband – recently issued a [joint statement](#) in which they "committed to developing a spectrum proposal that achieves the greatest value possible for American taxpayers while protecting our national security interests."

The U.S. Must Identify and Reallocate More Spectrum for 5G

In a [January 2022 blog post](#), Free State Foundation Director of Policy Studies and Senior Fellow Seth Cooper highlighted an Ookla report "rank[ing] United States 5G networks number one in the world for 5G availability." Similarly, the following month CTIA President & CEO Meredith Attwell Baker [wrote](#) that "America leads the emerging 5G economy and that leadership is thanks to massive investment from America's wireless industry. Spurred on by free market competition, our wireless providers are striving every day to outdo each other with the biggest, fastest, most reliable and most robust 5G networks anywhere in America and anywhere on the planet."

America's early lead in the deployment of 5G has enormous implications. Some, of course, are economic: as the epicenter for next-generation mobile networks, for example, the U.S. can continue to serve as the home of the app economy, a role that in the 4G era produced a [nearly \\$100 billion boost to the gross domestic product \(GDP\)](#). Doug Brake, CTIA's AVP, Policy Communications, wrote in a [recent blog post](#) that "5G is a force multiplier for productivity gains throughout the economy. Establishing early leadership in 5G is key to gain comparative advantage in the industries of the future." As Mr. Brake points out, however, the potential upside from 5G is far greater than that associated with 4G:

Unlike 4G LTE, which was designed to do one thing well – connect mobile phones to the internet – the specifications underlying 5G enable a wide variety of different use cases. This flexibility will allow it to be more deeply integrated into our society and economy. As Chairwoman Rosenworcel explained, "if we do this right, our phones will be the least interesting thing about our 5G future." There won't be one particular interesting thing about 5G, but a dizzying variety of innovations that 5G enables.

Other implications involve international relations and national security. As Congresswoman McMorris Rodgers [emphasized](#) to Punchbowl News, "'American leadership matters, and we see a growing threat from China. ... China is making it very clear that they want to lead from an economic and technological, as well as a military power.'" China's global ambitions threaten U.S. wireless carriers' ability to source trustworthy equipment, among other concerns.

As it stands, however, our nation's 5G lead is by no means unassailable. That is a direct consequence of the current state of our spectrum pipeline. In a [September 2022 post to the FSF Blog](#), I highlighted an Analysys Mason report concluding that the U.S.'s 270 MHz of mid-band licensed spectrum trailed that of Japan, the U.K., and France by an average of 530 MHz. And as CTIA's Mr. Brake recently [noted](#), "China is examining several mid-band opportunities to potentially make available for 5G, which, if followed through, would result in 1660 megahertz of licensed mid-band spectrum being available, outpacing the U.S. significantly."

For the United States to maintain its head start over other nations in mobile broadband, two conditions must be satisfied. One, additional spectrum – in particular, mid-band frequencies – must be made available for commercial licensed use. In its [Reply Comments](#) in the FCC's *2022 Communications Marketplace Report* proceeding, the Free State Foundation argued that "the Commission should consider every spectrum band that realistically may be suitable for commercial uses, including the lower 3 GHz, the 4 GHz, 7 GHz, and 12 GHz bands." In addition, Mr. Cooper argued the specific case for the lower 3 GHz band in "[Fast Action on the Lower 3 GHz Band Will Secure America's 5G Future](#)," a February 2021 *Perspectives from FSF Scholars*, and again in last month's "[The 2022 Communications Marketplace Report: Timely FCC Action Could Accelerate Next-Gen Broadband Deployment](#)."

Two, Congress must act decisively by passing a long-term extension of the FCC's authority to conduct spectrum auctions. Without a reliable means to put cleared capacity to its highest and best use, the hard work – as well as [necessary and often challenging interagency coordination](#) – required to identify frequency bands suitable for reallocation to commercial licensed use will be for naught. Moreover, short-term extensions, such as the [stopgap measure passed late last year providing a mere 3 additional months](#), attach unwanted and unwarranted uncertainty to the critical role that the Commission plays in planning, preparing, and conducting spectrum auctions.

Had it passed the Senate, the bipartisan [Spectrum Innovation Act of 2022](#), which Mr. Cooper described in a [May 2022 blog post](#), would have addressed, at least in part, both of these objectives. As drafted, it (a) directed the FCC to reallocate and auction an additional 200 MHz of wireless capacity in the lower 3 GHz band, and (b) extended the agency's spectrum authority through March 2024. Instead, the [Consolidated Appropriations Act, 2023](#) merely pushed back the expiration date less than 3 months, from December 23, 2022, to March 9, 2023.

Fortunately, Representative Cathy McMorris Rodgers (R-WA), the new Chair of the House Energy and Commerce Committee, has made clear her intention to revisit and redress these outstanding spectrum policy matters. In response to a question from Punchbowl News Founder and CEO Anna Palmer about 5G and China during a "[Pop-Up Conversation](#)" on February 8, 2023, Representative McMorris Rodgers emphasized that "our telecommunications infrastructure, spectrum ... all of this is ... foundational to us leading in competitiveness and also is key to our national security." Consequently, she stated the following:

No one wants to see the auction authority expire. So we are going to work. I think it's important that we ... reach an agreement as soon as possible and that we ensure that the FCC can be opening up new bands and ensuring that we continue to lead in the allocation of spectrum.... And it's important that it is unleashing the commercial spectrum which is going to be the key to our leadership in beating China.

She also highlighted the National Telecommunications and Information Administration's important role in identifying opportunities to repurpose frequencies allocated to the government in order to refill the spectrum pipeline.

Further, on February 16, 2023, Senators Ted Cruz (R-TX) and John Thune (R-SD) issued the following [joint statement](#) regarding legislative efforts to extend the FCC's spectrum auction authority:

With the looming March 9 deadline for spectrum auction authority, we are committed to developing a spectrum proposal that achieves the greatest value possible for American taxpayers while protecting our national security interests. But developing a spectrum proposal is complex, which is why lawmakers shouldn't rush into a bad deal just to secure any deal.

A successful outcome on spectrum will maximize use of this finite resource, which is critical to economic growth and international leadership. We look forward to working with our Senate and House colleagues to craft common-sense legislation that will protect taxpayers, meet the challenge of the moment, and put the United States on a path for economic success and progress.

With congressional leaders in both chambers focused on these critical spectrum issues, there is cause for optimism that the U.S. will respond in a timely fashion. This is necessary if the nation is going to be in a position to respond to global pressures, especially those coming from China, and take those steps necessary to remain at the front of the pack.

Conclusion

With an early lead in the 5G race, the United States is poised to reap the associated benefits, economic, strategic, and otherwise. To maintain that position, however, lawmakers and federal agencies must do the heavy lifting required to keep the spectrum pipeline flowing. That includes removing uncertainty through the passage of a long-term extension of the FCC's spectrum auction authority. Fortunately, it appears that these high-priority spectrum policy concerns are now receiving the level of attention that they deserve, given the importance of their satisfactory resolution.

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Further Readings

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