**REMARKS OF**
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After the two intensive days you've spent talking about broadband, there may not be a lot left to say, so I thought maybe the best thing I can do is to raise a few questions that perhaps we haven't quite fully answered yet. My Chairman asked some questions when he was here yesterday and I thought that worked well. Some of my questions are different. One or two are similar – but my answers may be a little different. It reminds me of that old story about the college professor who gave the same final exam every year. After a few years of this, a conscientious student finally came forward and said, "Professor, I just have to tell you what's going on here, because every year your students find out from the previous class what questions are going to be on the exam. They're pulling the wool over your eyes, they're cheating the rest of us, it's just awful." And the old professor answered, "Son, calm down, don't give it another worry. It's true that I do ask the same questions each year. But, you see, I change the answers each year." So there's precedent for this, and at the FCC precedent is always important.

Before proceeding, let me express thanks to my state colleagues, NARUC and NECA, for putting together this summit conference that gathers so many distinguished representatives from government, industry, consumer groups, and other stakeholders to discuss the challenges facing broadband and also to craft solutions that will accelerate its deployment.

**Question Number One: What does broadband deployment have to do with our nation's economic health?** Surely the rosy scenario of a year ago, with broadband providing added fuel for the roaring locomotive of high tech that was taking us forever beyond the cruel world of business cycles to the Nirvana of continuous economic growth and prosperity – surely, that view no longer exists. It's been replaced by the new conventional wisdom: the hyped Communications Revolution was built on sand and we were all seduced by the over-promises of a highly leveraged and hopelessly naïve industry. That industry, so the story now goes, is (1) largely responsible for our present economic distress and (2) it will be playing no positive role in getting us out of the doldrums we are presently in.

The rosy scenario was obviously wrong. To my mind, today's pessimism is equally misguided -- and infinitely more dangerous. I believe that providing meaningful access to advanced telecommunications for all our citizens may well spell the difference between continued stagnation and economic revitalization. One study estimates that universal broadband access can add half a trillion dollars to the U.S. economy every year. Even that may be conservative. Broadband is already becoming key to our nation's systems of education and commerce and jobs and, therefore, key to America's future. Broadband is going to be front-and-center in America's Twenty-first century transformation. Bet on it.

**Question Number Two: Where is the demand?** This is the question I hear whenever two or more people get together to talk about broadband. I sat through a conference session recently on the future of broadband where this seemed to be the only

question in which people were interested. Now, I would be among the last to suggest that we ignore the realities of the marketplace. I think we sometimes get ourselves into trouble at the Commission when we don't inquire sufficiently, in the first instance, about supply and demand. The rollout of digital television is a case in point; 3G is another. Marketplace reality checks can save us a lot of heartburn. But let's look at the big picture, and the big picture suggests to me that maybe demand is a little less of a problem than some people think and supply may be, in some ways, the greater problem.

According to a recent study by JP Morgan and McKinsey, it seems clear that there is *a lot* of demand out there from residential and business end-users. We had a 158% increase in broadband subscribership last year. We added nearly 100,000 new lines every week. We should be adding more. I hear more complaining from those who can't get broadband than I hear "no thank yous" from those who don't want it. And I believe that the technologies for telecommuting, teleeducation, telemedicine and tele-goodness-knows-what will create more than enough demand to put broadband at the forefront of those forces that are going to transform how we live in this century.

**Question Number Three: Where are those killer applications that are needed to fuel demand?** Frankly, I'm not so worried about killer applications. Killer applications are not necessarily the *sine qua non* of every successful new technology. The attraction of broadband is that it has so many useful applications, with many more to come. Some will be, I am certain, dramatic; others will just be incremental steps forward, but that succession of small steps will translate into one giant leap for the industry.

We could also note, I suppose, that one person's preferred application may not be another's. Those folks making less than $20,000 a year have been shown to be much more likely users of the Internet for purposes of finding a job, while you and I may find the Net's attraction in video games or downloading music.

I do believe that if we had more broadband out there right now, we would be seeing a lot more in the way of online video, telecommuting, interactive education and more. Hardware, software, computer electronics and service provider sales would all be vastly greater. I know about the chicken and egg dilemma, but maybe a more apt analogy is that a train can't carry freight anywhere until the tracks are laid.

Anyhow, I think that those who keep asking, "Where are the killer applications?" are going to look like the new century's Luddites when Twenty-second century historians look back on the wonders that will transform the Twenty-first century. Look how far we've come in 20 years and compare what we are able to do now with what we could do then. I would be absolutely dumfounded if America's innovators didn't flood us with new and lifestyle-altering applications in the years just ahead.

**Question Number Four: Can the market get the job of deployment done?**
I've asked just about every businessperson I've had the chance to meet if he or she was convinced the market could get the job done. Some -- a minority -- answer yes. The others will say that for that last 10 or 15% of Americans, probably not. I haven't seen the

business model that gets us beyond deployment to 85 or 90% of our people. And I would point out that leaving 10% of our people behind amounts to about 28 million souls and leaving 15% behind abandons 42 million people. So the issue has a human face. One of America's foremost CEOs told me last week that 30% of Americans could be beyond deployment; that's 84 million people! Maybe it's too early to say that we have a Broadband Divide in America today because we are early in the process. But I will tell you this: If we get to 2120 and we have 28 or 42 or 84 million people without broadband, we will have a Broadband Chasm that not only denies our fellow citizens of a precious right but denies our country of critically-needed economic growth.

One of my overriding goals as an FCC Commissioner is to help bring the best, most accessible, and cost-effective telecommunications system in the world to our people – and by that I mean *all* of our people. I am committed to that personally. More germanely, it's the law of the land. Section 706 of the 1996 Act charges the FCC and each State commission to encourage the deployment of advanced telecommunications capabilities to all Americans on a reasonable and timely basis. Each and every citizen of this great country should have access to the wonders of telecommunications – whether they live in rural areas, on tribal lands, or in our inner cities; whether they have limited incomes or disabilities; whether they are schoolchildren or rural health care providers. Those who have access win; those who do not, lose. I don't think it exaggerates much to characterize access to telecommunications in this modern age as a civil right.

We need a serious national dialogue about this. Rather than endlessly debating what the exact definition of broadband should be, let's try to define the future of America.

Let's look at what other countries are doing. We don't pay nearly enough attention to this. It's not that we need to emulate what others with different traditions and cultures and economies may be doing, but let's be serious enough to at least look at what they're doing and see if there may not be a lesson or two there for us. We do know this: most industrialized countries do have national plans for broadband deployment, and we do not.

Let's look at what some communities right here at home are doing. I've heard some people say that the most un-businesslike thing we could do would be to have government helping build broadband infrastructure. But isn't it curious that in some communities in America, there is so much unmet demand that they are already taxing themselves to get broadband deployed, and that they are actually deploying it?

**Question Number Five: Is government involvement in infrastructure-building really a Halloween horror?** Put another way, if indeed rolling out the infrastructure of the Information Age is a central driver toward America's future, is there something to be said for having a serious national discussion about the proper involvement of government in the enterprise? Historically, business and government have worked closely together in just about every great economic transformation this country has undertaken. From the days of our earliest land policies to constructing the

roads and canals and ports and harbors of the early Nineteenth century to the building of the Transcontinental railroads and, more recently, the Interstate highway system, there has more often than not in our history been a critical role for government. Indeed, one could hazard that there has almost always been such a role when there is a truly critical nationwide infrastructure need. It's already been there in communications, too, in the building of our telephone infrastructure in the early 1900s. Following the invention of the telephone, many communities, especially those in rural areas, were very often left behind -- more isolated than before and with comparatively fewer economic opportunities. In response, although not nearly so quickly as could have been hoped, we began to tackle the problem. The public and private sectors went to work to bring basic telephone access to rural communities. We're not all the way there yet -- just visit some of our tribal lands if you need proof -- but for most Americans this access fostered economic development. Having access to *advanced* communications and information will be just as important in the 21$^{st}$ century as access to basic telephone service was in the 20$^{th}$ century.

Some will argue that broadband infrastructure doesn't rise to the level of developmental importance I have ascribed to it. But don't you think that we should at least talk about it? I must say, however, that my initial take is that broadband networks are indeed the roads, the canals, the railroads and the interstate highways of the Information Age. All of these were built with the public and private sectors working together to provide Americans with the infrastructure we needed in order to prosper. History doesn't necessarily repeat itself, but there are enough resemblances to merit our attention.

**Question Number Six: Shouldn't business lead the way?**  Of course it should. While some towns and other areas will continue to move ahead and build their own broadband infrastructure, the private sector can, should and will be the lead locomotive here.  As Chairman Powell noted here yesterday in a somewhat different context, government involvement can take many forms, from good regulation to barrier removal and investment incentives to outright subsidies such as our forebears used to build those cross-country railroads.  The important concept here is not the exact form of interaction, but the more essential concept of cooperation, of private sector-public sector partnership. We must build public sector-private sector partnerships to get this job done.  I am a believer, a true believer, in this kind of cooperative endeavor.

In the world of global commerce and competition that I focused on during the past eight years in the Commerce Department, I quickly realized that neither the government nor the private sector alone could make much headway in tackling the challenges we faced.  Working together we could, and did, accomplish much more.  I am convinced that there is significant room for just this kind of cooperative effort in addressing the major challenges of broadband deployment.

We must recognize of course that business plays the critical role in innovation and investment.  We should rely upon the market, rather than upon government regulation whenever possible to accelerate broadband deployment.  The role of government is not to pick winners and losers among competing technologies.  Indeed, different broadband access technologies work better in different locations and circumstances.  Our role here is

to eliminate barriers to competition so that companies have the incentive to invest and innovate, and to regulate with clarity, transparency and predictability so that business is not asked to operate with a question mark.  If we are successful, America's consumers will have the opportunity to choose the technology and service that best meets their needs.

I don't pretend to have the answers to even these few questions I have raised this afternoon.  Nor am I saying these are the only questions we ought to be asking.  There are others I would propound if we had more time; more importantly, there are no doubt many other, and perhaps better, questions that this audience would propound.  I'm merely saying we need to ask basic questions.  We need to avoid knee-jerk reactions to one another's suggestions.  We need to put ideologies aside and try to get a handle on meeting one of the most important challenges we face as a country today, a challenge made even more important by our current economic sluggishness and, more recently, by the terrible tragedies of September 11.

 I'm an optimist.  I believe we can do it.  I believe we will do it.  Together. We will find the ways to use our broadband and digital tools to open even further the doors of economic opportunity for all our citizens.  Each of you is a player in this great pursuit. To quote my hero, it might just be this audience's "rendezvous with destiny."

Thank you.