BRIEF: Trump win may see digital platforms contribution to USO

8 November 2024

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Abstract: Brendan Carr, currently an FCC member, has emerged as a likely Chair of the FCC under a Trump administration. Carr's agenda, as detailed in the Heritage Foundation's "Project 2025," is confrontational towards digital platforms, focusing on national security threats from apps like TikTok and WeChat. The document also criticises social media platforms for undermining democratic processes and proposes reforms to Section 230 and antitrust laws to address the digital platforms' influence. While advocating for a de-regulatory approach to telecommunications, Carr supports a federally funded program to remove Chinese equipment from U.S. networks. It also endorses Starlink's role in universal service provision, despite its challenges in meeting broadband standards.

For telcos, the document highlights three main takeaways: aggressive support for replacing Chinese technology, the potential inclusion of LEO satellites in universal service provision, and the push for digital platforms to contribute to the FCC's Universal Service Fund. This could lead to telcos receiving support from platforms for network costs, a policy gaining momentum in the U.S. and Europe.

Shakeup in telco and platform regulation likely

There are strong indications that Brendan Carr, a member of the Federal Communications Commission (FCC) since 2017, will become the FCC Chair under a Trump administration. If so, then the agenda he outlined in his section of the Heritage Foundation's "Project 2025" policy document is a useful guide to the FCC's new priorities towards digital platforms and telcos.

Carr's comments on proposed regulation of digital platform businesses in Project 2025 are notably confrontational, focusing on perceived threats to national security, health, and freedom of speech. The text highlights concerns about platforms like TikTok and WeChat, viewed as national security risks due to potential data collection and influence by the Chinese government. It suggests banning these apps and reducing U.S. reliance on Chinese technology by restricting Chinese investments in advanced technology and research. The document stresses the need for American social media platforms to resist Chinese censorship requests and calls for U.S.-centric data privacy protections. It also underscores the importance of protecting children from online exploitation, though specific policy suggestions are limited.

Project 2025 criticises social media platforms for undermining democratic processes and free speech, alleging collusion with the Biden administration. It proposes overhauling the FCC to address Big Tech's market dominance and reforming Section 230 to prevent censorship of protected political speech. The document advocates for user-curated content experiences and reevaluating antitrust laws to consider Big Tech's socio-political influence, reflecting a broader debate on balancing platform accountability with free expression and innovation.

In contrast, the document proposes a broadly de-regulatory approach to telecommunications and Internet provision. For example, Carr is no fan of net neutrality regulation, regarding it as superfluous (we agree). He has also been critical of an FCC inquiry into data caps.

However, he still sees a big role for government in certain areas. For example, he argues for a fully federally funded "rip and replace" program to remove Chinese equipment for US telecommunications networks. The existing $1.9 billion Secure and Trusted Communications Networks Reimbursement Program is about $3 billion short of the total amount of funding needed to complete the process..

Carr is also supportive of Starlink's role in future universal service provision. Despite having a major impact on Internet accessibility in rural areas of the United States, Starlink has been denied federal funding for broadband in the wake of the pandemic. Last year, the FCC rejected Starlink's application for nearly $900 million in the Rural Digital Opportunity Fund, and it has been mostly excluded from the $42.5 billion Broadband Equity, Access and Deployment Program. There are reasons for this, mainly that Starlink does not consistently meet the FCC's 100Mbps download definition of broadband. Though Starlink plans to boost its network performance by launching more satellites, some still question its ability to scale enough to meet all of the news of rural America.

However, the biggest call from a telco perspective is the need for digital platform companies to contribute fairly to the Federal Communications Commission's (FCC) Universal Service Fund (USF), which supports affordable internet and rural connectivity programs. Despite benefiting significantly from federally supported networks, digital platforms have not been required to contribute to this fund. The Project 2025 document argues that this situation is unsustainable as the fund increasingly supports broadband networks rather than traditional telephone services. The text suggests that Congress should mandate Big Tech companies to contribute an appropriate amount to the USF, thereby placing the program on a more stable financial footing.

Why does this matter?

For telcos, there are three main takeaways.

First, aggressive support for the replacement of Chinese technology is proposed. Telcos in Australia and New zealand will look wistfully at the US if this eventuates, having already incurred most of this expense.

Second, LEOsats will be back in the running for USO service provision. Its inclusion will speed up the rollout of high speed broadband at a lower cost, but it will need to scale fast to ensure it meets speed and volume targets. This example will inform Australia and New Zealand's consideration of LEOSats for underserved areas (see our report "Starlink viability will move the USO debate forward").

Third, payments from digital platforms to telcos to cover some network costs are now on the US agenda. While this policy debate has been slow to gain momentum, it is definitely gaining momentum. The European Commission has been exploring the idea, and now the United States may consider it too. If this process progresses to an effective conclusion, telcos can look forward to some support from the platforms for USO costs, and possibly other costs in the future if a precedent is set.

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