Captured Agency:

How the Federal Communications Commission Is Dominated by the Industries It Presumably Regulates

by Norm Alster



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Chapter One: The Corrupted Network

Renee Sharp seemed proud to discuss her spring 2014 meeting with the Federal Communications Commission.

As research director for the non-profit Environmental Working Group, Sharp doesn't get many chances to visit with the FCC. But on this occasion she was able to express her concerns that lax FCC standards on radiation from wireless technologies were especially hazardous for children.

The FCC, however, should have little trouble dismissing those concerns.

Arguing that current standards are more than sufficient and that children are at no elevated risk from microwave radiation, wireless industry lobbyists don't generally have to set up appointments months in advance. They are at the FCC's door night and day.

Indeed, a former executive with the Cellular Telecommunications Industry Association (CTIA), the industry's main lobbying group, has boasted that the CTIA meets with FCC officials "500 times a year."¹

Sharp does not seem surprised. "There's no question that the government has been under the influence of industry. The FCC is a captured agency," she said.²

Captured agency.

That's a term that comes up time and time again with the FCC. Captured agencies are essentially controlled by the industries they are supposed to regulate. A detailed look at FCC actions—and non-actions—shows that over the years the FCC has granted the wireless industry pretty much what it has wanted. Until very recently it has also granted cable what it wants. More broadly, the FCC has again and again echoed the lobbying points of major technology interests.

Money—and lots of it—has played a part. The National Cable and Telecommunications Association (NCTA) and CTIA have annually been among Washington's top lobbying spenders. CTIA alone lobbied on at least 35 different Congressional bills through the first half of 2014. Wireless market leaders AT&T and Verizon work through CTIA. But they also do their own lobbying, spending nearly \$15 million through June of 2014, according to data from the Center for Responsive Politics (CRP). In all, CTIA, Verizon, AT&T, T-Mobile USA, and Sprint spent roughly \$45 million lobbying in 2013. Overall, the Communications/Electronics sector is one of Washington's super heavyweight lobbyists, spending nearly \$800 million in 2013-2014, according to CRP data.

But direct lobbying by industry is just one of many worms in a rotting apple. The FCC sits at the core of a network that has allowed powerful moneyed interests with limitless access a variety of ways to shape its policies, often at the expense of fundamental public interests.

As a result, consumer safety, health, and privacy, along with consumer wallets, have all been overlooked, sacrificed, or raided due to unchecked industry influence. The cable industry has consolidated into giant local monopolies that control pricing while leaving consumers little choice over content selection. Though the FCC has only partial responsibility, federal regulators have allowed the Internet to grow into a vast hunting grounds for criminals and commercial interests: the go-to destination for the surrender of personal information, privacy and identity. Most insidious of all, the wireless industry has been allowed to grow unchecked and virtually unregulated, with fundamental questions on public health impact routinely ignored.

Industry controls the FCC through a soup-to-nuts stranglehold that extends from its wellplaced campaign spending in Congress through its control of the FCC's Congressional oversight committees to its persistent agency lobbying. "If you're on a committee that regulates industry you'll be a major target for industry," said Twaun Samuel, chief of staff for Congresswoman Maxine Waters.³ Samuel several years ago helped write a bill aimed at slowing the revolving door. But with Congress getting its marching orders from industry, the bill never gained any traction.

Industry control, in the case of wireless health issues, extends beyond Congress and regulators to basic scientific research. And in an obvious echo of the hardball tactics of the tobacco industry, the wireless industry has backed up its economic and political power by stonewalling on public relations and bullying potential threats into submission with its huge standing army of lawyers. In this way, a coddled wireless industry intimidated and silenced the City of San Francisco, while running roughshod over local opponents of its expansionary infrastructure.

On a personal level, the entire system is greased by the free flow of executive leadership between the FCC and the industries it presumably oversees. Currently presiding over the FCC is Tom Wheeler, a man who has led the two most powerful industry lobbying groups: CTIA and NCTA. It is Wheeler who once supervised a \$25 million industry-funded research effort on wireless health effects. But when handpicked research leader George Carlo concluded that wireless radiation did raise the risk of brain tumors, Wheeler's CTIA allegedly rushed to muffle the message. "You do the science. I'll take care of the politics," Carlo recalls Wheeler saying.⁴

Wheeler over time has proved a masterful politician. President Obama overlooked Wheeler's lobbyist past to nominate him as FCC chairman in 2013. He had, after all, raised more than \$700,000 for Obama's presidential campaigns. Wheeler had little trouble earning confirmation from a Senate whose Democrats toed the Presidential line and whose Republicans understood Wheeler was as industry-friendly a nominee as they could get. And while Wheeler, at the behest of his Presidential sponsor, has taken on cable giants with his plans for net neutrality and shown some openness on other issues, he has dug in his heels on wireless.

Newly ensconced as chairman of the agency he once blitzed with partisan pitches, Wheeler sees familiar faces heading the industry lobbying groups that ceaselessly petition the FCC. At CTIA, which now calls itself CTIA - The Wireless Association, former FCC commissioner Meredith Atwell Baker is in charge.

Wireless and Cable Industries Have the FCC Covered



And while cell phone manufacturers like Apple and Samsung, along with wireless service behemoths like Verizon and AT&T, are prominent CTIA members, the infrastructure of 300,000 or more cellular base stations and antenna sites has its own lobbying group: PCIA, the Wireless Infrastructure Association. The President and CEO of PCIA is Jonathan A delstein, another former FCC commissioner. Meanwhile, the cable industry's NCTA employs former FCC chairman Michael Powell as its president and CEO. Cozy, isn't it?

FCC commissioners in 2014 received invitations to the Wireless Foundation's May 19th A chievement Awards Dinner. Sounds harmless, but for the fact that the chief honoree at the dinner was none other than former wireless lobbyist but current FCC Chairman Tom Wheeler. Is this the man who will act to look impartially at the growing body of evidence pointing to health and safety issues?

The revolving door also reinforces the clout at another node on the industry-controlled influence network. Members of congressional oversight committees are prime targets of

industry. The cable industry, for example, knows that key legislation must move through the Communications and Technology Subcommittee of the House Energy and Commerce Committee. Little wonder then that subcommittee chairman Greg Walden was the second leading recipient (after Speaker John Boehner) of cable industry contributions in the last six years (through June 30, 2014). In all, Walden, an Oregon Republican, has taken over \$108,000 from cable and satellite production and distribution companies.⁵ But he is not alone. Six of the top ten recipients of cable and satellite contributions sit on the industry's House oversight committee. The same is true of senators on the cable oversight committee. Committee members were six of the ten top recipients of campaign cash from the industry.⁶

Cable & Satellite Campaign Contributions Top House Recipients Funded

Recipient	Amount
John A. Boehner	\$135,425
Greg Walden	\$108,750
Bob Goodlatte	\$93,200
John Conyers Jr.	\$84,000
Mike Coffman	\$82,137
Fred Upton	\$73,500
Lee Terry	\$65,916
Henry A. Waxman	\$65,000
Cory Gardner	\$64,500
Anna G. Eshoo	\$60,500

Cellular Industry Campaign Contributions

Top House Recipients Funded

Recipient	Amount
Henry A. Waxman	\$41,500
Scott H. Peters	\$40,300
Greg Walden	\$35,750
Fred Upton	\$32,250
Bob Goodlatte	\$31,250
Lee Terry	\$29,600
Anna G. Eshoo	\$27,000
Doris O. Matsui	\$25,500
John Shimkus	\$24,000
Peter J. Roskam	\$21,100

Cable & Satellite Campaign Contributions

Top Senate Recipients Funded

Recipient	Amount
Edward J. Markey	\$320,500
Kirsten E. Gillibrand	\$194,125
Mitch McConnell	\$177,125
Harry Reid	\$175,600
Charles E. Schumer	\$175,450
Mark L. Pryor	\$172,950
Michael F. Bennet	\$159,000
Richard Blumenthal	\$148,800
Claire McCaskill	\$138,185
Mark Udall	\$136,625

Cellular Industry Campaign Contributions

Top Senate Recipients Funded

Recipient	Amount
Edward J. Markey	\$155,150
Mark R. Warner	\$74,800
Harry Reid	\$73,600
Mark L. Pryor	\$71,900
Roy Blunt	\$57,400
John McCain	\$56,261
Charles E. Schumer	\$53,300
Roger F. Wicker	\$51,300
Barbara Boxer	\$49,578
Kelly Ayotte	\$43,333

The compromised FCC network goes well beyond the revolving door and congressional oversight committees. The Washington social scene is one where money sets the tone and throws the parties. A look at the recent calendar of one current FCC commissioner shows it would take very disciplined and almost saintly behavior on the part of government officials to resist the lure of lavishly catered dinners and cocktail events. To paraphrase iconic investigative journalist I.F. Stone, if you're going to work in Washington, bring your chastity belt.

All that free liquor, food and conviviality translates into the lobbyist's ultimate goal: access. "They have disproportionate access," notes former FCC commissioner Michael Copps. "When you are in a town where most people you see socially are in industry, you don't have to ascribe malevolent behavior to it," he added.⁷

Not malevolent in motive. But the results can be toxic. And blame does not lie solely at the feet of current commissioners. The FCC's problems predate Tom Wheeler and go back a long way.

Indeed, former Chairman Newton Minow, enduringly famous for his 1961 description of television as a "vast wasteland," recalls that industry manipulation of regulators was an issue even back then. "When I arrived, the FCC and the communications industry were both regarded as cesspools. Part of my job was to try to clean it up."⁸

More than 50 years later, the mess continues to pile up.

Chapter Two: Just Don't Bring Up Health

Perhaps the best example of how the FCC is tangled in a chain of corruption is the cell tower and antenna infrastructure that lies at the heart of the phenomenally successful wireless industry.

It all begins with passage of the Telecommunications Act of 1996, legislation once described by South Dakota Republican senator Larry Pressler as "the most lobbied bill in history." Late lobbying won the wireless industry enormous concessions from lawmakers, many of them major recipients of industry hard and soft dollar contributions. Congressional staffers who helped lobbyists write the new law did not go unrewarded. Thirteen of fifteen staffers later became lobbyists themselves.⁹

Section 332(c)(7)(B)(iv) of the Act remarkably—and that adverb seems inescapably best here—wrests zoning authority from local governments. Specifically, they cannot cite health concerns about the effects of tower radiation to deny tower licenses so long as the towers comply with FCC regulations.

Congress Silences Public

Section 332(c)(7)(B)(iv) of the Communications Act provides:

No State or local government or instrumentality thereof may regulate the placement, construction, and modification of personal wireless service facilities on the basis of the environmental effects of radio frequency emissions to the extent that such facilities comply with the Commission's regulations concerning such emissions.

In preempting local zoning authority—along with the public's right to guard its own safety and health— Congress unleashed an orgy of infrastructure build-out. Emboldened by the government green light and the vast consumer appetite for wireless technology, industry has had a free hand in installing more than 300,000 sites. Church steeples, schoolyards, school rooftops, even trees can house these facilities.

Is there any reason to believe that the relatively low level radiofrequency emissions of these facilities constitute a public health threat? Certainly, cell phones themselves, held close to the head, have been the focus of most concern on RF emissions. Since the impact of RF diminishes with distance, industry advocates and many scientists dismiss the possibility that such structures pose health risks.

But it's not really that simple. A troubling body of evidence suggests exposure to even low emission levels at typical cellular frequencies between 300 MHz and 3 GHz can have a wide range of negative effects.

In a 2010 review of research on the biological effects of exposure to radiation from cell tower base stations, B. Blake Levitt and Henry Lai found that "some research does exist to warrant caution in infrastructure siting."¹⁰ They summarized the results on one 2002 study that compared the health of 530 people living at various distances within 300 meters of cell towers with a control group living more than 300 meters away. "Results indicated increased symptoms and complaints the closer a person lived to a tower. At <10 m, symptoms included nausea, loss of appetite, visual disruptions, and difficulties in moving. Significant differences were observed up through 100 m for irritability, depressive tendencies, concentration difficulties, memory loss, dizziness, and lower libido."¹¹

A 2007 study conducted in Egypt found similar results. Levitt and Lai report, "Headaches, memory changes, dizziness, tremors, depressive symptoms, and sleep disturbance were significantly higher among exposed inhabitants than controls."¹²

Beyond epidemiological studies, research on a wide range of living things raises further red flags. A 2013 study by the Indian scientists S. Sivani and D. Sudarsanam reports: "Based on current available literature, it is justified to conclude that RF-EMF [electro magnetic fields] radiation exposure can change neurotransmitter functions, blood-brain barrier, morphology, electrophysiology, cellular metabolism, calcium efflux, and gene and protein expression in certain types of cells even at lower intensities."¹³

The article goes on to detail the effects of mobile tower emissions on a wide range of living organisms: "Tops of trees tend to dry up when they directly face the cell tower antennas. . . . A study by the Centre for Environment and Vocational Studies of Punjab University noted that embryos of 50 eggs of house sparrows were damaged after being exposed to mobile tower radiation for 5-30 minutes. . . . In a study on cows and calves on the effects of exposure from mobile phone base stations, it was noted that 32% of calves developed nuclear cataracts, 3.6% severely."¹⁴

Does any of this constitute the conclusive evidence that would mandate much tighter control of the wireless infrastructure? Not in the estimation of industry and its captured agency. Citing other studies—often industry-funded—that fail to establish health effects, the wireless industry has dismissed such concerns. The FCC has typically echoed that position.

Keep in mind that light regulation has been one factor in the extraordinary growth of wireless—CTIA says exactly that in a Web post that credits the Clinton Administrations light regulatory touch.

July 25, 2013

CTIA is an international nonprofit trade association that has represented the wireless communications industry since 1984.

But our position as the world's leader was no accident. It started with the Clinton Administration that had the foresight to place a "light regulatory touch" on the wireless industry, which was in its infancy at the time. That light touch has continued through multiple Administrations.

Obviously, cellular technology is wildly popular because it offers many benefits to consumers. But even allowing for that popularity and for the incomplete state of science, don't some of these findings raise enough concern to warrant some backtracking on the ham-fisted federal preemption of local zoning rights?

In reality, since the passage of the 1996 law, the very opposite has occurred. Again and again both Congress and the FCC have opted to stiffen—rather than loosen—federal preemption over local zoning authority. In 2009, for example, the wireless industry convinced the FCC to impose a "shot clock" that requires action within 90 days on many zoning applications. "My sense is that it was an industry request," said Robert Weller, who headed up the FCC's Office of Engineering and Technology when the shot clock was considered and imposed.¹⁵

And just last November, the FCC voted to further curb the rights of local zoning officials to control the expansion of antenna sites Again and again, Congress and the FCC have extended the wireless industry carte blanche to build out infrastructure no matter the consequences to local communities.

The question that hangs over all this: would consumers' embrace of cell phones and Wi-Fi be quite so ardent if the wireless industry, enabled by its Washington errand boys, hadn't so consistently stonewalled on evidence and substituted legal intimidation for honest inquiry? (See Appendix for online study of consumer attitudes on wireless health and safety.)

Document searches under the Freedom of Information Act reveal the central role of Tom Wheeler and the FCC in the tower siting issue. As both lobbyist and FCC chairman, Wheeler has proved himself a good friend of the wireless industry.

In January of 1997, CTIA chieftain Wheeler wrote FCC Wireless Telecommunications Bureau Chief Michele C. Farquhar citing several municipal efforts to assert control over siting. Wheeler, for example, asserted that one New England state had enacted a law requiring its Public Service Commissioner to issue a report on health risks posed by wireless facilities.¹⁶ He questions whether such a study—and regulations based on its results—would infringe on FCC preemption authority.

FCC bureau chief Farquhar hastily reassured Wheeler that no such study could be consulted in zoning decisions. "Therefore, based on the facts as you have presented them, that portion of the statute that directs the State Commissioner to recommend regulations based upon the study's findings would appear to be preempted,"¹⁷ the FCC official wrote to Wheeler. She emphasized that the state had the right to do the study. It just couldn't deny a siting application based on anything it might learn.

The FCC in 1997 sent the message it has implicitly endorsed and conveyed ever since: study health effects all you want. It doesn't matter what you find. The build-out of wireless cannot be blocked or slowed by health issues.

Now let's fast forward to see Wheeler on the other side of the revolving door, interacting as FCC chairman with a former FCC commissioner who is now an industry lobbyist.

A March 14, 2014 letter¹⁸ reveals the chummy relationship between Wheeler and former commissioner Jonathan Adelstein, now head of PCIA, the cellular infrastructure lobbying group. It also references FCC Chairman Wheeler seeking policy counsel from lobbyist Adelstein:

Wheeler Still Willing to Help

From: Jonathan Adelstein [mailto:adelstein@pcia.com] Sent: Friday, March 14, 2014 12:24 PM To: Cc: Renee Gregory; Jonathan Campbell Subject: How to Spur Wireless Broadband Deployment

Tom – It was great to see you the other night at the FCBA event, and wonderful to see how much fun you're having (if that's the right word). I know I enjoyed my time there (thanks to your help with Daschle in getting me that role in the first place!).

Thanks for asking how we think the FCC can help spur wireless broadband deployment. The infrastructure proceeding perfectly tees up many of the top issues the FCC needs to address. As you requested, I've summarized briefly in the attached letter some of the key steps you can take now.

"Tom – It was great to see you the other night at the FCBA event, and wonderful to see how much fun you're having (if that's the right word). I know I enjoyed my time there (thanks to your help with Daschle in getting me that role in the first place!)."

"Thanks for asking how we think the FCC can help spur wireless broadband deployment," the wireless lobbyist writes to the ex-wireless lobbyist, now running the FCC. Adelstein's first recommendation for FCC action: "Amend its rules to categorically exclude DAS and small deployments [Ed. note: these are compact tower add-ons currently being widely deployed] from environmental and historic review." Adelstein outlined other suggestions for further limiting local antenna zoning authority and the FCC soon did its part. Late last year, the agency proposed new rules that largely (though not entirely) complied with the antenna industry's wish list.

James R. Hobson is an attorney who has represented municipalities in zoning issues involving the FCC. He is also a former FCC official, who is now of counsel at Best, Best and Krieger, a Washington-based municipal law practice. "The FCC has been the ally of industry," says Hobson. Lobbyist pressure at the FCC was intense even back in the 70s, when he was a bureau chief there. "When I was at the FCC, a lot of my day was taken up with appointments with industry lobbyists." He says of the CTIA that Wheeler once headed: "Their reason for being is promoting the wireless industry. And they've been successful at it."¹⁹

The FCC's deferential compliance has allowed industry to regularly bypass and if necessary steamroll local authorities. Violation of the FCC-imposed "shot clock," for example, allows the wireless license applicant to sue.

The FCC's service to the industry it is supposed to regulate is evidently appreciated. The CTIA web site, typically overflowing with self-congratulation, spreads the praise around in acknowledging the enabling contributions of a cooperative FCC. In one brief summation of its own glorious accomplishments, CTIA twice uses the word "thankfully" in describing favorable FCC actions.

In advancing the industry agenda, the FCC can claim that it is merely reflecting the will of Congress. But the agency may not be doing even that.

Remember the key clause in the 96 Telecom Act that disallowed denial of zoning permits based on health concerns? Well, federal preemption is granted to pretty much any wireless outfit on just one simple condition: its installations must comply with FCC radiation emission standards. In view of this generous carte blanche to move radiation equipment into neighborhoods, schoolyards and home rooftops, one would think the FCC would at the very least diligently enforce its own emission standards. But that does not appear to be the case.

Indeed, one RF engineer who has worked on more than 3,000 rooftop sites found vast evidence of non-compliance. Marvin Wessel estimates that "10 to 20% exceed allowed radiation standards."²⁰ With 30,000 rooftop antenna sites across the U.S. that would mean that as many as 6,000 are emitting radiation in violation of FCC standards. Often, these emissions can be 600% or more of allowed exposure levels, according to Wessel.

Antenna standards allow for higher exposure to workers. In the case of rooftop sites, such workers could be roofers, painters, testers and installers of heating and air conditioning

equipment, to cite just a few examples. But many sites, according to Wessel, emit radiation at much higher levels than those permitted in occupational standards. This is especially true of sites where service providers keep adding new antenna units to expand their coverage. "Some of these new sites will exceed ten times the allowable occupational radiation level," said Wessel.²¹ Essentially, he adds, this means that nobody should be stepping on the roof.

"The FCC is not enforcing its own standard," noted Janet Newton, who runs the EMF Policy Institute, a Vermont-based non-profit. That group several years ago filed 101 complaints on specific rooftop sites where radiation emissions exceeded allowable levels. "We did this as an exercise to hold the FCC's feet to the fire," she said. But the 101 complaints resulted in few responsive actions, according to Newton.²²

Former FCC official Bob Weller confirms the lax—perhaps negligible is the more appropriate word—FCC activity in enforcing antenna standards. "To my knowledge, the enforcement bureau has never done a targeted inspection effort around RF exposure," he said.²³ Budget cuts at the agency have hurt, limiting the FCC's ability to perform field inspections, he added. But enforcement, he adds, would do wonders to insure industry compliance with its limited regulatory compliance requirements. "If there were targeted enforcement and fines issued the industry would pay greater attention to ensuring compliance and self-regulation," he allowed.

Insurance is where the rubber hits the road on risk. So it is interesting to note that the rating agency A.M. Best, which advises insurers on risk, in 2013 topped its list of "emerging technology-based risks" with RF Radiation:

"The risks associated with long-term use of cell phones, although much studied over the past 10 years, remain unclear. Dangers to the estimated 250,000 workers per year who come in close contact with cell phone antennas, however, are now more clearly established. Thermal effects of the cellular antennas, which act at close range essentially as open microwave ovens can include eye damage, sterility and cognitive impairments. While workers of cellular companies are well trained on the potential dangers, other workers exposed to the antennas are often unaware of the health risks. The continued exponential growth of cellular towers will significantly increase exposure of these workers and others coming into close contact with high-energy cell phone antenna radiation," A.M. Best wrote.²⁴

So what has the FCC done to tighten enforcement? Apparently, not very much. Though it does follow up on many of the complaints filed against sites alleged to be in violation of standards it takes punitive actions very rarely. (The FCC did not provide answers to written questions on details of its tower enforcement policies.)

The best ally of industry and the FCC on this (and other) issues may be public ignorance.

An online poll conducted for this project asked 202 respondents to rate the likelihood of a series of statements.²⁵ Most of the statements were subject to dispute. Cell phones raise the risk of certain health effects and brain cancer, two said. There is no proof that cell phones are harmful, another declared. But among the six statements there was one statement of indisputable fact: "The U.S. Congress forbids local communities from considering health effects when deciding whether to issue zoning permits for wireless antennae," the statement said.

Though this is a stone cold fact that the wireless industry, the FCC and the courts have all turned into hard and inescapable reality for local authorities, just 1.5% of all poll respondents replied that it was "definitely true."

Public ignorance didn't take much cultivation by the wireless industry on the issue of local zoning. And maybe it doesn't matter much, considering the enormous popularity of wireless devices. But let's see how public ignorance has been cultivated and secured—with the FCC's passive support—on the potentially more disruptive issue of mobile phone health effects.

Chapter Three: Wireless Bullies and the Tobacco Analogy

Issues of cable and net neutrality have recently attracted wide public attention (more on that in Chapter Six). Still, the bet here remains that future judgment of the FCC will hinge on its handling of wireless health and safety issues.

And while the tower siting issue is an egregious example of an industry-dominated political process run amuck, the stronger health risks appear to reside in the phones themselves. This is an issue that has flared up several times in recent years. Each time, industry has managed to beat back such concerns. But it's worth noting that the scientific roots of concern have not disappeared. If anything, they've thickened as new research substantiates older concerns.

The story of an FCC passively echoing an industry determined to play hardball with its critics is worth a further look. The CTIA's own website acknowledges the helpful hand of government's "light regulatory touch" in allowing the industry to grow.²⁶

Former congressman Dennis Kucinich ventures one explanation for the wireless industry's success in dodging regulation: "The industry has grown so fast its growth has overtaken any health concerns that may have gained attention in a slow growth environment. The proliferation of technology has overwhelmed all institutions that would have attempted safety testing and standards," Kucinich said.²⁷

But the core questions remain: Is there really credible evidence that cell phones emit harmful radiation that can cause human health problems and disease? Has the FCC done an adequate job in protecting consumers from health risks? Or has it simply aped industry stonewalling on health and safety issues?

Before wading into these questions, some perspective is in order.

First, there's simply no denying the usefulness and immense popularity of wireless technology. People depend on it for safety, information, entertainment and communication. It doesn't take a keen social observer to know that wireless has thoroughly insinuated itself into daily life and culture.

The unanswered question, though, is whether consumers would embrace the technology quite so fervently if health and safety information was not spun, filtered and clouded by a variety of industry tactics.

To gain some insight into this question, we conducted an online survey of 202 respondents, nearly all of whom own cell phones, on Amazon's Mechanical Turk Web platform (see <u>Appendix</u>). One striking set of findings: many respondents claim they would change behavior—reduce wireless use, restore landline service, protect their children—if claims on health dangers of wireless are true.

It is not the purpose of this reporter to establish that heavy cell phone usage is dangerous. This remains an extremely controversial scientific issue with new findings and revised scientific conclusions repeatedly popping up. Just months ago, a German scientist who had been outspoken in denouncing the view that cell phones pose health risks reversed course. In an April 2015 publication, Alexander Lerchl reported results confirming previous research on the tumor-promoting effects of electromagnetic fields well below human exposure limits for mobile phones. "Our findings may help to understand the repeatedly reported increased incidences of brain tumors in heavy users of mobile phones," the Lerchl team concluded.²⁸ And in May 2015, more than 200 scientists boasting over 2,000 publications on wireless effects called on global institutions to address the health risks posed by this technology.

But the National Cancer Institute still contends that no cell phone dangers have been established. A representative of NCI was the sole known dissenter among the 30 members of the World Health Organization's International Agency for Research on Cancer (IARC) when it voted to declare wireless RF "possibly carcinogenic."²⁹ If leading scientists still can't agree, I will not presume to reach a scientific conclusion on my own.

IARC RF working group: Official press release



International Agency for Research on Cancer



PRESS RELEASE N° 208

31 May 2011

IARC CLASSIFIES RADIOFREQUENCY ELECTROMAGNETIC FIELDS AS POSSIBLY CARCINOGENIC TO HUMANS

Lyon, France, May 31, 2011 -- The WHO/International Agency for Research on Cancer (IARC) has classified radiofrequency electromagnetic fields as **possibly carcinogenic to humans (Group 2B)**, based on an increased risk for **glioma**, a malignant type of brain cancer, associated with wireless phone use.

But let's at least look at some of the incriminating clues that health and biology research has revealed to date. And let's look at the responses of both industry and the FCC.

The most widely cited evidence implicating wireless phones concerns gliomas, a very serious type of brain tumor. The evidence of elevated risk for such tumors among heavy cell phone users comes from several sources.

Gliomas account for roughly half of all malignant brain tumors, which are relatively rare. The annual incidence of primary malignant brain tumors in the U.S. is only 8.2 per 100,000 people, according to the International Radio Surgery Association.

Still, when projected over the entire U.S. population, the public health impact is potentially very significant.

Assuming roughly four new glioma cases annually in the U.S. per 100,000 people, yields over 13,000 new cases per year over a total U.S. population of 330 million. Even a doubling of that rate would mean 13,000 new gliomas, often deadly, per year. A tripling, as some studies have found, could mean as many as 26,000 more new cases annually. Indeed, the respected online site Medscape in January 2015 reported results of Swedish research under the headline: *Risk for Glioma Triples With Long-Term Cell Phone Use.*³⁰

And here's some eye-opening quantitative perspective: the wars in Iraq and Afghanistan, waged now for more than a decade each, have together resulted in roughly 7,000 U.S. deaths.

Preliminary—though still inconclusive—research has suggested other potential negative health effects. Swedish, Danish and Israeli scientists have all found elevated risk of salivary gland tumors. One Israeli studied suggested elevated thyroid cancer risk. Some research has found that men who carry their phones in their pockets may suffer sperm count damage. One small study even suggests that young women who carry wireless devices in their bras are unusually vulnerable to breast cancer.

And while industry and government have never accepted that some portion of the population is unusually sensitive to electromagnetic fields, many people continue to complain of a broad range of symptoms that include general weakness, headaches, nausea and dizziness from exposure to wireless.

Some have suggested that the health situation with wireless is analogous to that of tobacco before court decisions finally forced Big Tobacco to admit guilt and pay up. In some ways, the analogy is unfair. Wireless research is not as conclusively incriminating as tobacco research was. And the identified health risks with wireless, significant as they are, still pale compared with those of tobacco.

But let's not dismiss the analogy outright. There is actually a very significant sense in which the tobacco-wireless analogy is uncannily valid.

People tend to forget that the tobacco industry—like the wireless industry—also adopted a policy of tone-deaf denial. As recently as 1998, even as evidence of tobacco toxicity grew overwhelming, cigarette maker Phillip Morris was writing newspaper advertorials insisting there was no proof smoking caused cancer.

It seems significant that the responses of wireless and its captured agency—the FCC feature the same obtuse refusal to examine the evidence. The wireless industry reaction features stonewalling public relations and hyper aggressive legal action. It can also involve undermining the credibility and cutting off the funding for researchers who do not endorse cellular safety. It is these hardball tactics that look a lot like 20th century Big Tobacco tactics. It is these hardball tactics—along with consistently supportive FCC policies—that heighten suspicion the wireless industry does indeed have something to hide.

Begin with some simple facts issuing from meta-analysis of cellular research. Dr. Henry Lai, emeritus professor of bioengineering at the University of Washington, has reviewed hundreds of published scientific papers on the subject. He wanted to see how many studies demonstrated that non-ionizing radiation produces biological effects beyond the heating of tissue. This is critical since the FCC emission standards protect only against heating. The assumption behind these standards is that there are no biological effects beyond heating.

But Dr. Lai found that just over half—actually 56%—of 326 studies identified biological effects. And the results were far more striking when Dr. Lai divided the studies between those that were industry-funded and those that were independently funded. Industry-funded research identified biological effects in just 28% of studies. But fully 67% of non-industry funded studies found biological effects (Insert Slide—Cell Phone Biological Studies).

A study conducted by Swiss and British scientists also looked at how funding sources affected scientific conclusions on the possible health effects of cell phone usage. They found that of studies privately funded, publicly funded and funded with mixed sponsorship, industry-funded studies were "least likely to report a statistically significant result."³¹ "The interpretation of results from studies of health effects of radiofrequency radiation should take sponsorship into account," the scientists concluded.³²

So how does the FCC handle a scientific split that seems to suggest bias in industrysponsored research?

In a posting on its Web site that reads like it was written by wireless lobbyists, the FCC chooses strikingly patronizing language to slight and trivialize the many scientists and health and safety experts who've found cause for concern. In a two page Web post titled "Wireless Devices and Health Concerns," the FCC four times refers to either "some health and safety interest groups," "some parties," or "some consumers" before in each case rebutting their presumably groundless concerns about wireless risk.³³ Additionally, the FCC site references the World Health Organization as among those organizations who've found that "the weight of scientific

evidence" has not linked exposure to radiofrequency from mobile devices with "any known health problems."

Yes, it's true that the World Health organization remains bitterly divided on the subject. But it's also true that a 30 member unit of the WHO called the International Agency for Research on Cancer (IARC) was near unanimous in pronouncing cell phones "possibly carcinogenic" in 2011. How can the FCC omit any reference to such a pronouncement? Even if it finds reason to side with pro-industry scientists, shouldn't this government agency also mention that cell phones are currently in the same potential carcinogen class as lead paint?

Now let's look a bit more closely at the troublesome but presumably clueless crowd of "some parties" that the FCC so cavalierly hastens to dismiss? Let's begin with **Lennart Hardell**, professor of Oncology and Cancer Epidemiology at the University Hospital in Oreboro, Sweden.

Until recently it was impossible to gain any real sense of brain tumor risk from wireless since brain tumors often take 20 or more years to develop. But the cohort of long-term users has been growing. In a study published in the International Journal of Oncology in 2013, Dr. Hardell and Dr. Michael Carlberg found that the risk of glioma—the most deadly type of brain cancer—rose with cell phone usage. The risk was highest among heavy cell phone users and those who began to use cell phones before the age of 20.³⁴

Indeed, those who used their phones at least 1640 hours (which would be roughly 30 minutes a day for nine years) had nearly three times the glioma incidence. Drs. Hardell and Carlberg also found that gliomas tend to be more deadly among heavy wireless callers.³⁵

Perhaps of greatest long-term relevance, glioma risk was found to be four times higher among those who began to use mobile phones as teenagers or earlier. These findings, along with the established fact that it generally takes decades for tumors induced by environmental agents to appear, suggest that the worst consequences of omnipresent wireless devices have yet to be seen.

In a 2013 paper published in *Reviews on Environmental Health*, Drs. Hardell and Carlberg argued that the 2011 finding of the IARC that identified cell phones as a "possibly carcinogenic" needs to be revised. The conclusion on radiofrequency electromagnetic fields from cell phones should now be "cell phones are not just a possible carcinogen." They can now be "regarded as carcinogenic to humans" and the direct cause of gliomas (as well as acoustic neuromas, a less serious type of tumor).³⁶ Of course, these views are not universally accepted.

The usual spin among industry supporters when presented with research that produces troubling results is along the lines of: "We might pay attention if the results are duplicated." In fact, the Hardell results were echoed in the French CERENAT study, reported in May of 2014. The CERENAT study also found higher risk among heavy users, defined as those using their phones at least 896 hours (just 30 minutes a day for five years). "These additional data support

previous findings concerning a possible association between heavy mobile phone use and brain tumors," the study concluded.³⁷

Cell phones are not the only wireless suspects. Asked what he would do if he had policymaking authority, Dr. Hardell swiftly replied that he would "ban wireless use in schools and preschools. You don't need Wi-Fi," he noted.³⁸ This is especially interesting in view of the FCC's sharply hiked spending to promote and extend Wi-Fi usage, as well as its consistent refusal to set more stringent standards for children (more on all this later). But for now let's further fill out the roster of the FCC's unnamed "some parties."

Martin Blank is a Special Lecturer in Physiology and Cellular Biophysics at Columbia University. Unlike Dr. Hardell, who looks at broad epidemiological effects over time, Dr. Blank sees cause for concern in research showing there is biological response at the cellular level to the type of radiation emitted by wireless devices. "The biology tells you unequivocally that the cell treats radiation as a potentially damaging influence," Dr. Blank said in a late 2014 interview.³⁹

"The biology tells you it's dangerous at a low level," he added. Though some results have been difficult to replicate, researchers have identified a wide range of cellular responses including genetic damage and penetration of the blood brain barrier. Dr. Blank specifically cited the "cellular stress response" in which cells exposed to radiation start to make proteins.

It is still not clear whether biological responses at the cellular level translate into human health effects. But the research seems to invalidate the basic premise of FCC standards that the only biological effect of the type of radiation produced by wireless devices is tissue heating at very high power levels. But the standards-setting agencies "ignore the biology," according to Dr. Blank. He describes the FCC as being "in industry's pocket."⁴⁰

Sweden's Lund University is annually ranked among the top 100 universities in the world. **Leif Salford** has been chairman of the Department of Neurosurgery at Lund since 1996. He is also a former president of the European Association for Neuro-Oncology. In the spring of 2000, Professor Salford told me that wireless usage constituted "the world's largest biological experiment ever."⁴¹

He has conducted numerous experiments exposing rats to cellular-type radiation. Individual experiments have shown the radiation to penetrate the blood-brain barrier, essential to protecting the brain from bloodstream toxins. Professor Salford also found that rats exposed to radiation suffered loss of brain cells. "A rat's brain is very much the same as a human's. They have the same blood-brain barrier and neurons. We have good reason to believe that what happens in rat's brains also happens in humans," he told the BBC in 2003. Dr. Salford has also speculated that mobile radiation could trigger Alzheimer's disease in some cases but emphasized that much more research would be needed to establish any such causal relationship. Does this man deserve to be dismissed as one of a nameless and discredited group of "some parties?"

And what about the **American Academy of Pediatrics (AAP)**, which represents 60,000 American doctors who care for children? In a December 12, 2012 letter to former Ohio Congressman Dennis Kucinich, AAP President Dr. Thomas McInerny writes: "Children are disproportionately affected by environmental exposures, including cell phone radiation. The differences in bone density and the amount of fluid in a child's brain compared to an adult's brain could allow children to absorb greater quantities of RF energy deeper into their brains than adults."⁴²

In a subsequent letter to FCC officials dated August 29, 2013, Dr. McInerny points out that "children, however, are not little adults and are disproportionately impacted by all environmental exposures, including cell phone radiation." Current FCC exposure standards, set back in 1996, "do not account for the unique vulnerability and use patterns specific to pregnant women and children," he wrote. (Insert slide: A Plea from Pediatricians). Does an organization representing 60,000 practitioners who care for children deserve to be brushed off along with "some health and safety interest groups?"

So what is the FCC doing in response to what at the very least is a troubling chain of clues to cellular danger? As it has done with wireless infrastructure, the FCC has to this point largely relied on industry "self-regulation." Though it set standards for device radiation emissions back in 1996, the agency doesn't generally test devices itself. Despite its responsibility for the safety of cell phones, the FCC relies on manufacturers' good-faith efforts to test them. Critics contend that this has allowed manufacturers undue latitude in testing their devices.

Critics further contend that current standards, in place since cell phones were barely in use, are far too lax and do not reflect the heavy usage patterns that have evolved. Worse still, industry is allowed to test its own devices using an imprecise system that makes no special provision for protecting children and pregnant women. One 2012 study noted that the procedure widely used by manufacturers to test their phones "substantially underestimates" the amount of RF energy absorbed by 97% of the population, "especially children." A child's head can absorb over two times as much RF energy. Other persons with smaller heads, including women, are also more vulnerable. The authors recommend an alternative computer simulation technique that would provide greater insight into the impact of cellular radiation on children and on to the specific RF absorption rates of different tissues, which vary greatly.⁴³

Acting on recommendations of the General Accounting Office, the FCC is now reconsidering its standards for wireless testing and allowed emissions. On the surface, this may seem to represent an effort to tighten standards to promote consumer health and safety. But many believe the FCC's eventual new standard will actually be weaker, intensifying any health risk from industry's self-reported emission levels. "They're under great pressure from industry to loosen the criteria," notes Joel Moskowitz, director of the Center for Family and Community Health at UC Berkeley's School of Public Health.⁴⁴ One fear is that the FCC could measure the allowed radiation absorption level (SAR) over a wider sample of tissue, effectively loosening the

standard allowable energy absorption. One FCC official, who asked that his name not be used, contended that a decision had not yet been made to loosen the standard.

But to this point, there is little evidence the FCC is listening to anyone beyond its familiar friends in the wireless industry. Carl Blackman, a scientist at the Environmental Protection agency until retiring in 2014, notes that the FCC does rely to some degree on an inter-agency governmental group for advice on health matters. The group includes, for example, representatives from the EPA and the FDA.

Blackman served on that advisory group and he says that it has been divided. Though some government advisers to the FCC find evidence of wireless health risks convincing, others remain skeptical, said Blackman. Root of the skepticism: even though numerous researchers have found biological and health effects, the mechanism for action by non-ionizing radiation on the human body has still not been identified. "I don't think there's enough of a consensus within the Radio Frequency Inter-agency Working Group for them to come out with stricter standards," he says.⁴⁵

But political pressures also figure mightily in all this. The EPA, notably, was once a hub of research on RF effects, employing as many as 35 scientists. However, the research program was cut off in the late 80s during the Regan presidency. Blackman says he was personally "forbidden" to study health effects by his "supervisory structure."⁴⁶ He termed it "a political decision" but recognized that if he wanted to continue to work at the EPA he would have to do research in another area.

Blackman is cautious in imputing motives to the high government officials who wanted his work at EPA stopped. But he does say that political pressure has been a factor at both the EPA and FCC: "The FCC people were quite responsive to the biological point of view. But there are also pressures on the FCC from industry." The FCC, he suggests, may not just be looking at the scientific evidence "The FCC's position—like the EPA's—is influenced by political considerations as well."⁴⁷

Still, the FCC has ultimate regulatory responsibility and cannot indefinitely pass the buck on an issue of fundamental public health. Remarkably, it has not changed course despite the IARC classification of cell phones as possibly carcinogenic, despite the recent studies showing triple the glioma risk for heavy users, despite the floodtide of research showing biological effects, and despite even the recent defection of core industry booster Alex Lerchl. It is the refusal of both industry and the FCC to even acknowledge this cascade of warning signs that seems most incriminating.

Of course, industry behavior goes well beyond pushing for the FCC's willful ignorance and inaction. Industry behavior also includes self-serving public relations and hyper aggressive legal action. It can also involve undermining the credibility of and cutting off the funding for researchers who do not endorse cellular safety. It is these hardball tactics that recall 20th century Big Tobacco tactics. It is these tactics that heighten suspicion that the wireless industry does

indeed have a dirty secret. And it is those tactics that intensify the spotlight on an FCC that so timidly follows the script of the fabulously wealthy, bullying, billion-dollar beneficiaries of wireless.

Chapter Four: You Don't Need Wires To Tie People Up

So let's look a little more deeply at some of the actions of an industry group that boasts of 500 meetings a year with the FCC. Lobbying is one thing. Intimidation is another. CTIA has shown its skill at—and willingness to use—both.

Outright legal bullying is a favored tactic. The City of San Francisco passed an ordinance in 2010 that required cell phone manufacturers to display more prominently information on the emissions from their devices. This information was already disclosed—but often buried—in operator manuals and on manufacturer websites. The idea was to ensure that consumers saw information already mandated and provided.

Seeing this as a threat to its floodtide of business, the industry sued the City of San Francisco. The City, fearing a prolonged legal fight with an industry that generates hundreds of billions of dollars in annual revenue, backed down.

On May 12, 2015, Berkeley, California's City Council unanimously passed a similar ordinance. Joel Moskowitz, director of the Center for Family and Community Health at the University of California-Berkeley's School of Public Health, has been involved in the effort. Berkeley, he says, didn't want to run into the same legal threats that paralyzed San Francisco. So it tried to draft the most inoffensive and mild language possible. The proposed Cell Phone Right to Know ordinance: "To assure safety, the Federal Government requires that cell phones meet radio frequency (RF) exposure guidelines. If you carry or use your phone in a pants or shirt pocket or tucked into a bra when the phone is ON and connected to a wireless network, you may exceed the federal guidelines for exposure to RF radiation. This potential risk is greater for children. Refer to the instructions in your phone or user manual for information about how to use your phone safely."⁴⁸

Sounds pretty inoffensive, no? Not to the CTIA, which indicated that it was prepared to sue, according to Berkeley City Attorney Zach Cowan.⁴⁹ (On June 8th, CTIA did indeed sue the City of Berkeley.)

Well, from the industry point of view, why not throw around your weight? Smash mouth legal tactics have been highly successful thus far as industry has managed to throttle several efforts to implicate manufacturers in cases where heavy users suffered brain tumors.

But one current case has advanced in district court in Washington to the point where the judge allowed plaintiffs to present expert witness testimony. The industry response: file a legal action seeking to invalidate long-held court methods for qualifying expert witnesses.

This is a very rich industry that does not hesitate to outspend and bully challengers into submission. Meanwhile, amidst the legal smoke and medical confusion, the industry has

managed to make the entire world dependent on its products. Even tobacco never had so many hooked users.

Such sustained success in the face of medical doubt has required industry to keep a lid on critics and detractors. Many scientists who've found real or potential risk from the sort of microwave radiation emanating from wireless devices have learned there is a price to be paid for standing up to the industry juggemaut. A few prominent examples:

In 1994, University of Washington researchers Henry Lai and N.P. Singh found that rats exposed to microwave radiation suffered DNA damage to their brain cells. This was a scary finding since DNA damage can lead to mutations and possibly cancer.

The reaction from industry was swift. Motorola was at that time the U.S. market leader in cell phones. In a memorandum obtained by the journal Microwave News, Motorola PR honcho Norm Sandler outlined how the company could "downplay the significance of the Lai study." One step: "We have developed a list of independent experts in this field and are in the process of recruiting individuals willing and able to reassure the public on these matters," Sandler wrote. After outlining such measures, he concluded that Motorola had "sufficiently war-gamed" the issue. The practices of lining up industry-friendly testimony and "war-gaming" researchers who come up with unfavorable results have been persistent themes with this industry.

Motorola "War-Games" Bad News

Motorola, Microwaves and DNA Breaks: "War-Gaming" the Lai-Singh Experiments

"We have developed a list of independent experts in this field and are in the process of recruiting individuals willing and able to reassure the public on these matters."

"I think we have sufficiently war-gamed the Lai-Singh issue..."

After Lai's results were published, Motorola decided to sponsor further research on microwaves and DNA damage. Oftentimes, lab results cannot be reproduced by other

researchers, particularly if experiments are tweaked and performed a bit differently. Nonconfirming studies raise doubt, of course, on the original work.

Motorola lined up Jerry Phillips, a scientist at the Veteran's Administration Medical Center in Loma Linda, California, and Phillips tested the effect of radiation at different frequencies from those tested by Lai and Singh. Nevertheless, Phillips found that at some levels of exposure, DNA damage increased, while at other levels it decreased. Such findings were "consistent" with the sorts of effects produced by chemical agents, Phillips said in an interview.⁵⁰ In some cases, the radiation may have activated DNA repair mechanisms, reducing the overall microwave effect. But what was important, Phillips explained, is that there were *any* biological effects at all. The wireless industry has long contended—and the FCC has agreed—that there is no evidence that non-ionizing radiation at the frequencies and power levels used by cell phones is biologically active.

Understanding the potential impact of "biological effect" findings, Motorola again turned to damage control, said Phillips. He recalls receiving a phone call from a Motorola R&D executive. "I don't think you've done enough research," Phillips recalls being told. The study wasn't ready for publication, according to the Motorola executive. Phillips was offered more money to do further research without publishing the results of what he'd done.

But Phillips felt he'd done enough. Despite warnings for his own boss to "give Motorola what it wants," Phillips went ahead and published his findings in 1998. Since then, Phillips' industry funding has dried up. Meanwhile, as many other researchers report, government funding to do independent research on microwave radiation has dried up, leaving the field at least in the U.S. to industry-funded scientists. "There is no money to do the research," Said Phillips. "It's not going to come from government because government is controlled by industry."⁵¹

Om P. Gandhi is Professor of Electrical and Computer Engineering at the University of Utah and a leading expert in dosimetry—measurement of non-ionizing radiation absorbed by the human body. Even before cell phones were in wide use, Professor Gandhi had concluded that children absorb more emitted microwave radiation. "The concentration of absorbed energy is 50 to 80% greater," he explained.⁵²

These conclusions were not acceptable to Professor Gandhi's industrial sponsors. In 1998, he recalls, an executive from a cell phone manufacturer—which he did not want to identify—told him directly that if he did not discontinue his research on children his funding would be cut off. Professor Gandhi recalled replying: "I will not stop. I am a tenured professor at the University of Utah and I will not reject my academic freedom." Professor Gandhi also recalled some of his thought process: "I wasn't going to order my students to alter their results so that I can get funding." His industry sponsors cancelled his contract and asked for a return of funds.

Professor Gandhi believes that some cell phone users require extra protection because their heads are smaller and more absorptive. "Children, as well as women and other individuals with smaller heads absorb more concentrated energy because of the proximity of the radiating antenna to the brain tissue," he said. And yet the FCC has not acted to provide special protection for these groups. Asked why not, Professor Gandhi conceded that he doesn't know. He does note, however, that recent standards-setting has been dominated by industry representatives.⁵³

While the mobile industry refuses to admit to even the possibility that there is danger in RF radiation, giant insurance companies see things differently. Several insurers have in recent years issued reports highlighting product liability risk with cell phones. This is important because it is evidence that where money is on the line professionals outside the industry see the risk of legal liability.

Legal exposure could be one reason—perhaps the central one—the industry continues to stonewall. Should legal liability be established, one key question will be how much wireless executives knew—and at what point in time. Meanwhile, the combination of public relations denials, legal intimidation and the selective application of pressure on research follows a familiar pattern. "The industry is basically using the tobacco industry playbook," UC Berkeley's Moskowitz said in a recent radio interview.⁵⁴

That playbook has thus far been highly successful in warding off attention, regulation and legal incrimination.

Chapter Five: \$270 Billion . . . and Looking for Handouts

The FCC's network of corruption doesn't just shield industry from needed scrutiny and regulation on matters of public health and safety. Sometimes it just puts its hand directly into the public pocket and redistributes that cash to industry supplicants.

Such is arguably the case with the Universal Service Fund. Originally established to extend telephone service to rural and urban areas that industry would find difficult or uneconomical to wire, the USF is now shifting from subsidizing landline phone service to subsidizing the extension of broadband Internet. USF monies also support the Lifeline program, which subsidizes cell phone service to low-income consumers, and the E-Rate program, which subsidizes Internet infrastructure and service to schools and libraries.

Since 1998, more than \$110 billion has been allocated to Universal Service programs, notes Charles Davidson, director of the Advanced Communications Law & Policy Institute at New York Law School. The FCC has allocated over \$40 billion to the E-Rate program alone.

Who pays the freight for these high-cost programs? You do.

Technically, landline and wireless phone companies are assessed for the Universal Service fund's expenditures. But the FCC also allows those companies to pass on such charges to their subscribers, which they do. Both landline and wireless subscribers pay a monthly Universal Service charge that is tacked on to their phone bills. That charge has been rising and recently amounted to a 16% surcharge on interstate calls.

Consumers who pay for these programs might be interested to learn that both the E-Rate and Lifeline programs have been riddled with fraud. Government watchdogs have repeatedly found the programs to be inefficient and prone to inflated and fraudulent claims. But the programs have been a windfall for tech and telecom industry beneficiaries. Wherever the FCC presides, it seems, these industries reap a windfall.

The General Accounting Office (GAO) has issued several reports citing fraud, waste and mismanagement, along with inadequate FCC oversight of the subsidy program. Bribery, kickbacks and false documentation can perhaps be expected in a handout program mandated by Congress and only indirectly supervised by the FCC.

But the scope of fraud has been impressive. The most striking corruption has marred the E-Rate program, which subsidizes Internet hardware, software and service for schools and libraries, and the Lifeline cell phone subsidies.

In recent years, several school districts have paid fines to settle fraud cases involving bribery, kickbacks, non-competitive bidding of contracts and false documentation in the E-Rate

program. More eye opening perhaps are the settlements of fraud claims by tech giants like IBM, Hewlett Packard and AT&T. The HP case, for example, involved some colorful bribery allegations, including gifts of yachts and Super Bowl tickets. HP settled for \$16 million. An HP official and a Dallas Independent School District official both received jail sentences.

The Lifeline program has also been riddled with fraud. A Wall Street Journal investigation of the five top corporate beneficiaries of Lifeline showed that 41% of more than 6 million subsidy claimants "couldn't demonstrate their eligibility or didn't respond to requests for certification."⁵⁵ AT&T, Verizon, and Sprint Nextel were three of the major Lifeline beneficiaries.

The FCC has initiated several efforts to clean up USF programs and seems honestly determined to bring greater accountability and efficiency to its subsidy efforts. Nevertheless, problems with fraud persist, as reported recently by the FCC's own top investigator.

Congress established the FCC's Office of Inspector General in 1989 to "provide objective and independent investigations, audits and reviews of the FCC's programs and operations." Here's what the FCC's internal investigative unit said in a September 30, 2014 report to Congress about its Office of Investigation (OI): "The bulk of the work of OI involves investigating and supporting civil and criminal investigations/prosecutions of fraud in the FCC's federal universal service program."⁵⁶



The bulk of the work of OI involves investigating and supporting civil and criminal investigations/prosecutions of fraud in the FCC's federal universal service program.

Fraud—as pervasive and troubling as it has been—is just one of the problems with the programs of universal service. It may not even be the fundamental problem. More fundamental issues concern the very aim, logic and efficiency of programs to extend broadband and wireless technology at public expense. Though the aims of extending service to distant impoverished areas seem worthy on the surface, there are many reasons to think the major beneficiaries of these programs are the technology companies that win the contracts.

Lobbyists have long swarmed over the FCC looking to get an ever-growing piece of the USF honeypot. An FCC report on meetings with registered lobbyists details a 2010 meeting with representatives of the International Society for Technology in Education and other education lobbyists. Topics discussed, according to the FCC report, included "the need to raise the E-Rate's annual cap."⁵⁷

The CTIA, leaving no stone unturned in its efforts to pump up member revenues, last year responded to a House hearing on the USF by grousing that "current USF-supported programs skew heavily toward support of wireline services. . . . The concentration of USF monies to support wireline services is inconsistent with technological neutrality principles and demonstrated consumer preferences," CTIA wrote..⁵⁸ An industry that generates hundreds of billions of dollars in equipment and service revenues annually bellies up for a bigger slice of the \$8 billion a year USF.

The grousing has paid off. The FCC recently announced that it will raise spending on E-Rate from what had been a cap of \$2.4 billion a year to \$3.9 billion. A significant portion of new outlays will go to Wi-Fi—yet another wireless industry victory at the FCC. But the CTIA is by no means the only industry group pressing the FCC.

Leading the roster of active lobbyists on E-Rate issues is the Software and Information Industry Association. Beginning in 2006, SIAA led all lobbyists with 54 mentions of E-Rate in its filings, according to the Center for Responsive Politics. SIAA board members include executives from tech heavyweights Google, Oracle and Adobe Systems.

Tech business leaders—many of them direct beneficiaries of FCC programs—made a direct pitch to FCC Chairman Wheeler last year to hike E-Rate funding. "The FCC must act boldly to modernize the E-Rate program to provide the capital needed to upgrade our K-12 broadband connectivity and Wi-Fi infrastructure within the next five years," the executives wrote.⁵⁹

There were dozens of corporate executive signees to this letter, including the CEOs of many Fortune 500 giants. But let's just consider the participation of three: top executives of Microsoft, Google and HP all joined the call to expand E-Rate subsidies. Consider the simple fact that these three tech giants alone had revenues of \$270 billion—more than a quarter of a trillion dollars—in a recent four-quarter period. Together, they produced nearly \$40 billion in net income. And yet their top executives still thought it necessary to dun the FCC—and really, they were surreptitiously hitting up the public—for ramped-up spending on what was then a \$2.4 billion a year program.

Is that greed? Arrogance? Or is it simply behavior conditioned by success in repeatedly getting what they want at the public trough? Almost never mentioned in these pleas for higher subsidies is the fact that ordinary American phone subscribers are the ones footing the bill for the E-Rate program—not the FCC or the telecom industry.

Much of the added spending, as noted, will go towards the installation of wireless networks. And yet Wi-Fi does not have a clean bill of health. When Lennart Hardell, professor of Oncology and Cancer Epidemiology at the University Hospital in Orebro, Sweden, was asked what he would do if given policy authority over wireless health issues, he replied swiftly that he would "ban wireless use in schools and pre-school." Noting that there are wired alternatives, Professor Hardell flatly stated: "You don't need Wi-Fi."⁶⁰ And yet the FCC, prodded by an industry ever on the lookout for incremental growth opportunities, is ignoring the health of youngsters to promote expanded Wi-Fi subsidies in schools across the U.S.

And what about the merit of the program itself? Overlooking the fraud and lobbying and Wi-Fi safety issues for a moment, shouldn't schools and libraries across the country be equipped with the best electronic gear, accessing the Internet at the fastest speeds? Doesn't the government owe that to its younger citizens, especially those disadvantaged by the long-referenced digital divide?

Well, maybe. But answers to these questions hinge on even more fundamental question: Do students actually learn more or better with access to the latest high-speed electronic gadgetry?

It would be foolish to argue that nobody benefits from access to high-speed Internet. But the benefits are nowhere near as broad or rich as corporate beneficiaries claim. Some researchers, for example, have concluded that computers don't seem to have positive educational impact—they may even have negative impact—when introduced into the home or freely distributed to kids from low income backgrounds.

Duke University researchers Jacob Vigdor and Helen Ladd studied the introduction of computers into North Carolina homes. They found that the academic performance of youngsters given computers actually declined. *"The introduction of home computer technology is associated with modest but statistically significant and persistent negative impacts on student math and reading test scores,"* the authors wrote in a National Bureau of Economic Research Working Paper.⁶¹ The impact was actually most negative on the poorer students.

A study in the Journal of International Affairs examined the impact of the global One Laptop Per Child Program (OLPC), which has distributed millions of computers to children around the world. Researchers Mark Warschauer and Morgan Ames conclude: "*The analysis reveals that provision of individual laptops is a utopian vision for the children in the poorest countries, whose educational and social futures could be more effectively improved if the same investments were instead made on more proven and sustainable interventions. Middle- and high-income countries may have a stronger rationale for providing individual laptops to children, but will still want to eschew OLPC's technocratic vision. In summary, OLPC represents the latest in a long line of technologically utopian schemes that have unsuccessfully attempted to solve complex social problems with overly simplistic solutions.*"⁶²

Can One Laptop Per Child Save the World's Poor?

"...In summary, One Laptop Per Child represents the latest in a long line of technologically utopian development schemes that have unsuccessfully attempted to solve complex social problems with overly simplistic solutions."

Access to computers in the home may not work educational magic. But what about computers in the classroom? Don't they have educational value there?

The anecdotal evidence is mixed at best. Consider how students in Los Angeles, newly equipped with flashy iPads at a mind-boggling taxpayer cost of more than \$1 billion, went about using the new tools to improve their educational performance. "Instead of solving math problems or doing English homework, as administrators envisioned, more than 300 Los Angeles Unified School District students promptly cracked the security setting and started tweeting, posting to Facebook and playing video games."⁶³

But let's cut through the self-serving corporate claims and the troubling anecdotes to hear from someone who actually has had extensive and unique field experience. Kentaro Toyama was co-founder of Microsoft's research lab in India. Over more than five years he oversaw at least a dozen projects that sought to address educational problems with the introduction of computer technology. His conclusion: "The value of technology has been over-hyped and over-sold."

The most important factor in improving schools, says Toyama, now the W.K Kellogg Associate Professor of Community Information at the University of Michigan, is good teachers. Without good, well-trained teachers, adequate budgets and solid school administration, technology does little good. "Technology by itself never has any kind of positive impact," he said.⁶⁴

The only schools in his experience that benefited from increased technology investment were those where "the teachers were very good, the budgets adequate." The richer schools, in essence. But as both Vigdor and Warschauer found, the introduction of technology has by itself little if any positive effect. For a public conditioned to believe in the virtues of new technology, such testimony is a bracing dose of cold reality. But what about cost? Doesn't technology in the schools more efficiently replace alternative investments? Cost reductions are often the most persuasive argument for technology, Toyama agrees. But even these have been overstated. The costs of introducing new technology run far beyond initial hardware and software investments, said Toyama. In reality, the total costs of ownership—including maintenance, training, and repair—typically run to five or ten times the initial cost, according to Toyama. He said of the investment in technology for cost benefits: "I would say that in the long run—and even in the medium run and the short-run—that's probably the worst and most misguided conclusion to come to."⁶⁵

He adds: "The inescapable conclusion is that significant investments in computers, mobile phones and other electronic gadgets in education are neither necessary nor warranted for most school systems. In particular, the attempt to use technology to fix underperforming class rooms . . . is futile. And for all but wealthy, well-run schools, one-to-one computer programs cannot be recommended in good conscience."⁶⁶

But that doesn't keep industry lobbyists from recommending them. And it hasn't kept the FCC for spending scores of billions subsidizing technology to the very groups least likely to benefit from it.

Unmoved by the arguments of researchers and educators like Vigdor, Warschauer, and Toyama, the FCC keeps moving to increase technology subsidies. Ignoring research that disputes the value of technology in closing the so-called "digital divide," the FCC has even pioneered a new slogan: "the Wi-Fi gap."

In announcing that it was lifting E-Rate's annual budget from \$2.4 billion to \$3.9 billion and stepping up investment in wireless networking, FCC chairman Wheeler exulted that "10 million students are going to experience new and better opportunities."⁶⁷ The impact on consumer pocketbooks (and potentially on youngsters' health from daily Wi-Fi exposure) were not mentioned.

The two Republican members of the FCC did at least recognize the pocketbook impact. "It always seems easier for some people to take more money from the American people via higher taxes and fees rather than do the hard work," said Commissioner Michael O'Reilly.⁶⁸

The subsidized provision of high-speed Internet service is yet another pet project of the FCC. Julius Genachowski, chairman from 2009 to 2013, championed the transition of the USF from landline phone service to broadband. Universal broadband Internet connections would begin to absorb the monies collected from consumers to extend basic phone service.

As with government subsidies for cell phone service, classroom technology, and Wi-Fi, there are basic questions about the wisdom of subsidizing broadband. Charles Davidson and Michael Santorelli of the New York Law School found that spending billions to extend broadband is a flawed approach since there are many largely ignored reasons people choose not to adopt

broadband. "Everybody is pushing broadband non-stop," noted Davidson, director of the Law School's Advanced Communications Law and Policy Institute. "I think the FCC is focused on the wrong set of issues," he said.⁶⁹

Already, he explained, over 98% of Americans have access to wired or wireless broadband. The issue is not one of supply. It's one of demand. Many people—for a variety of reasons— don't really care about broadband, he contends. Price is one issue. Also powerful factors—but given almost no attention—are privacy and security concerns. "In our view, they should be focused on barriers to meaningful broadband utilization: privacy and security," said Davidson.⁷⁰

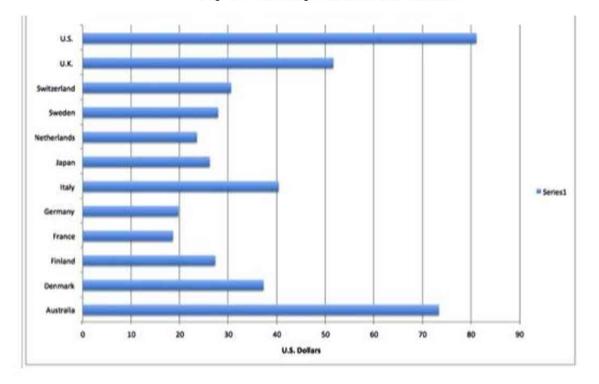
But consumer privacy (more on this subject in Chapter Seven) has no well-funded lobby with limitless access to the FCC.

Chapter Six: The Cable Connection

The network has also been active in diluting FCC control of the cable television industry. Over the years, cable has devolved into major de facto local monopolies. Comcast and Time Warner Cable, whose merger proposal was dropped in April, are dominant forces in both cable television and broadband Internet subscriptions. Somehow, though, they have managed to steer clear of one another in specific markets, giving each pricing power where it faces little local competition.

It's interesting that cable companies annually rank in consumer polls among the "most hated" or "most disliked" American corporations. Indeed, Comcast and Time Warner Cable often top the "most hated" list.⁷¹ Why would these companies—providers of the TV programming that has so expanded consumer options in recent decades—be so widely scorned? After all, the U.S. has been a leader in developing both cable technology and diverse television programming.

The problem is that it hasn't been anything close to a leader in bringing down subscriber prices. Industry consultants typically measure pricing by the metric of average revenue per subscriber. Industry trackers at IHS compared the price of U.S. pay television (which includes satellite services) to those in more than 60 other countries. U.S. prices were the highest, with only Australia even coming close. The average revenue per subscriber in the U.S. in 2013 was \$81. But in France it was just \$18.55. In Germany it was \$19.68. In Japan it was just over \$26.



Pay TV Monthly Revenue Per Person:

And U.S. cable prices have risen in recent years at rates three or more times the rate of inflation. This has been going on for some time. From 1995 to 2013 cable rates increased at a 6.1% annual clip. The Consumer Price Index, by contrast, rose by just 2.4% annually. Former FCC commissioner Michael Copps says the FCC shares a major part of the blame. "The FCC is as culpable for allowing that as much as the companies for imposing it," he said.⁷²

One area where the FCC has contributed to the problem is in its traditional rubber-stamping of merger agreements. The proposed Comcast/Time Warner Cable deal has been shelved, largely because of Justice Department reservations. But a long run of earlier FCC-sanctioned deals allowed Comcast and Time Warner Cable to grow to the market dominance—and attendant pricing power—they currently command.

Lofty monthly cable bills pinch consumers. But it's more than that. Subscribers paying \$80 a month are often paying for a lot of channels they don't watch and don't want. The FCC has never required cable operators to charge for what consumers actually want to watch. Kevin Martin, who chaired the FCC from 2005 to 2009, pushed to "debundle" programming in hopes of lowering bills. But the issue was never resolved. Only recently have viable competitive alternatives to cable's "bundled" packages become available. The satellite service Dish, for example, months ago introduced its Sling offering that enables consumers to opt for smaller and cheaper packages.

In fairness to cable operators, it should be pointed that programmers often require operators to take unwanted or fledgling channels along with their stars. New York cable operator Cablevision Systems filed suit against Viacom in 2013, charging that in order to get popular channels like MTV and Nickelodeon it was also forced to take low-rated channels like Nicktoons and VH1 Soul. But the simple truth is that no matter who is to blame, the cable consumer pays high prices, typically for some programming he doesn't want. As it often does when powerful interests pursue dubious practices, the FCC has for the most part idly stood by.

Still, the FCC isn't entirely to blame. Some factors in the growth of the cable giants cannot be laid at its doorstep. Local municipalities often granted monopoly or duopoly status in granting franchises to cable network builders. With the huge capital investments required to cable metropolitan areas, this once seemed to make sense.

And over the years, the cable giants have used a variety of tactics to weaken what little local competition they may have had. Active lobbyists on the local level, the cable giants have managed to convince a growing number of states to outlaw municipal systems that could threaten private corporate incumbents. The FCC for many years declined to tangle with the states in this matter, partly due to the opposition of Republican commissioners. But the Wheeler-led Commission did vote recently to override state laws that limit the build-out of municipal cable systems.

Still, many years of industry subservience will be difficult to swiftly undo. One linchpin merger shows how FCC decision-making has been thoroughly undermined by the revolving door, lobbying, and carefully targeted campaign contributions. All conspired in Comcast's pivotal 2011 buyout of NBC Universal, a deal which reinforced Comcast's domination of both cable and broadband access. This deal also set the stage for the recent headline-grabbing acrimony over the issue of net neutrality.

In 2011, mighty Comcast proposed to acquire NBC Universal. A series of mergers including the 1986 acquisition of Group W assets and the 2002 acquisition of AT&T's cable assets had already vaulted Comcast into cable market leadership. In bidding for NBC Universal, a huge step towards vertical integration, Comcast was once again raising the stakes. NBC Universal would give Comcast a treasure trove of programming, including valued sports content like NFL football and the Olympics.

Suddenly, the issue was not just cable subscriber base size—where Comcast had already bought its way to dominance. NBC Universal would also allow Comcast to consolidate its growing power as a broadband Internet provider. And with NBC Universal's programming assets, Comcast would gain new leverage when negotiating prices to carry the competing programming content of rivals. This would prompt a new round of debate over net neutrality. Couldn't a programming-rich Comcast slow down rival services—or charge them more to carry their programming?

To short-circuit any potential opposition to the merger, Comcast assembled a superstar cast of lobbyists. As Susan Crawford reports in her 2013 book, "Comcast hired almost eighty former government employees to help lobby for approval of the merger, including several former chiefs of staff for key legislators on congressional antitrust committees, former FCC staffers and Antitrust Division lawyers, and at least four former members of Congress.⁷³ Such "profligate hiring," Crawford observes, pretty much silenced the opposition to the deal. If Comcast had already retained one member of a lobbying firm, the firm could not under conflict of interest rules object to the deal. And Comcast had locked up key lobbying shops. Money was both weapon and silencer.

Of course, Comcast had always been a big spender on lobbying, with outlays exceeding \$12 million every year since 2008. Lobbying costs peaked in 2011 at \$19.6 million, according to the Center for Responsive Politics.

For its part, the FCC had a long history of approving most media mergers. So it was hardly a great surprise when the agency, after exacting some relatively minor concessions from Comcast, rubber-stamped the deal. Comcast would thus broaden its footprint as local monopoly distributor of cable. And with its new programming assets, it would enhance its leverage in negotiating deals to carry its rivals' programming. It would also fortify its position of growing strength as broadband Internet gatekeeper.

The most telling footnote to the deal would come just four months later. FCC Commissioner Meredith Atwell Baker, who voted to approve the merger in January 2011, left the FCC to become a top-tier Comcast lobbyist in May. It was the ultimate—and perhaps most telling—glide of the revolving door.

Baker's was a high-profile defection. But it was neither the first nor the last. Comcast had successfully convinced other FCC officials to take their expertise and government contacts to the cable giant. Comcast has long been a master at spinning the revolving door to its own advantage. "Comcast has been very good at hiring everyone who is very smart," said Crawford.⁷⁴

Approval of the NBC Universal deal was another in the long string of FCC merger approvals that made Comcast a nationwide monopolist that could dictate both pricing and viewer programming choice.

But the deal may have had another unintended consequence. It set the stage for Comcast's subsequent battles on net neutrality. "Those mergers gave additional oomph to the issue of net neutrality," noted former commissioner Copps. Speaking specifically of Comcast's buyout of NBC Universal, IHS senior analyst Eric Brannon agreed. "That merger laid the grounds for net neutrality."

In allowing Comcast to acquire major programming assets, the deal would sharpen questions about the power of gatekeepers like Comcast to control the flow of traffic from rival Web services. So in bowing to lobbyist pressure, the FCC would bring on itself a whole new set of pressures by focusing public attention on the issue of net neutrality.

With activists rounding up comments from the public and hip TV personalities like HBO's John Oliver also beating the drums, net neutrality quickly grew into a popular issue that won the support of President Obama, and by proxy, his hand-picked appointee Tom Wheeler. When the FCC ruled in February of 2015 that it would seek Title II authority to regulate the Internet and presumably block any favoritism by broadband gatekeepers, it seemed to finally cast its lot with the public against steamrolling corporate interests

The issue had simmered for years but reached full boil when movie purveyor Netflix, which had argued that its service was slowed down by Comcast, signed a side deal ensuring better download speeds for its wares. This triggered an outburst of public concern that Comcast was now in position to operate "fast" and "slow" lanes, depending on whether a rival programmer could afford to ensure that Comcast provide adequate download speed.

With nearly 4 million comments—many supplied or encouraged by public interest groups filed to the FCC, net neutrality was a bankable political issue. And there's no question, net neutrality attracted public interest because it gave cable viewers—long furious at the treatment by the monopolists who send them monthly bills—issues of both viewing pleasure and economics. But it also fed into the longstanding sentimental but increasingly unrealistic view of the Internet as the last bastion of intellectual freedom. Internet romanticists have long seen the Web as a place that somehow deserves special rules for breaking the stranglehold of traditional media and offering exciting new communications, information retrieval and shopping efficiencies.

Yes, the Internet is a modern marvel. This is beyond dispute. But some of the favors it has won from government over the years have had unfortunate unintended consequences.

In the 1990s, for example, net access providers were repeatedly exempted as an "infant industry" from paying access charges to the Baby Bells even though they had to connect users through local phone networks. The long distance companies were then paying as much as \$30 billion a year for the privilege. But the Internet was exempted.

As the late 90s approached, the Internet was no longer an infant industry. Still, the exemption from access charges was extended. That exemption essentially allowed AOL in the late 90s to offer unlimited unmetered online time, a key factor in boosting usage and siphoning advertisers from print media. Why buy an ad in print that might get viewed with the transitory flip of a page when you can get round-the-clock attention online?⁷⁵ FCC decisions to grant the Internet access-charge exemptions arguably accelerated the decline of print media and much of the quality journalism print advertising could once support.

Meanwhile, retailers on the Internet were making inroads into brick and mortar retail business with the help of a Supreme Court-sanctioned exemption from collecting sales tax.⁷⁶ This judicial coddling of the Internet was the death knell for many smaller mom and pop local businesses, already challenged to match online pricing. And that's not all. The special favors continue virtually every year, as Congress proposes and/or passes legislation to extend special tax exemptions to Internet services.

Well, maybe tax breaks aren't such a bad idea for such an innovative and transformational emerging technology. For all its faults, the Internet—gateway to all goods, repository of all things, wizardly guide to all knowledge, enabler of universal self-expression—is undeniably cool.

But let's not deny that the combination of tax advantages and deregulation was toxic. Allow an industry to emerge with advantages over useful existing industries that largely play by the rules—well, maybe that can be rationalized. But then fail to hold the upstart industry to the same rules, allowing it more leeway to trample fundamental rights because it has the technical capacity to do so. Well, then you have a cruel Faustian bargain.

With the see-no-evil deregulatory gospel loosing all constraints, the Web would devolve into a playground for corporate snoops and criminals. For all its wonders, the Internet comes at a cost: the loss of control over personal data, the surrender of personal privacy, sometimes even the confiscation of identity. Perhaps the most favorable consequence of net neutrality—and one that has gotten surprisingly little attention—is that it could set the stage for privacy reform. (More on this in Chapter Seven). The FCC can now choose to exercise its Title II powers to enforce privacy standards over broadband Internet. Privacy is one area where the FCC has done a pretty good job in the past.

Worth remembering, though, is that the hard-fought public victory over Net Neutrality may be transitory. AT&T and others have threatened to go to court to upend the FCC rules. And there's a fair chance a Republican Congress will legislate against Title II.

Meanwhile, though, one supreme irony has begun to unfold in the marketplace.

Modern-day laissez fair ideologues love to invoke the wisdom of markets as represented by the "mysterious hand" of Adam Smith. Unfortunately, in the absence of effective regulation, the putatively wise "mysterious hand" generally seems to work its magic for those with huge financial resources and the political access it buys.

In the current cable situation, however, the mysterious hand may actually be working in consumer-friendly ways. Years of regulation that favored the cable companies have now backfired as the market reacts to monopolistic pricing and content control.

Whereas cable giants have commanded premium monthly subscriber prices to deliver packages of largely unwatched channels, the market is now beginning to burst with new "debundled" options that are whittling away at cable's vast subscriber base.

Satellite service Direct TV, as noted, now offers its streaming video Sling TV package of popular networks that includes live sports and news. Amazon, Apple, CBS, HBO, Netflix, Sony, and others offer a variety of streaming video options that allow viewers to cut the cable cord. Suddenly, consumers have the cherry-picking capability that bundled—and expensive—cable packages have never allowed.

In this case, at least, the unintended consequences of the FCC's pro-industry policies may be producing an unexpected pro-consumer twist.

Chapter Seven: What about Privacy?

Has any issue gotten as much lip service—and as little meaningful action?

For all the various congressional bills, corporate self-regulatory schemes and presidential Privacy Bill of Rights proposals, the simple truth remains that no personal information is safe on the Internet. Data brokers have built a multi-billion dollar business exchanging information used to build profiles of Net users. Your shopping and surfing habits, your health history, your banking data, your network of social ties, perhaps even your tax filings are all potentially exposed online. Both legal and criminal enterprises amass this information. And it doesn't go away.

At any given moment people you don't know somehow know where you are. They may very well know when you made your last bank deposit, when you had your last asthma attack or menstrual period. Corporations encourage and pay for every bit of information they can use or sell. Creepy? Perhaps, but as Jeff Chester, president of the Center for Digital Democracy points out: "The basic business model that drives online is advertising."⁷⁷

The FCC largely escapes blame on this one. It is the Federal Trade Commission that has had primary responsibility for protecting Internet privacy. The FCC does have some limited authority, which, some critics say, could have been exercised more vigorously. But for the most part the FCC is not to blame for the rampant online abuse of personal privacy and identity.

The FCC does however have privacy authority over the phone, cable and satellite industries. Until recently, at least, the FCC has kept privacy issues at bay among the companies in these industries. "The FCC has generally taken privacy very seriously," noted Harold Feld, a senior vice president at the non-profit Public Knowledge.⁷⁸

But dynamics now in place suggest that privacy may be the next great testing ground for the FCC. A new chance, perhaps, to champion public interest. Even before the opportunity for privacy enforcement under Title II regulatory powers, the FCC faces new challenges from phone companies, now itching to monetize their vast consumer data stashes the way Net companies have. The commonly used term is "Google envy."

"Until now, ISPs (Internet Service Providers) have mostly not gotten into hot water on privacy—but that's changing," observed Jonathan Mayer, a fellow at the Center for Internet and Society.⁷⁹ Verizon and AT&T, major providers of mobile Internet access, have each introduced "super cookies" that track consumer behavior even if they try to delete older, less powerful, forms of cookies. AT&T is actually charging its customers an extra \$30 a month *not* to be tracked.

Showdowns loom.

In adopting Title II to enforce net neutrality, the FCC has made broadband Internet access a telecom service subject to regulation as a "common carrier." This reclassification means that the FCC could choose to invoke privacy authority under Title II's Section 222. That section, previously applied to phone and cable companies, mandates the protection of consumer information. Such information—called CPNI for Customer Proprietary Network Information—has kept phone companies from selling data on whom you call, from where you call and how long you spend on the phone. Consumers may have taken such protection for granted on their phone calls. But they have no such protection on their Internet activity—which, as noted, has been a multi-billion dollar safe house hideaway for corporate and criminal abusers of personal privacy.

Now, though, the FCC could put broadband Internet communications under Section 222 protection. To Scott Cleland, a telecom industry consultant who has often been ahead of the analytic pack, this would be a momentous decision.

When the smoke clears—and it hasn't yet—the FCC could make consumer identifiers like IP addresses the equivalent of phone numbers. Suddenly, the Internet companies that have trafficked in all that personal data would be subject to the same controls as the phone and cable companies.

Cleland argues that the risk for privacy abuses extends beyond broadband access providers like Comcast and Verizon to Internet giants like Google and Facebook that have until now flourished with all that personal data. "They are at risk and they are going to live under the uncertainty their business model could be ruled illegal by the FCC," Cleland said.⁸⁰

Much has been written about the legal challenges broadband access providers intend to mount against the FCC's new rules. But Cleland argues that a very different type of legal action could engulf companies that have benefited from the use and sale of private data. Trial lawyers, he argues, will see opportunity in rounding up massive class action suits of Internet users whose privacy has been violated. What sorts of privacy abusers face legal action? Anyone who has "collected CPNI via some type of cookie," according to Cleland.

"Right now, edge providers like Google, Facebook and Twitter are at risk of being sued by trial lawyers," he said.⁸¹

Sounds great for consumers who care about privacy on the Internet and how it has been abused. But the FCC, Cleland was reminded, has never been a consumer advocate. "Bingo," replied Cleland. That's what makes the FCC's potential move into privacy protection so important and so surprising, he suggests.

There are other signs that the FCC under Tom Wheeler might actually become more consumer-friendly on the issue of data privacy. While Wheeler has brought some former associates from lobbying groups to the FCC, he has also peppered his staff with respected privacy advocates. Indeed, he named Gigi Sohn, longtime president of the non-profit Public Knowledge, as Counsellor to the Chairman in April.

Another appointee with a privacy background is Travis LeBlanc, head of the FCC's Enforcement Bureau. In previous employment in California's Office of the Attorney General, LeBlanc was active in enforcing online privacy. LeBlanc has stated an interest in privacy and has already taken action against two firms that exposed personal information—including social security numbers—on unprotected Internet servers.

But many aspects of LeBlanc's approach to regulating Internet privacy under Title II remain unclear. Unfortunately, the FCC declined repeated requests to make LeBlanc available for an interview. (It also declined to answer written questions on its enforcement intentions in both privacy and cell tower infrastructure emissions.)

It remains to be seen if LeBlanc and his superiors at the FCC are really willing to take on privacy enforcement. Such a stance would require great courage as the entire Internet infrastructure is built around privacy abuse. It is also questionable whether the FCC would have the courage to challenge Google—a rare corporate ally in the battles over Net Neutrality.

Chapter Eight: Dependencies Power the Network of Corruption

As a captured agency, the FCC is a prime example of institutional corruption. Officials in such institutions do not need to receive envelopes bulging with cash. But even their most wellintentioned efforts are often overwhelmed by a system that favors powerful private influences, typically at the expense of public interest.

Where there is institutional corruption, there are often underlying dependencies that undermine the autonomy and integrity of that institution. Such is the case with the FCC and its broader network of institutional corruption.

As noted earlier, the FCC is a single node on a corrupt network that embraces Congress, congressional oversight committees and Washington social life. The network ties the public sector to the private through a frictionless revolving door—really no door at all.

Temptation is everywhere in Washington, where moneyed lobbyists and industry representatives throw the best parties and dinners. Money also allows industry to control other important factors, like the research agenda. All of this works together to industry's advantage because—as with other instances of institutional corruption—there are compromising dependencies. Policy makers, political candidates and legislators, as well as scientific researchers are all compromised by their dependence on industry money.

Dependency #1 – So much of the trouble here comes back to the core issue of campaign finance. Cable, cellular and educational tech interests know where to target their funds for maximum policy impact. And the contributions work, seemingly buying the silence of key committee congressmen—even those with past records as progressives. Key recipients of industry dollars include Massachusetts Senator Ed Markey and, until he retired, California Democrat Henry Waxman. Though they have intermittently raised their voices on such issues as data privacy and cellular health and safety, neither has shown any great inclination to follow through and take up what would have to be a long and tough fight on these issues.

Dependency #2 – Democrats might be expected to challenge industry now and then. They traditionally have done so, after all. But this is the post-*Citizens United* era where the Supreme Court has turned government into a giant auction house.

Bid the highest price and you walk home with the prize—your personal congressman, legislative loophole, even an entire political party.

Such is the case with technology industries and the Democrats. The communications/electronics industry is the third largest industry group in both lobbying and campaign contributions, according to the Center for Responsive Politics. In just 2013 and 2014, this industry sector spent well over \$750 million on lobbying.⁸²

Only the finance/insurance/real estate and health industries outspend the tech sector on lobbying. But those industry groups lean Republican. Over 62% of the finance/insurance/real estate campaign contributions go to the GOP. Health contributions lean Republican 57% to 43%. But the technology group leans sharply to Democrats, who got 60% of contributions in the 2013-2014 election cycle.⁸³ The two next largest industry groups—energy/natural resources and agribusiness—also lean heavily Republican. So of the top five industry groups whose money fuels and often tilts elections four are strongly Republican. The Democrats need the tech industry—and they show that dependence with consistent support, rarely raising such public interest issues as wireless health and safety and Internet privacy.

Dependency #3 – Spectrum auctions give the wireless industry a money-making aura. In recent Congressional testimony, an FCC official reminded legislators that the FCC has over the years been a budget-balancing revenue-making force.⁸⁴ Indeed, the auctions of electromagnetic spectrum, used by all wireless communications companies to send their signals, have yielded nearly \$100 billion in recent years. The most recent auction to wireless providers produced the unexpectedly high total of \$43 billion. No matter that the sale of spectrum is contributing to a pea soup of electromagnetic "smog" whose health consequences are largely unknown. The government needs money and Congress shows its appreciation with consistently pro-wireless policies.

Dependency #4 – Science is often the catalyst for meaningful regulation. But what happens when scientists are dependent on industry for research funding? Under pressure from budget cutters and deregulators, government funding for research on RF health effects has dried up. The EPA, which once had 35 investigators in the area, has long since abandoned its efforts.⁸⁵ Numerous scientists have told me there's simply no independent research funding in the U.S. They are left with a simple choice: work on industry-sponsored research or abandon the field.

Chapter Nine: A Modest Agenda for the FCC

Nobody is proposing that cell phones be banned. Nor does anyone propose the elimination of the Universal Service program or other radical reforms. But there are some steps—and most are modest—that the FCC can take now to right some of the wrongs that result from long years of inordinate industry access and influence:

1. Acknowledge that there may be health risks in wireless communications. Take down the dismissive language. Maturely and independently discuss the research and ongoing debate on the safety of this technology.

2. In recognition of this scientific uncertainty, adopt a precautionary view on use of wireless technology. Require prominent point-of-sale notices suggesting that users who want to reduce health risks can adopt a variety of measures, including headphones, more limited usage and storage away from at-risk body parts.

3. Back off the promotion of Wi-Fi. As Professor Lennart Hardell has noted, there are wired alternatives that do not expose children to wireless risk.

4. Petition Congress for the budgetary additions needed to expand testing of emissions on antenna sites. It was Congress after all that gave industry carte blanche for tower expansion so long as they comply with FCC standards. But there is evidence of vast non-compliance and Congress needs to ensure that tower infrastructure is operating within the law.

5. Acknowledge that children and pregnant women may be more vulnerable to the effects of RF emissions and require special protection.

6. Promote cable debundling as a way to lighten consumer cable bills, especially for those customers who don't care about high-cost sports programming.

7. Apply more rigorous analysis to properly assess the value of technology in education. Evidence continues to pile up that technology in education is not as valuable as tech companies claim. Pay less attention to tech CEOs—pay more attention to the researchers who've actually studied the impact of trendy technology fixes on learning

8. Take over enforcement of personal privacy rights on the Internet. Of all the basic suggestions here, this would require the most courage as it would involve challenging many of the entrenched powers of the Internet.

Chapter Ten: Stray Thoughts

Some concluding thoughts:

Why do so many of the most dubious FCC policies involve technology?

In large part, of course, because the FCC has authority over communications and that is a sector that has been radically transformed—along with so many others—by technology.

Let's be clear, though. The problem is not technology, which unarguably brings countless benefits to modern life. The problem is with the over-extension of claims for technology's usefulness and the worshipful adulation of technology even where it has fearful consequences. Most fundamentally, the problem is the willingness in Washington—for reasons of both venality and naïveté—to give technology a free pass.

Personally, I don't believe that just because something can be done it should heedlessly be allowed. Murder, rape and Ponzi schemes are all doable—but subject to prohibition and regulation. Government regulators have the responsibility to examine the consequences of new technologies and act to at least contain some of the worst. Beyond legislators and regulators, public outrage and the courts can also play a role—but these can be muffled indefinitely by misinformation and bullying.

There are precedents for industries (belatedly perhaps) acting to offset the most onerous consequences of their products. In responding to a mix of litigation, public demand and regulatory requirement, the auto industry, for example, has in the last 50 years substantially improved the safety and environmental footprint of its products.

Padded instrument panels, seat belts, air bags, and crumple zones have all addressed safety issues. Environmental concerns have been addressed with tightened emissions and fuel consumption standards. The response to new safety challenges is ongoing. Before side air bags were widely deployed, sedan drivers side-swiped by much larger SUVs were at vastly disproportionate risk of death and dismemberment.⁸⁶ But the deployment of side air bags has "substantially" reduced the risk of collision deaths.⁸⁷ Overall, auto fatality rates per 100,000 persons have dropped by nearly 60% in the U.S. since 1966.⁸⁸ Today, automakers continue to work on advanced safety features like collision avoidance.

It can be argued that most of these safety improvements came decades after autos were in wide usage and only in response to outrage at Ralph Nader's 1965 revelations on the auto industry.⁸⁹ No matter the catalysts. The simple truth remains that the auto industry—and its regulators—have for the last half-century been addressing safety and environmental issues.

But with the overwhelming application of money and influence, information and communications technologies have almost totally escaped political scrutiny, regulatory control, and legal discipline.

Should the Internet have been allowed to develop into an ultra-efficient tool for lifting personal information that includes financial records, health histories and social security numbers? Should wireless communications be blindly promoted even as new clues keep suggesting there may be toxic effects? Should local zoning authorities and American citizens be stripped of the right to protect their own health? Should education be digitized and imposed just because technology companies want to develop a new market and lock in a younger customer base?

All these questions can perhaps be rolled up in one: do we all just play dead for the corporate lobbyists and spinners who promote the unexamined and unregulated application of their products?

Finally, a word about the structure of the FCC. With five commissioners—no more than three from the same party—the structure seems to make some kind of sense.

But in practice, it works out poorly. The identification of commissioners by party tends to bring out the worst in both Republicans and Democrats. Instead of examining issues with clearsighted independence, the commissioners seem to retreat into the worst caricatures of their parties. The Republicans spout free market and deregulatory ideology that is most often a transparent cover for support of business interests. The Democrats seems satisfied if they can implement their pet spending programs—extension of broadband wireless to depressed urban and rural schools, cell phone subsidies for low income clients. The result is a Commission that fulminates about ideology and spends heavily to subsidize powerful interests.

Perhaps one solution would be to expand the Commission to seven by adding two public interest Commissioners. The public interest only rarely prevails at the FCC. So it would represent vast improvement if both Republican and Democrat commissioners had to vie for support of public interest representatives in order to forge a majority. The public interest, in other words, would sometimes carry the swing votes.

It's very hard to believe, though, that Congress would ever approve such a plan. It simply represents too much of a threat to the entrenched political power of the two parties. Why would they ever agree to a plan that dilutes that power?

It's also worth noting that the public interest is not always easy to define. Sometimes there are arguably conflicting definitions. Still, an FCC with public interest commissioners is an idea worth consideration. It would at least require party apologists to defend how they so consistently champion the moneyed interests that have purchased disproportionate access and power in Washington.

Appendix—Survey of Consumer Attitudes

What does the public believe about the science and politics of wireless health research? Under what conditions would people change wireless usage patterns? Is the FCC currently trusted to protect public health? How would confirmation of health risks affect trust in the FCC?

These are some of the questions Ann-Christin Posten⁹⁰ and Norm Alster⁹¹ hoped to answer with an April 2015 online survey of 202 respondents. Participants were recruited through Amazon's Mechanical Turk online platform. All were U.S. residents and had achieved qualifying approval rates in prior Mechanical Turk surveys.

Participants were asked how likely they believed the following statements to be true:

Statement 1. Prolonged and heavy cell phone use can have a variety of damaging effects on health.

Statement 2. Prolonged and heavy cell phone use triples the risk of brain tumors.

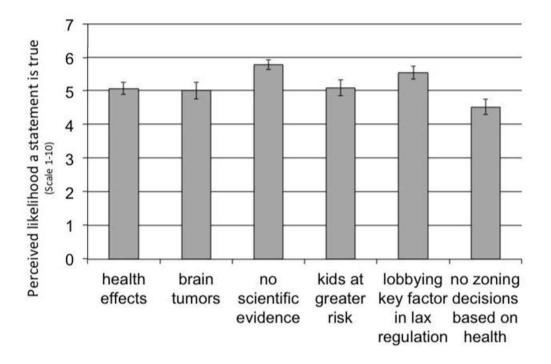
Statement 3. There is no scientific evidence that proves that wireless phone usage can lead to cancer or a variety of other problems.

Statement 4. Children and pregnant women are especially vulnerable to radiation from wireless phones, cell towers and Wi-Fi

Statement 5. Lobbying and campaign contributions have been key factors in keeping the government from acknowledging wireless hazards and adopting more stringent regulation.

Statement 6. The U.S. Congress forbids local communities from considering health concerns when deciding whether to issue zoning permits for wireless antennae.

How likely is it that each of the statements is true?

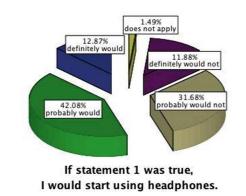


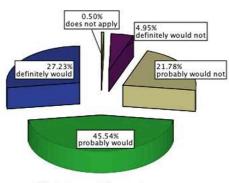
Two findings seem especially interesting:

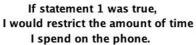
1. Statement 3 received a higher credibility rating than Statements 1 and 2. The different credibility levels are statistically significant. Respondents are more likely to trust in wireless safety than to believe there are general or specific health risks.

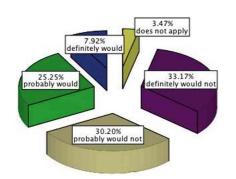
2. The only statement that is a matter of uncontested fact is Statement 6 on the outlawing of opposition to antenna sites on health grounds. (All other statements have been both proclaimed and denied.) And yet Statement 6 was least likely to be believed. Just 1.5% of respondents recognized this as an "absolutely true" statement. Over 14% thought this statement was "not true at all." Answers to this question would seem to reflect public ignorance on the political background to wireless health issues.

Participants were also asked how they would change behavior if claims of wireless health risks were established as true:

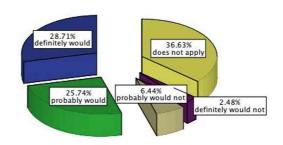




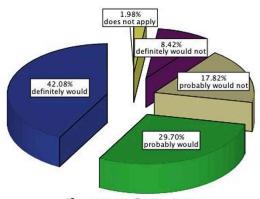




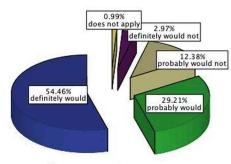
If statement 1 was true, I would start up a new land line account for home use.



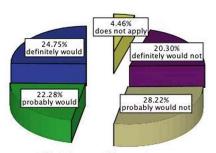
If statement 1 was true, I would restrict my children's cell phone use.



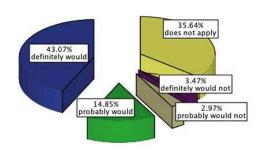
If statement 2 was true, I would start using headphones.



If statement 2 was true, I would restrict the amount of time I spend on the phone.



If statement 2 was true, I would start up a new land line account for home use.



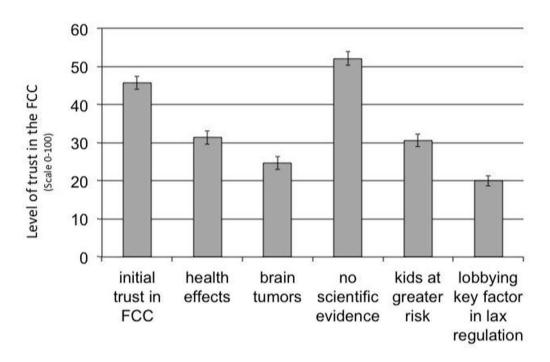
If statement 2 was true, I would restrict my children's cell phone use.

The greatest impact on behavior came when respondents were asked to assume it is true that prolonged and heavy cell phone use triples the risk of brain tumors. More than half said they would "definitely" restrict the amount of time spent on the phone. Just over 43% would "definitely" restrict their children's phone use. Perhaps most surprisingly, close to 25% would "definitely" start up a new landline phone account. (This last response suggests it may be foolishly premature for the phone giants to exit the landline business just yet.)

The inclination of consumers to change behavior should negative health effects be confirmed suggests the stakes are enormous for all companies that derive revenue from wireless usage.

This survey points to—but cannot answer—some critical questions: Do wireless companies better protect themselves legally by continuing to deny the validity of all troublesome research? Or should they instead be positioning themselves to maintain consumer trust? Perhaps there is greater financial wisdom in listening to the lawyers right now and denying all chance of harm. If so, however, why would anyone seriously concerned about health listen to the industry—or to its captured agency? That's a question the FCC will eventually need to answer.

Trust could eventually become a central issue. Respondents were initially asked to describe their level of trust in the wireless industry and in the FCC as its regulator. Not surprisingly, establishment of any of the presumed health risks—or confirmation of inordinate industry pressure—resulted in statistically significant diminution of trust in both the industry and the FCC.



How trust in FCC would be affected by establishment of various facts

On a scale of 1 to 100, the FCC had a mean baseline trust level of 45.66. But if the tripling of brain tumor risk is established as definitely true, that number falls all the way to 24.68. If "lobbying and campaign contributions" have been "key factors" in keeping the government from acknowledging wireless hazards, the trust level in the FCC plummets to 20.02. All results were statistically significant.

It's clear that at this point confirmation of health dangers—or even of behind-the-scenes political pressures—from wireless will substantially diminish public trust in the FCC. Skeptics might argue that this gives the FCC motive to continue to downplay and dismiss further evidence of biological and human health effects. Those of a more optimistic bent might see in these findings reason to encourage an FCC concerned about public trust to shake itself loose from special interests.

Endnotes

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