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Broadband Competition Is Real, Vampires Are Not: A Critique of Dr. Ali's Efforts to Revive Rejected Claims as "Heresies"

by

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I. Introduction and Summary

A September 3 post to the Benton Institute for Broadband & Society's blog by Penn State University Pioneers Chair in Telecommunications Christopher Ali, PhD, suggests that sinister forces have cast a spell preventing certain regulatory concepts – rate regulation, government-subsidized overbuilding, and government disfavor of technology neutrality – from consideration as broadband policy options. The less imaginative truth, however, is that Dr. Ali is conjuring up shopworn regulatory approaches that have no place in today's broadband marketplace. Robust, multimodal competition between privately funded platforms renders government intervention at best unnecessary – and at worst economically inefficient and harmful to consumers.

In "Broadband Heresies: Or, what *Twilight, Harry Potter, X-Men*, and *The Incredibles* can teach us about telecommunications policy," Dr. Ali contends that, if only certain shadowy forces would allow open discussion of these "heresies," American consumers would enjoy the fruits of competition – lower prices, better service, greater innovation and choice – without actual competition.

It would appear that Dr. Ali is more comfortable inhabiting a fantastical environment populated by vampires, wizards, and superpower-possessing mutants than accepting the fact that today, in the real world, robust competitive forces on their own are generating those very consumer benefits.

Or could it be that all this talk of magical creatures serves a dark purpose – that is, burying the lede? In the bright light of day, can't one surmise that Dr. Ali's position is this: broadband should be defined as fiber, and only fiber, and its price should be $10 per month, regardless of actual cost? And rather than in-case-of-emergency responses to actual marketplace deficiencies, the three "heresies" – rate regulation, government overbuilding, and a rejection of the concept of technology neutrality – are no more than ready means to achieve that end?

Pun intended, I *fear* that it's the latter.

Viewed through the lens of "$10 fiber," Dr. Ali's interest in rate regulation clearly does not arise from a credible conviction that a natural monopoly justifying government intervention exists. It begins instead with a price he deems affordable and, to encourage government rate setting to achieve that price, cherry picks data to suggest that the market failure needed to support such intervention actually exists. Similarly, his conflation of government-owned networks with true, self-sufficient competitors is another attempt to encourage below-cost, cross-subsidized fiber-based offerings at the price of his choosing. Finally, his attack on technology neutrality is rooted in a desire to disqualify commercially successful non-fiber broadband distribution platforms – 5G fixed wireless access, low-Earth orbit satellite offerings, unlicensed fixed wireless, and even cable broadband – as viable competitors in order to lend credibility to his counterfactual claim that a natural monopoly exists.

II. Rate Regulation Is the Wrong Tool, for the Wrong Goal, in the Wrong Context

In a recent post to the *FSF Blog*, "Price Regulation Is Not the Answer for Broadband," Free State Foundation President Randolph May and Director of Policy Studies and Senior Fellow Joseph Kennedy took to task Dr. Ali's call for the regulation of broadband service rates, arguing instead that "the best way to ensure lower prices and greater innovation for the most consumers over the long-term remains continued promotion of increased competition with market-determined prices."

This is certainly true. As I stated above, however, it is my belief that Dr. Ali isn't working forward from a sincere, data-driven finding that a true natural monopoly exists. Instead, he's working backward from a desire to cap prices at a predetermined price. As he explicitly states, "research teaches us that many low-income families can afford maybe $10 a month."

As discussed below, the tell is in the evidence upon which he relies – and, even more so, the evidence which he ignores. To establish that "[b]roadband is too expensive in the United States," Dr. Ali references The Cost of Connectivity 2020, a report released six years ago by the New America Foundation's Open Technology Institute (OTI) – and one that Mr. May and I critiqued, back when it was arguably still relevant, in "Biden Broadband Plan: Transparency and Accuracy Required for Sound Policy," a June 2021 *Perspectives from FSF Scholars*.

He also cites a *CNET* article from July 2025 for the questionable claim that the average (or is it median?) price for Internet service, including equipment rental, is $78 per month. On top of its inclusion of an editor's note dated September 14 warning that "some of the information has become outdated," that article seems to indicate that the $78 figure was calculated not just on the basis of mass market offerings – for example, it references "plans starting at just $15 to $20 monthly" – but also "the most expensive (and fastest) internet plan in the country by a mile: $900 a month for an absurdly over-the top 50 Gbps plan." The article also concedes that "the price for broadband has risen more slowly than overall inflation" and, citing the 2024 Section 706 Report, points out that "the inflation-adjusted price for the internet declined by 19% between 2009 and 2023."

Meanwhile, Dr. Ali barely mentions the FCC's 2026 Section 706 Report, released earlier this summer and brimming with recent, granular data on availability and competitive choice. Keeping with the theme, perhaps we should refer to it as The Official FCC Document That Shall Not Be Cited.

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Dr. Ali writes that rate regulation "is generally considered taboo because it is seen as government overreach into the workings of the free market." That is not a taboo. It is an accurate statement of a basic economic principle: where a market is operating efficiently, government intervention – which typically falls short in its efforts to model actual marketplace behavior – generates necessarily suboptimal economic outcomes.

It also happens to be the law. In 1996, Congress declared it "the policy of the United States … to preserve the vibrant and competitive free market that presently exists for the Internet and other interactive computer services, unfettered by Federal or State regulation."

Dr. Ali prefers a different statutory provision, highlighting the reference in Section 706 to "price cap regulation." He neglects to mention the necessary condition precedent. Section 706(b) directs the Commission to determine annually whether "advanced telecommunications capability is being deployed to all Americans in a reasonable and timely fashion." Only if the answer is "no" is the Commission directed to "take immediate action to accelerate deployment … by removing barriers to infrastructure investment and by promoting competition."

Just weeks ago, however, the Commission answered that question with an emphatic "yes." As I discussed in "Carr Commission Answers in the Affirmative Congress's Question Concerning the Pace of Broadband Deployment," a *Perspectives from FSF Scholars*, the 2026 Section 706 Report found that broadband "is being deployed to all Americans in a reasonable and timely fashion." Moreover, it set forth compelling evidence that ample and expanding competitive options abound, including the following:

> Between June 2024 and June 2025, the share of households with two fixed wireline options grew from 41.7 percent to 44.3 percent, and the share with three or more grew from 7.0 percent to 9.4 percent. Adding fixed wireless, including 5G fixed wireless access (FWA), brought broadband availability to 96.9 percent of Americans. Adding LEO satellite service brought it to 99.7 percent.

Prices and speeds, meanwhile, are moving in the direction one would expect in a highly competitive environment. As I reported in "USTelecom's 2026 Broadband Pricing Report Sings a Familiar Refrain: Backtracking Prices and Surging Speeds" – the latest in a series of posts to the *FSF Blog* tracking every edition of this annual analysis – the 2026 Broadband Pricing Index found that real prices for the most popular offerings fell 6 percent; that prices for entry-level plans, which USTelecom describes as "the most accessible tier for price-sensitive households," fell more than 17 percent; and that speeds for the most popular tier rose nearly 22 percent in a single year and have increased by 145 percent since 2014.

Contrast that with the sources relied upon by Dr. Ali. As Mr. May and I pointed out, while the first sentence of The Cost of Connectivity 2020's executive summary asserts that "people can expect to pay more for internet service in the United State[s] than in Asia or Europe," page 38 concedes that "standardizing costs and speeds while also factoring in differences in population density reveals that U.S. providers on average advertise similar prices for similar speeds as European providers."

Dr. Ali acknowledges this concession – and does his best to wave it off: "cost per megabit is a metric for network engineers. No household pays per megabit." True enough – but, crucially, completely irrelevant. The point of standardizing for speed and population density is to conduct an apples-to-apples comparison that factors in underlying costs. A raw monthly-bill comparison that ignores what the subscriber receives, and the cost of delivering it, cannot provide evidence of a pricing problem. It merely reveals that no accounting for costs was made – certainly a highly problematic approach. Moreover, an unadjusted figure drawn from 2020 data tells us next to nothing about the competitive landscape in 2026.

But even granting Dr. Ali his premise, rate regulation would be the wrong instrument to achieve his policy goal. The goal of rate regulation is not to address affordability; rather, it is an attempt to model, administratively and in the absence of meaningful competition, the rates that competition would produce: specifically, cost plus a reasonable rate of return. Where competition already exists – and the record clearly demonstrates that it does here – regulated rates and market rates should converge.

But convergence is plainly not Dr. Ali's objective. His target is a $10 monthly price for fiber-based Internet access, derived from what he believes low-income households can afford (but seemingly not limited to low-income households), without regard to what the service costs to provide. That is not rate regulation in the conventional sense. It is a subsidy, imposed on providers rather than appropriated by Congress. Whether and how to fund low-income connectivity is a legitimate question – but one properly addressed to Congress, which allowed the Affordable Connectivity Program's funding to lapse.

So, rate regulation is not merely unnecessary and counterproductive, as Mr. May and Mr. Kennedy explained. It is also mismatched to Dr. Ali's true objective, as it is highly unlikely that a fact-based rate-setting proceeding would land at his preferred "$10 fiber" price.

III. Taxpayer-Funded Overbuilding Is NOT True Competition

Dr. Ali quotes Benton Senior Fellow John Sallet for the proposition that "what some call 'overbuilding' should be called by a more familiar term: 'Competition.'" That claim completely overlooks the marketplace distortions that result from local governments' dual roles of rivals and regulators. It also fails to acknowledge the dismal financial track record of government-owned networks and the resulting costs imposed on taxpayers.

Competition is what happens when a provider risks private capital to enter a market it believes it can serve better or more cheaply. More broadly, private capital is the engine that built the American broadband marketplace – per the 2025 Broadband Capex Report just released by USTelecom, there has been nearly $2.3 trillion in private investment since 1996, and roughly $93 billion in 2025 alone. That investment is why broadband today reaches nearly every location in the country, increasingly from multiple sources. Indeed, in one of the rare instances where Dr. Ali does acknowledge the 2026 Section 706 Report, he recognizes that "99.7% of the population has access to broadband when satellite service is included." It once may have been heretical to suggest that satellite broadband was an effective competitor. It is now heretical to insist that it is not.

What Dr. Ali is defending, however, is something else entirely: the use of taxpayer dollars to construct a government-owned network where an existing, privately funded one already exists. That is not competition on the merits. It is a subsidy to one competitor, and it operates as a direct disincentive for the unsubsidized provider to keep investing private capital in the same footprint. Worse, every taxpayer dollar spent duplicating service where broadband already exists is a taxpayer dollar not spent reaching a location that has none.

Dr. Ali also glosses over the fact that, despite inherent advantages derived from their unique position as both regulator and competitor, local municipalities do a bad job running broadband service businesses. As I explained in "Government-Owned vs. Private Networks: Allocate Federal Broadband Subsidies Based on *All* the Facts," a *Perspectives* published in January 2025, government-owned networks routinely enjoy advantages, including "expedited access to rights of way and other administrative advantages, cross-subsidization, [and] more favorable tax treatment," that make head-to-head comparisons meaningless.

Moreover, the financial results are sobering. Christopher Yoo, Jesse Lambert, and Timothy Pfenninger's 2021 study "Municipal Fiber in the United States: A Financial Assessment," which I discussed in a 2021 *Perspectives*, found that of the fifteen municipal fiber projects with sufficient public reporting to evaluate, not one generated enough cash flow to cover its operating expenses in the short run, and only two were on a trajectory to retire their debt on schedule.

When these projects fail – or to the extent that they offer service at prices unable to cover costs, perhaps at the below-cost $10 per month level Dr. Ali prefers – residents ultimately pay, whether through general revenues, cross-subsidies embedded in their electric bills, or default.

IV. Technology Neutrality Appropriately Recognizes That Numerous Broadband Distribution Platforms Are Able to Satisfy Actual Consumer Demand

Dr. Ali's issue with technology neutrality lies in its acknowledgement that distribution platforms other than fiber not only are capable of meeting actual consumer needs, in many instances they are able to do so more efficiently. "[B]roadband technologies are not equal," he writes, and fiber is "quite frankly, just better than everything else." Again, this brings us back to his desire for "$10 fiber" at any cost. In that regard, the final sentence of his discussion of technology neutrality reveals much: "*Researchers and public-interest advocates* know that too many locations lack access to fast, reliable, and affordable internet service" (emphasis added).

Setting aside the engineering reality that a fiber connection has headroom that other platforms currently may not, the relevant question for a *consumer* making a purchasing decision in a competitive marketplace is this: which option delivers the performance I need – whether in terms of downstream speed, upstream speed, latency, reliability, or some combination thereof – at the price I want to pay? As Mr. May and I pointed out in comments filed in the Commission's 2026 proceeding regarding the State of Competition in the Communications Marketplace, for a rapidly increasing number of consumers, 5G fixed wireless access and low-Earth orbit satellite service sit in that sweet spot.

Likewise, the policy question is about more than raw capacity. Government subsidy programs are not exercises in identifying the theoretically superior technology. They are exercises in connecting the maximum number of unserved locations with a finite appropriation of taxpayer dollars. In some circumstances fiber is the optimal approach. In others, a fiber-at-all-costs mindset leads to inefficiency and waste.

NTIA's "Benefit of the Bargain" round of revisions to the BEAD Program recognized as much, and the result was an estimated $21 billion in savings, money that can now be directed toward locations that would otherwise have gone unconnected, whereas a fiber-at-all-costs approach would have exhausted the full $42.45 billion, potentially without even finishing the job.

In a blog post marking her first year as Assistant Secretary of Commerce for Communications and Information and NTIA Administrator, Arielle Roth emphasized this point:

> We took a program that, in some cases, was on track to spend more than $100,000 per location – an abuse of taxpayer dollars that threatened to leave Americans behind – and put it back on a fiscally responsible path…. By removing technology bias from the program, we enabled states to choose the technologies that can connect Americans fastest and most cost-effectively.

There is also a deeper irony here. Dr. Ali claims that "[t]he FCC has long hidden behind technology neutrality to shield certain technologies from competition." But at the same time, he advocates a similar approach, only in reverse: by defining broadband as only fiber, and thereby ignoring rival distribution platforms, his rate-regulation-justifying claims of a natural monopoly at first glance seem more plausible than they truly are.

V. Conclusion

Dr. Ali insists that, if only policymakers were willing to broach the heretical topics of rate regulation, overbuilding subsidized by the government, and the downside of technology neutrality, that discussion inevitably would compel the result that he clearly prefers: "$10 fiber." The truth, however, is that (1) the natural monopoly he conjures justifying government intervention in broadband rate setting is but a clumsy attempt at misdirection; in the real-world marketplace, numerous broadband distribution platforms compete aggressively for subscribers; (2) municipal overbuilders masquerade as true competitors; beneath their disguises lurk one-sided regulatory advantages and opportunities for cross-subsidization; and (3) the suggestion that adherence to the economically efficient concept of technology neutrality represents anything other than an honest reflection of consumer demand is nothing more than some unconvincing sleight of hand.

Dr. Ali has a far better grasp of fantasy genres than of the broadband marketplace in 2026. But the true dark magic that we all should fear is government intervention in the broadband marketplace. He is welcome to Team Edward. Policymakers evaluating the state of competition must stick with Team Evidence.

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Further Readings

Randolph J. May and Joseph V. Kennedy, "Price Regulation Is Not the Answer for Broadband," *FSF Blog* (September 9, 2026).

Andrew Long, "Carr Commission Answers in the Affirmative Congress's Question Concerning the Pace of Broadband Deployment," *Perspectives from FSF Scholars*, Vol. 21, No. 33 (August 24, 2026).

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