

Susan Crawford, **Captive Audience: The Telecom Industry and Monopoly Power in the New Gilded Age**, New Haven, CT: Yale University Press, 2013, 360 pp., \$19.99 (hardcover).

Reviewed by
Vanessa Lee Jones
University of Southern California

Set against the backdrop of the growing dependence on information and communication technologies, **Captive Audience** offers a critical examination of regulatory issues facing the U.S. cable industry. Policy makers continue to favor a free market that they hope will foster competition. However, Susan Crawford contends that efforts to maintain the deregulation of the cable industry have instead reinforced monopolistic behavior, reduced innovation, and enabled cable companies to overcharge for their products.

Captive Audience asserts that state and federal regulators have failed to advance competition in the cable industry or to enhance broadband access, to the detriment of America's innovation economy. Crawford argues that further compounding this failure are the cable conglomerates hijacking of a defunct regulatory process. She weaves a dark narrative of the cable industry and provides readers with an in-depth examination of how the cable industry got where it is today. She suggests what changes might lead to more competition, lower prices for consumers, and greater future prosperity.

Captive Audience first reaches back into history, describing the inability of the U.S. government to regulate railroads in the late 19th century. This quickly led to the rise of trusts and monopolies, which convinced regulators that they needed to oversee the railroad industry and other industries deemed to be common carriers. In 1887, the U.S. government established the Interstate Commerce Commission (ICC) and in 1890 enacted the Sherman Antitrust Act. However, this oversight mechanism proved ineffective. The ICC was meant to regulate railroads, but instead "was completely overrun by the industry it purported to regulate" (p. 30). The ICC's downfall was due to its lack of information on industry activities and its inability to assert independence from political mechanisms and pressures.

Crawford argues that there are important parallels between the 19th-century railroad and present-day cable industries, highlighting their vital importance to daily activities. As was the case with railroads, the absence of an expert entity to regulate telecom led to the creation of a commission. In 1934, the Federal Communications Commission (FCC) was established. Yet from the start, the regulators were "outmaneuvered, under-resourced, constantly under threat of attack, and short of information" (p. 16). The same issues that resulted in the ICC's failure to effectively regulate railroads also hampered the FCC's ability to regulate the cable industry. In recent decades, policy makers ignored recommendations for stronger regulation, favoring instead a deregulated industry where competition could flourish. But,



contrary to their expectations, the cable industry stymied the competition through countless mergers and acquisitions.

The Comcast-NBCU merger and the repercussions of this conduit-content union are highlighted in *Captive Audience*. The merger enabled Comcast to bundle cable TV with Internet access, using NBC's popular television shows as the main attraction. Their goal was to undercut efforts to stream television content online. To emphasize the pitfalls facing current U.S. policy makers, Crawford argues that the Comcast-NBCU narrative and other contemporary initiatives are defective industrial policy that could leave cable infrastructure in the dust.

Unlike American policy makers, officials in other countries embraced the importance of telecom as a pillar of their advancement and treated the cable industry as a common carrier. European telecom regulation of cable and broadband allowed its citizens to secure higher connection speeds at lower prices for the same services. In this global context, American cable and broadband access is falling behind.

Furthermore, according to Crawford, the absence of significant competition limits the pressure on cable conglomerates to innovate and provide higher connection speeds at lower prices. American consumers are forced to choose among a handful of companies for their cable, Internet, and telephone bundles that lock them into high payments with few if any economical alternatives. Crawford's bleak assessment underscores the importance of more aggressive cable policy reform on behalf of broadband efficiency and innovation.

Crawford's experience as a law professor, former Special Assistant to President Obama for Science, Technology, and Innovation Policy, and longtime ICANN board member influenced her perceptions. *Captive Audience* is a policy-oriented volume, focusing heavily on her take on the stark realities of the FCC's attempts to regulate the cable industry and the preference of Congress to keep cable deregulated. Crawford's intent is to present an argument in favor of regulation, which would reduce monopolistic behavior, increase innovation, and reduce costs.

Captive Audience already has provoked significant debate. Progressives embrace the political emphasis of the book, but Crawford is criticized heavily for her framing of the issue and her pro-regulation views. She relies heavily on anecdotes, personal interviews, and biographies of regulators and executives in lieu of quantitative data to support her claims. Critics claim that what little evidence Crawford does employ is misused, outdated, or lacks data integrity. In addition, her often-repeated characterization of the cable industry as a monopoly is debatable; the industry might more rightly be described as an "oligopoly." The most pervasive criticism of the book is that her condemnations of the cable industry and regulatory bodies alike are distorted, misguided, or just plain wrong.

Despite the criticisms *Captive Audience* provoked, the author conveys her view of cable regulation clearly and provides significant amounts of contextual information. Readers who are not regulators or cable executives will appreciate that Crawford is absolutely clear about where she stands.

Crawford brings needed attention to the risk of market concentration that is emerging as a result of cable conglomerates systematically buying and merging with their competitors. The perspective deserves more discussion and further analysis. Crawford also worries that the United States is falling behind its main technologically sophisticated competitors, a situation that could be addressed if policy makers were more proactive about the fate of the cable and broadband environment in America.

Although the strong position in favor of regulation may deter some readers, *Captive Audience* adds an important component to the literature of ICT regulation. Crawford argues that Congress has failed to intervene in a meaningful way on a systemic problem that has major implications for the future. She bemoans the inability of the FCC to effectively stand up against entities that manipulate the regulatory process. She takes one side of an important debate about the best way to promote for Americans' ubiquitous broadband Internet access at higher speeds and lower prices. Resolving this question deserves to be a priority because future prosperity depends on it. She makes a strong case that this issue is important to America's future and should be high on the policy agenda.