Opinion: Infrastructure investments create several benefits

By Thomas L. Friedman, New York Times

I was in Chattanooga, Tenn., last week, and people were still buzzing about an unusual duet heard on Oct. 13, using superlow-latency videoconference technology and the city's new gigabit-per-second fiber-optic network. T-Bone Burnett, a Grammy Award winner, performed "The Wild Side of Life" with Chuck Mead, a founder of the band BR549, for an audience of 4,000. But Burnett played his part on a screen from a Los Angeles studio and Mead on a stage in Chattanooga. The transcontinental duet was possible, reported Chattanoogan.com, because the latency of Chattanooga's new fiber network was 67 milliseconds, meaning the audio and video traveled 2,100 miles from Chattanooga to Los Angeles in one-fourth the blink of an eye.

That cross-country duet is just one of many, many signs I'm seeing of bottom-up innovation happening in cities from Minneapolis to Chattanooga, where local Democrats and Republicans are coming together – in Chattanooga's case to pass a $229 million bond issue to build a world-class fiber-optic grid that is spurring innovation and start-ups – to grow lots of good jobs. There is a huge amount of innovative thrust building, bottom-up, in the U.S. economy today. If Washington could just get the macro picture right, you could see a real growth surge in America. We're just a couple of grand bargains away from something big.

And that brings me to the news. It's good to see the budget talks between President Obama and the Republicans getting off to a solid start, but we know there will be plenty of partisan fireworks before any deal is cut. With that in mind, I hope the president will reframe and elevate the debate. It is vital that he not frame this as a discussion of just new taxes and spending cuts. His guiding principle should be “growth.” Right now, the whole budget discussion reeks too much of castor oil — and which side will have to swallow the biggest spoonful.

I get why the president needs to stress that the wealthy will have to pay higher taxes before he can go to his base for spending cuts to restore long-term fiscal balance. But here’s what I hope we’ll see more from the president: a sense of excitement, a sense that if we can just get this grand bargain done, we can really unlock growth again, we can really, as Mohamed El-Erian, the C.E.O. of the bond giant Pimco, puts it, “restore economic dynamism, ensure financial soundness, and overcome political dysfunction,” which collectively would have a huge stimulative effect. If everyone has to take their castor oil — the rich more, the middle class some — make them feel that it will enable us all to get stronger. Make them feel that we’re embarking on a new journey — not to punish but to solve, not to sock it to the successful but to create more abundance for all. Because the right mix of tax increases, spending cuts and investment incentives will spur more start-ups, lead to more risk-taking, inspire more entrepreneurship and create more jobs. Elections are win-lose, but successful negotiations are always to some degree win-win.

And that brings me back to Chattanooga, where, Mayor Ron Littlefield says, city elders looked themselves in the eyes 15 years ago and realized that “we were a dilapidated city going the way of the Rust Belt.” But, by coming together to make the city an attractive place to live and getting both parties to agree to invest in a fiber-to-every-home-and-business network in a 600-square-mile area, Chattanooga replaced its belching smokestacks with an Amazon.com fulfillment center, major health care and insurance companies and a beehive of tech start-ups that all thrive on big data and super-high-speed

Internet. “We’ve gone from being a slowly declining and deflating urban balloon, to one of the fastest-growing cities in Tennessee,” said Littlefield. The fiber network now attracts companies that “like to see more and more of their employees able to work some of the time at home, which saves on office space and parking,” the mayor said.

How fast is that Chattanooga choo-choo? The majority of Chattanooga homes and businesses get 50 megabits per second, some 100 megabits, a few 250 and those with big needs opt for a full gigabit per second, explained Harold DePriest, the chief executive of EPB, the city’s electric power and telecom provider, which built and operates the network. “The average around the country is 4.5 megabits per second.” So average Internet speed in Chattanooga is 10 times the national average. That doesn’t just mean faster downloads. The fiber grid means 150,000 Chattanooga homes now have smart electric meters to track their energy consumption in real time. More important, said DePriest, on July 5, Chattanooga got hit with an unusual storm that knocked out power to 80,000 homes. Thanks to intelligent power switching on the fiber network, he said, “42,000 homes had their electricity restored in … 2 seconds.” Old days: 17 hours.

That network was fully completed thanks to $111 million in stimulus money. Imagine that we get a grand bargain in Washington that also includes a stimulus of just $20 billion to bring the 200 biggest urban areas in America up to Chattanooga’s standard. You’d see a “melt-up” in the U.S. economy. We are so close to doing something big and smart. Somebody needs to tell the Congress.