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Kerry Outlines Telecom Policy Priorities

Chairman of Senate Communication Subcommittee Addresses National Cable and Telecommunications Association

WASHINGTON, D.C. - Senator John Kerry (D-Mass.), Chairman of the Commerce Subcommittee on Communications, Technology, and the Internet, this evening addressed state and regional cable executives as part of the annual National Cable and Telecommunications Association (NCTA) convention, the 2009 Cable Show. The senator addressed the future of the telecommunications industry as well as the Senate subcommittee's top legislative priorities.

The senator's full remarks as prepared are below:

As I talk this evening, some of you will be using your Blackberry to run your companies, some of you will use it to check your kids' homework assignments or ball scores, and, if you're a lobbyist, you'll be alerting your clients to what I am saying about the future of your industry and the work the subcommittee will be doing - all from your seats in this room.

It's the world we live in now. It's a very different world from the one that existed in 1984 when I was first elected to the United States Senate. How different? Well, consider the fact that earlier in 1984, Apple introduced the Macintosh, with the famous Super Bowl ad invoking George Orwell's novel "1984." The message was that the Mac would save humanity from conformity.

Consider, too, the fact that in 1984, there was no Cable TV available anywhere in Washington, D.C. No building in Washington was wired - not a hotel, not an apartment building, not an office building. Well, I'm not sure about the White House. Maybe President Reagan had some kind of arrangement so he could watch all of his old movies any time he wanted.

But there was nothing like that for any of the rest of us. I sure couldn't watch a Red Sox game here in Washington.

The irony is that because of the extensive Cable offerings today, including replays of classic sporting events, I can watch some of the very same Red Sox games now that I couldn't watch 25 years ago.

Most of us in this room think we know how the world works, certainly how Washington works. But sometimes things don't turn out the way we expect. I found that out when I ran for president four years ago. But during that campaign I talked about "the next horizon" in America where "the sun is rising" and "our best days are still to come." And that's what I want to talk about with you again tonight - about the "next horizon" for the telecommunications industry.

There are a lot of issues on our plate and we're teeing up an aggressive subcommittee agenda to deal with them. But I want to stress to you what I see as the forest through the trees, if you will, when it comes to the great telecommunications food fights that dominate Capitol Hill and K Street. I sincerely believe that the future of your industry is in the laboratories of today, and that future is dependent on forming a partnership with government to invest in basic scientific and technological research.

We need to double down on investment in science and technology. The American Recovery and Reinvestment Act sets us on the right path by providing \$3 billion for the National Science Foundation and another \$2 billion for the Department of Energy Office of Science. During his campaign, President Obama supported doubling federal funding for basic research over the next 10 years. We've got to help him make good on that promise.

Congress made a similar promise when we passed the America COMPETES Act almost two years ago. COMPETES set us on a course to double funding for NSF, NIST, and DOE Office of Science over the next seven years. So far, we've fallen short of delivering on that commitment. We cannot allow a difficult set of economic circumstances stand in the way of America's long term ability to compete.

The President and I want to change the posture of our federal government from being one of the most anti-science administrations in American history to one that embraces science and technology. The future of your industry, indeed, the economic future of our country depends on it. Consider the well-worn statistic that The United States ranks 15th in the world in broadband service. The country that invented the Internet ranks 15th in the world in terms of providing high speed access to its citizens, and we've dropped 11 places since the OECD began tracking broadband rankings.

We can argue about why we've fallen as a nation with respect to our ranking. But what can't be argued is that for the last eight years, the Federal Government has not done what's necessary to ensure our continued competitiveness in the world. Eight years in a row, George Bush did his best to kill basic research programs like the Advanced Technology Program. Now known as the Technology Innovation Program, or TIP, we're talking about a program that costs less than the bonuses for the folks at AIG. We could double the annual funding level of \$70 million and still pass the increasingly strict test of our citizens and our budget.

Let me tell you how worthwhile this program is. It turns out that between 1995 and 2000, this program played a pretty significant role in making High Definition digital compression technology cost effective. The HD content that consumers can't get enough of today was developed with the help of a series of ATP grants.

When it comes to investment, you have all done your part. Cable was the first industry to offer an affordable, high-speed Internet service, a service that is now available to 119.8 million homes in America. Brian Roberts has made Comcast the number three telephone provider in America. And since 1996, the Cable industry has invested more than \$145 billion to build a state of the art, fiber-rich national broadband network.

The Cable industry is not just cable anymore. From Comcast's Triple Play to Docsis (pronounced: Doc Sis) 3-point-0, Cable has risen from its beginnings as a "community antenna" to an industry that provides voice, Internet and video services on demand to nearly any household willing to pay for the services. Cable contributes \$227 billion to the nation's gross economic output. It supports 1.5 million workers and generates more than \$60 billion annually in personal income.

Now, policy makers need to seize this opportunity to form a stronger partnership between industry and the Federal Government to make certain that American competitiveness is not compromised during these difficult economic times. Roughly 20 percent of our economy is dependent on the communications industries in one respect or another. You all have the capacity to create jobs and drive the economy forward as we try to steer our way out of this mess. And to do that, we need to focus on how we can encourage the same kind of technological innovation that has driven the communications revolution over the last 20 years.

I know some of you came here tonight expecting me to deliver a laundry list of the issues the subcommittee will be dealing with this Congress. Frankly, I don't think a laundry list is going to solve our economic problems. Your future depends on our fixing the economy. And your decisions will play an enormous part in how quickly we recover. And if we're going to succeed, we need to do it together.

That's why I'm excited to be taking the reins of the newly reconstituted subcommittee on Communications, Technology and the Internet, and to be working with my good friend Chairman Jay Rockefeller and with good, smart people like Mike Copps and Julius Genachowski at the FCC and Jonathan Adelstein at the Rural Utility Service (RUS).

We've got to develop a coherent, comprehensive national approach to broadband service in this country. We have to view the \$7.2 billion broadband investment in the stimulus package as a down payment on a national strategy to deliver broadband to rural Americans who can't access it and urban Americans who can't afford it. We need to focus as much on demand side initiatives as we do on the supply side. The folks at NTIA and RUS have an incredibly important task on their hand right now, and I'll be paying close attention to how the rules are being drafted to make sure we get the biggest bang for the buck from the taxpayer's investment.

But as we go forward, don't just remember what I said about 1984. Let's also remember what happened in 1996. I remember sitting on the Commerce Committee back then during the last major rewrite of the Telecommunications Act. We spent most of our time talking about telephone lines. Boy, did we miss the curve on that one. Just a short span of time later, much of the law, especially the part that dealt with long distance service, was already obsolete.

Why? Because the technology was moving faster than we could react - wireless technologies, the Internet explosion, digital compression - technologies developed in part or in whole through government investment in scientific research. Government grant programs like ARPA and DARPA and ATP enabled the great minds of the 1970's to do the research that drove the great economic boom that occurred all around us in the 1990's as we debated the long distance telephone market.

Here's the point: the issues and events that have largely made your companies great are not the issues you spent the vast majority of your time lobbying - because technology has moved so fast. I was in a meeting with Senator Mark Warner the other day, who knows a thing or two about the growth potential of emerging telecommunications markets. He told a story about how when he was getting into the cellular business, all the big money was saying it would take 30 years to build a wireless network, and that at the end of that period, only 3 percent of the country would have wireless phones.

How close to the mark did those folks come? Not even close. Roughly 85 percent of Americans today have some form of wireless telephone service - that's more than 270 million active wireless subscriptions. About 18 percent of US households rely solely on wireless phone service. You'd be hard challenged to find any one in my daughter's generation putting hard lines in their homes today.

For a generation, we have enjoyed unparalleled economic prosperity, much of it driven by innovation and technology. As a result of the nexus between innovation and communications, we are communicating in ways which seemed unimaginable just 20 years ago. I just talked to the head of a major corporation who told me he had cut \$300 million in travel expenses by using new video conferencing technologies. Just think about what some of the technologies on display this week will do to make your businesses more efficient and our economy more competitive.

A strong partnership between industry and government will produce the technologies that will drive your industry forward. A lot of people have criticized the American Recovery and Reinvestment Act. But the funding provided in that act will drive the technologies of tomorrow. And tomorrow's successful companies will be the ones that figure out how to bring those innovations to market.

I can't tell you where your industry will be five years from now, much less 10 or 20. Nobody can. But in his book, "The Big Switch," Nicholas Carr speculates about a world in which even home PC's and its software become obsolete, replaced by a simple terminal linked to the Internet acting as a modern dynamo delivering to our homes and businesses vast quantities of digitized information, entertainment and data-processing might, much as utilities light our homes and businesses. Anyone who takes a walk down Main Street at your Cable Show this week will get a sneak peak at a future that looks a lot like what Carr is describing.

One thing is clear about the future: People will continue to want access to all kinds of information - the Internet, news, e-mail, photos, music and videos - at any time and from any location. People will continue to exchange ideas, information, news and other content at the click of a button and to do business in new ways, reaching new customers and creating new markets - even while listening to one of my speeches. But they will want to do it faster, and they will want to do it from anywhere, and they will view it not as a luxury but a necessity.

The current economic crisis presents challenges and opportunities in nearly every segment of our economy and in every town in our country. The Cable industry is no different. Even as our instinct is to tighten our belts, we have to seize this opportunity to wire America for the 21st century by ensuring that America is ground zero for research and innovation.

David G. Post, who teaches intellectual property law and the law of cyberspace at Temple University, has written an interesting book - "In Search of Jefferson's Moose: Notes on the State of Cyberspace." The title comes from the fact that in 1787, when he was serving as minister to France, Thomas Jefferson had the "complete skeleton, skin and horns" of an American moose shipped to him in Paris. He displayed the moose in the lobby of his official residence.

To Jefferson, the moose was a symbol of the vast possibilities of the strange and largely unexplored New World. To Post, one of the nation's leading Internet scholars, Jefferson's moose symbolizes pretty much the same thing about cyberspace. It is still mostly undiscovered territory, and we are like the early European settlers. We need pathfinders and pioneers to settle this New World.

I don't intend to display a stuffed moose in the subcommittee's hearing room. But I hope you will keep Jefferson's moose in mind in the days ahead. It was his way of saying the same thing that civil rights activists said so eloquently during the 1960s - to "keep your eye on the prize." We need pathfinders and pioneers to lead us to the "next horizon" and to make sure that your future is ripe with innovation, growth and an economic renewal that benefits everyone.

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