



Captive Audience: The Telecom Industry and Monopoly Power in the New Gilded Age

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Ten years ago, the United States stood at the forefront of the Internet revolution. With some of the fastest speeds and lowest prices in the world for high-speed Internet access, the nation was poised to be the global leader in the new knowledge-based economy. Today that global competitive advantage has all but vanished because of a series of government decisions and resulting monopolies that have allowed dozens of countries, including Japan and South Korea, to pass us in both speed and price of broadband. This steady slide backward not only deprives consumers of vital services needed in a competitive employment and business market—it also threatens the economic future of the nation.

This important book by leading telecommunications policy expert Susan Crawford explores why Americans are now paying much more but getting much less when it comes to high-speed Internet access. Using the 2011 merger between Comcast and NBC Universal as a lens, Crawford examines how we have created the biggest monopoly since the breakup of Standard Oil a century ago. In the clearest terms, this book explores how telecommunications monopolies have affected the daily lives of consumers and America's global economic standing.

Captive Audience: The Telecom Industry and Monopoly Power in the New Gilded Age Details

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From Reader Review Captive Audience: The Telecom Industry and Monopoly Power in the New Gilded Age for online ebook

Tiffany Conner says

Returning to Texas after living in Korea for almost three years has required some significant readjustments. Not all of them good. One of the more significant, if arguably equally insignificant, of those adjustments has been getting used to the obscenely slow pace of broadband internet in the United States. There is no doubting that Korea has our butts *WHOOPEd* when it comes to the speed, ubiquity, and affordability of high speed internet.

People here in Austin, Texas are losing their proverbial poop at the prospect of installing Google Fiber into their homes (if it ever goes live), and who can blame them? It's an exciting prospect. However, it becomes a little less exciting upon realizing that the \$70+ a month that most will be charged for Google Fiber is more than double what people in Korea pay for comparable speeds. Not cool. It gets even more uncool and infuriating after you read this book, because it doesn't have to be this way. Crawford states again and again that one of the main reasons Big Telecom refuses to pull a Google and install fiber is that Wall Street will frown upon it doing so. In other words, giving your customers a superior product isn't really good for share price. Just charge them more for crappier crap! And it is only this way because the FCC and members of Congress ascribe to the Gordon Gekko philosophy of telecommunications public policy and have no problem privileging campaign donations over what's truly good for consumers.

None of this in and of itself is all that surprising. Our elected officials are notorious for bending over for corporate cash at the expense of John and Joan Q. Public. What makes this issue of significant concern is that the high price of high speed internet is exacerbating the already frighteningly wide chasm between haves and have-nots. True, a lot of the time it feels like most people aren't using the internet for much outside of the circulation of cat gifs and stunt philanthropy, but there are those moments when access to the Internet can help address important knowledge deficits. Once you separate the wheat from the chaff there is potentially a lot to be had from accessing the Internet. Or even more simply, imagine you're someone out of work and just need online access to search for a job? Or what if your son/daughter needs to do their homework?

Crawford makes a very convincing argument that permitting things to proceed as they are now is to risk putting ourselves at a competitive disadvantage. The question is, will Congress, Comcast, or Time Warner give a damn?

Cale says

This is a hard book to read. It is intensely comprehensive in exploring the ramifications of the Comcast/NBCU merger, and shows in multiple ways how horrible the deal is for the public. It also explores the current state of wired and wireless communications and shows exactly how we got into the dual duopoly situation we are in now, and extrapolates the ramifications for that into the future (hint; it's not pretty). It was interesting reading this during the Comcast/CBS squabble, as that perfectly illustrates several of the principles the book discusses (in near exact terms, a year in advance of the issue occurring). It's disgusting how we have gotten to this place, and it's hard to imagine we'll make the changes we need (the two big ones being calling internet a common-carrier/utility type service model and recognize that wireless and cable are not competitors, especially when the reigning services are aligning with each other). All of that adds up to us shooting ourselves in the foot in the sake of protecting the profits of companies that got rich off of government handouts. Yay capitalism.

The book is dense and detailed and hard to read, but it is really important that people do. Without education on this, we're lost.

Herzog says

This book made me very angry (as I knew it would). Susan Crawford painstakingly, methodically, calmly and persuasively makes the case that telecommunications in the United States has been sold out by profit seeking corporations not acting in the best interests of the public, collusive regulators (who frequently join the industries they once regulated) and bought and paid for politicians. Republicans and Democrats alike are equally culpable. Comcast's political wizard, David Cohen, has been singled out for praise by President Obama. As usual, few politicians are looking out for the interests of the public they represent because they are beholden to the \$ being paid to them by Comcast.

She first does a superb job of comparing the state of access to high speed internet to electricity and railroad monopolies in the early 20th century. That era had the Teddy Roosevelt that we lack. She demonstrates how Comcast has come to monopolize high speed internet access in this country and has no incentive to improve its second rate service. And, mind you, this was written before its pending acquisition of Time Warner cable. She also analyzes the dominance of AT&T and Verizon in the wireless market.

The U.S. is left with poor and expensive internet and wireless service compared to the rest of the developed world. With the impending merger of Comcast and AT&T and the FCC abdication of net neutrality, the situation is about to get even worse. Her solution is to have individual cities put up their own fiber networks as Chattanooga has done. Google fiber has brought its fiber network to Kansas City and Provo. I am fortunate to live in Austin, TX which is one of the next cities scheduled to receive Google fiber. Perhaps I'll be fortunate, but the rest of the country waits.

I just noticed that some Goodreads reviewers have given this book just 2 stars. It is not an especially easy read, but neither is the subject matter an especially easy one for a layperson to digest. The book does not cater to short attention spans which, I suspect, is part of the reason we find ourselves in the predicament we are in :-)

Mike says

Updated to 5 star review and really is a must-read in the wake of the announcement that Comcast is acquiring Time Warner Cable.

Author Susan Crawford has been referred to as "the Elizabeth Warren of the cable & telecom industry" - All opinions that follow are hers. Her key belief is that high speed Internet access should be regulated as a utility, with the primary goal of breadth of access at reasonable prices. Fiber providers would allow competing access providers use if their systems at fixed rates. This would be similar to how the railroads and electric utilities were brought under stricter regulatory regimes on the principle of common carriage.

She goes thru the history of cable tv and how the major players were formed. Great quotes from John Malone, who sold his cable biz to AT&T (later sold to Comcast) throughout - wishes he had never sold! The big providers swapped subs to dominate their respective regions and cities, reducing competition. Regulators have been ineffective and sometimes hamstrung by vague laws, resulting in a model that overcharges rich urban residents for bundles of service while letting the state subsidize slow access for rural and poor residents.

Comcast comes in for extra scrutiny given their size and control of both distribution (the cable wires) and content (esp after acquiring NBC and its cable networks, plus comcast's regional sports nets). She believes they are underinvesting in transmission as shareholders prefer other uses for their capital.

Outgoing FCC chairman Julius Genachowski is not spared: "the carriers knew he was thin-skinned...they figured all they had to do was rattle his cage and they would get what they wanted".

Superlawyer and Comcast lobbyist David Cohen (huge donor to Dem candidates notes the author) was the man who greased all the wheels to get the NBC deal done. Herb Kohl and Al Franken were the most prominent of the few members of congress who dared question the deal.

David says

Available as a 12.5-hour audiobook in the usual formats.

I remember a movie once in which a high school student said he didn't know what was wrong with high school but it sucked and it shouldn't suck. This reflects my feeling about internet connectivity in the United States. In the last ten years, I've lived in Bulgaria and Vietnam, and internet connectivity is much more reliable than my homeland, even though the US is, by any measure, much wealthier.

This book demonstrates that it takes more time and attention than most people can spare to understand why. The people who are profiting obscenely from the unnecessarily crummy service you receive are hoping that you'll get bored and pay top dollar just to sit on the couch and watch tonight's broadcast of whatever set of overpaid jocks for which you feel an inexplicable affection, greater than for your community and perhaps even your family, even though none of them would cross the street for you, even if doing so would save your life.

I guess I should stop to wipe the spittle off my computer screen about now and note that audiobook is probably not the best way to experience this necessary book, because of the bewildering variety of technical terms and bureaucratic alphabet soup, all of which – no joke – are necessary to understand to get the bottom of this. To understand why US internet service is so crummy, you must go 'way back and understand the analog situation of the US railroad business 125 years ago or more, and then march through a history of cable television from its very beginnings. I knew it was necessary, but some days were just too aggravating to force myself to do it.

MisterLiberry Head says

The author is a former special assistant to President Obama for science, technology & innovation whom I first saw on "Bill Moyers & Company" on PBS. This is an informative must-read for anyone who (like me) hates their cable TV and wireless service but needs better-informed reasons.

Crawford meticulously explains how our political pashas empowered a powerful media oligarchy to put profit ahead of the public interest--gaming the system, arbitrarily raising prices (why do we have to pay for a menu of channels, esp. SPORTS channels, we don't watch?) and strangling attempts at opening the "free" market to genuine competition. Sadly, telecommunications is another thing--like soccer & public transportation & affordable health care--that the U.S. doesn't do as well as Europe. Crawford says Americans in big cities pay more money for slower Internet speeds than do consumers even in Japan or South Korea, while rural Americans scarcely get high-speed access at all. The "digital divide," she argues, is

reflective of our deepening economic inequality, while our gift of a broadband/wireless monopoly to a few clumsy conglomerates is an injustice to democracy on the scale of the late-19th-century "Gilded Age" monopolies busted by Teddy Roosevelt.

Comcast (I dumped them as my provider after the major hurricane before last) is examined as a case study for all gravy-sucking, arrogant, inefficient communications companies. A dozen things are deeply wrong about its recent merger with NBC/Universal.

I only wish the author wrote as comfortably as she conversed with Bill Moyers. The writing in *CAPTIVE AUDIENCE* is generally hard to enjoy, opaque and always much too wonky-jargon-filled. I want to say "Hey, Ms. Crawford, relax!--we know you're a super-smart expert, but a book about barriers to communications shouldn't itself be one."

Jeffrey Hart says

The subject is how we got ourselves into this telecommunications mess where most people depend on a monopolistic cable pay tv provider for their (overpriced) high-speed Internet connection, despite the fact that those very cable companies (yes, Comcast, I am talking about you) are capable of, and have in the past engaged in, anti-competitive practices. The beginning of the book compares the telecom mess with earlier ones (railroads, in particular), making clear that anti-trust and competition law was crucial to the develop of a competitive world-class transportation system. Then it focuses on the rise of cable television, and the growing dependence of the country on a very small number of firms for digital infrastructure. In the 1990s, the head of the Federal Communications Commission believed, erroneously, that the future of high-speed broadband Internet access would be assured if the telephone, cable, satellite, and wireless companies would compete with one another. But because the telephone companies opted for copper wire with digital subscriber line (DSL) modems, while the cable companies created a fiber optics backbone with local connections based on cable modems, most consumers would opt for cable modems over DSL modems. In addition, the cable companies unlike the telephone companies were not subjected to the "common carriage" provisions of the Telecommunications Act of 1996. Neither felt the need to invest in fiber to the home systems that countries like Finland, Japan, and South Korea have. Meanwhile, services like Comcast's Xfinity everywhere may assure the cable companies the ability to dominate the mobile Internet way into the future. Susan Crawford is clear about what needs to be done to remedy this situation, but also clear-eyed about the difficulty of getting it done. To summarize, this is a great and very readable book about something that is important for every U.S. citizen to understand. If you are worried about net neutrality, and you should be, this book gets at the root of the problem. We need more legislators who "get it" like Herb Kohl, Al Franken, Ed Markey, Elizabeth Warren, and Ron Wyden in Congress to prevent things from getting even worse.

Glenn says

This is a highly informative and well-researched book, but I probably won't finish it - it has become quite tedious and is already out of date in some key areas. I think it's important to be informed about the terrible state of our internet and TV content delivery systems and to know that we are prisoners of this insidious industry. But perhaps you should start by seeking out the Bill Moyers interview with Susan Crawford.

Ben Chase says

A fascinating read. Crawford certainly has a vision that she's pushing, but I think it's a great one. Internet connectivity has become essential for American citizens and businesses. It's too important to be left to a few conglomerates that refuse to expand to new areas, invest in infrastructure, and lower their prices. Instead, these companies are trying to prevent competition and artificially drive up the value of their service by monopolizing content and spectrum.

The book can be a bit dense at times if you're not used to reading about business and politics, but it's accessible enough for people outside of those fields and all of the political dealings and business tactics build nicely into a clear vision of network connectivity as a utility which we, as a country, have a duty to make accessible and affordable to as many people as possible if we want to sustain growth and innovation.

(Also, don't worry, about 40% of the book is notes. It's a much quicker read than you'd think.)

Max F says

Fantastic book about the alarming state of affairs in today's domestic telecom industry. Although certain points are repeated again and again, the book is very well written - Susan Crawford presents her case in a logical and coherent way that telecom and non-telecom readers will easily follow. It's an eye opener for anyone who wonders why the monthly cable/wireless bill is so high. And it's a call to action for anyone who feels that the FCC and other regulators have become impotent in the face of deep pockets and revolving door politician-lobbyists.

Lauren says

I heard Ms. Crawford interviewed several months ago, and I really enjoyed the interview. I went into this book expecting to like it as much as I enjoyed her interview. I didn't.

Ms. Crawford knows her subject. She is a plethora of information on the American telecom industry. Her thesis, despite what some people might expect, is solidly pro-business and pro-innovation. She argues that the current state of affairs is hindering rather than helping capitalism, while at no point dismissing left-leaning arguments, including socioeconomic concerns and monopoly power. Best of all, she has the knowledge and skill to make these seemingly disparate arguments work as a single unit.

All of this helps explain why her interview was as good as it was. But this book is so, so repetitive, something not helped by the haphazard organizational structure. The planned structure – using the Comcast / NBC merger as the centering element – exacerbates this problem. Most frustrating, she skipped over some of the foundational elements – or put them towards the end of the book – rather than starting with a primer of the technology. The effect was – quite unintentionally – that the discussion between the technology and the business of running that technology were not the interlocking narrative I expected.

It's worth listening to Susan Crawford. One or two articles pop up weekly that underline her point. But save the time and check out an interview or article rather than this book. Not recommended.

Art Neill says

This book provides great insight into the shape of communications in the United States. Communications discussions can quickly get highly technical, but this book lays out the case for treating high speed, affordable, ubiquitous internet access as a basic public utility and necessity for all Americans in the 21st century. We've fallen behind other countries in broadband speed, access, and affordability, and we're leaving many lower income and rural Americans out of even our current Second-tier access.

Also, while there is a dark picture painted here and some very real analogies to unregulated monopolies (railroads, early electric utilities), thankfully there are some solutions presented. The solutions to the current monopolized and oligopolized(?) markets which have lead to Americans paying more for less broadband internet require brave individuals who will shoulder the political consequences of advocating for a change.

The two key fixes are

- 1) Reverse the FCC's foolhardy decisions a decade ago to stop regulating broadband internet, and restore the FCC real authority via reclassification of broadband under Title II AND
- 2) Local towns and municipalities (Chattanooga and Kansas City are examples) must take it upon themselves to create infrastructure for truly high speed (ie 1Gigabit) that reaches all citizens in their jurisdiction.

The basic idea that internet is a necessary utility and access (as to Electricity and Water) produces countless economic externalities is an idea whose time as come. Fiber makers Corning suggest it would take \$50-\$80 billion bring fiber to all of America, and the Defense Department spends \$80 Billion on new weapons system research in one year. Countries like Korea set goals of universal 1 Gigabit access to all homes by 2012, while we set a goal (in our National Broadband Plan) of 4Megabits down, 1 Megabit up by 2020?

It's really time to wake up and make this an issue America.

Amy says

<http://thedianerehmshow.org/shows/201...>

Mike Nyerges says

Anyone interested in Net Neutrality in the U.S., or the country's emerging cable and wireless broadband monopolies, or the proposed merger of Comcast and Time Warner Cable, should read this book.

Susan Crawford, who is a law professor at the Benjamin N. Cardozo School of Law in New York City and specializes in telecommunications and information law, and who served as an ICANN board member and Special Assistant for Science, Technology, and Innovation Policy for the Obama Administration, examines the merger of Comcast and NBC Universal, which was approved in 2011, and places it in the full, overall

and legal context of U.S. telecommunications, beginning in the 19th century--tracing electrification, then telephone, then broadcasting, then cable. The narrative is full and detailed and flows. Makes a fascinating read. It's an impressive piece of scholarship too, sources are exhaustively cited in the back, in a 70-page section of the book.

The rise of Comcast drives the analysis as it has in shaping the country's broadband. A brilliant and, in many ways, admirable company, but seen as having a heavy, (some would say too-dominant), hand in broadband and TV-Everywhere, and service is increasingly falling behind other nations in cost and speed. Years of deregulation and we're left with a pair of duopolies who deal the cards.

She examines the failed merger of AOL and Time Warner and reviews the rise and current role of wireless, including AT&T's failed attempt to purchase T-Mobile.

Underlying all this is the fundamental question why the essential importance of the Internet in communications and economic development hasn't been recognized in national policy as electricity or telephone as it was in the past. Such recognition supported policies that ensured universal and affordable access across the U.S.

Instead, a blind faith in private markets has resulted in a broadband industry that is increasingly anti-competitive and lacks governmental oversight, and the book details how the industry has repeatedly short-circuited regulation. Pushed up fees. Increased their return, slowed investment to the tune of wall street bankers. Buying up share and increasing yield.

She claims that U.S. regulators, in fact, don't collect data on the number of cable subscribers, or on cable revenues, costs and service outages, or on any quality of service issue. So even if there was the political will for the FCC to reclassify broadband as a common carrier under Title II of the Telecommunications Act of 1996, as many in the U.S. desire, ensuring universal and affordable access to broadband in the U.S. would still be years in the making. Anyone who believes this is the direction in which we none-the-less need to move, would be well served by Crawford's book: *Captive Audience: The Telecom Industry and Monopoly Power in the New Gilded Age*.

-Mike

Zac Chase says

I finished reading Susan Crawford's *Captive Audience: The Telecom Industry and Monopoly Power in the New Gilded Age*. Now, I want everyone to read it. More than that, I think everyone should read it.

In a goodreads status update as I was reading, I noted that I was learning more in the book than I remember learning from any of my high school or undergraduate history classes. Perhaps this feeling comes from the fact that Crawford has taken as her focus something that is immediately important to my life and the lives of anyone else living in contemporary society - information and the way we gain access to it.

Traditionally, such books focus on media corporations and their editorial approach to the way newscasts are crafted or what they don't tell their audiences about given events. While Crawford touches on this lightly, her focus is more on the tubes through which the information travels, who owns them, and the regulation of all of it.

More specifically, the lack of regulation. Crawford draws appropriate comparisons between America's first

Gilded Age and the evolution of how the public and subsequently the government came to think of utilities like the railroads, electricity, water, and the telephones. While information tubes, specifically wired and wireless Internet access provide quite similar services and have taken a place of necessity in people's lives, Crawford documents a series of missteps by regulatory committees in assigning the same common carriage expectations to information infrastructure that it has historically applied to the above utilities.

The result has become a sub-par, monopolized, inequitable information network that lags behind many developing nations.

What I appreciated more than the historical context of the book was the accessibility of the content. One goodreads commenter noted that this was a topic about which he was interested and saw as important, but he hadn't found a way in to the information.

In this realm, as with her blog, Crawford succeeded tremendously.

The machinations of the corporate world are of great import as I learned in my brief stint as a financial journalist, but the difficulty lies in crafting narratives about those goings on that can call to attention an audience outside of the financial and business field.

Here, Crawford succeeds again. Each piece is logically presented and embedded in a storyline that presents readers with characters and actions that are understandable. While certainly a presentation of information and facts, *Captive Audience* is also written in such a way that those facts and information are part of a story.

It's a frightening story with antagonists that seem too immense for the typical citizen to move against. The events and actions are presented as "Here are the things that are being done to you," and "Here is where your representatives are failing to act on your behalf."

This is where I found myself needing one more chapter or some supplemental material as I concluded the book. Crawford ends with a possible blueprint for a way forward that would provide the type of access and infrastructure that would break the monopolies and better serve American citizens, but she stops short of advising what those citizens who might not be elected officials or philanthropists can do to affect change.

While I put the book down feeling more informed and ready to engage, I am still unsure as to what I can do to act on that engagement.

Crawford has written an important, thoughtful, and eye-opening book. It is to the benefit of anyone with an Internet connection to pick it up and read it. I'm certainly glad I did.
