

**REMARKS OF
COMMISSIONER MICHAEL J. COPPS
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Good morning. Thanks to my friend Dick Wiley for his kind introduction and to Pike & Fisher for convening what looks to be a really fine Broadband Summit. Just a quick look at the panels shows that you'll be covering a lot of broadband territory, and I'm honored to help kick the conference off. My stay will be briefer than I hoped, however, because we have an FCC open meeting coming in an hour or so. It was scheduled after I accepted the invitation to be here. Now I know our track record on starting FCC meetings on time is just a tad deficient, and maybe I could stay here all day and still not miss the meeting. But this time Kevin has scheduled a hearing on ETFs first, before we do any agenda items, so I think it will start on time and I'll need to start back to the princely Portals in 25-30 minutes. I apologize, but I did want to be here and I'm glad I am.

I want to use these few minutes to make just a few points about broadband. First, the good news is that I am going to spare you from most of a lengthy lament about our nation's lack of a broadband strategy. While a few folks may quibble with the details of the latest OECD study ranking the United States a sorry Number 15 among the nations of the world, a veritable raft of other studies tell the same or worse story. Most of you know I favor having a real national strategy to get this job done—a coordinated public-private partnership to meet this central infrastructure challenge of our time. You know, we've always met America's big infrastructure challenges that way, going back to our very beginnings, and it totally escapes me why we would abandon that model when it comes to broadband. But let me focus today on going forward rather than delivering a requiem for the more cooperative and effective model that built America.

I did come across an interesting book recently. It's Simon Winchester's recently published biography of Joseph Needham. Needham, a Brit—and a little eccentric, to be sure—wrote a seventeen volume treatise called *Science and Civilisation in China* that not only opened a window on that country but also suggests some comparisons with us. Maybe some of you saw a book review in *The Economist* last week that raised what is called "The Needham Question:" how did China, the source of so much innovation, technology, and discovery—paper, gunpowder, tea, the printing press and the compass being only a few examples—find itself surpassed by the West by the close of the 15th Century? Now there are many theories and explanations, and some might argue that given the strength of the Chinese economy today and the sweep of its long history, a 500-year sidetrack was just a brief diversion.

But *The Economist* pointed out another interpretation: that it is entirely possible to argue that Europe, with its many independent nations and fierce rivalries, fostered competition between nation-states, while China, due to its sheer size and isolation, lacked similar incentive to maintain its competitiveness or to improve upon its technological

leadership. Historical analogies are always perilous, I know, but they often present questions worth pondering. And I wonder if some day, a successor to Simon Winchester may write about the 20th century as America's high-water mark in technological leadership. As Charles Benton wrote in a recent op-ed marking the 50th anniversary of the Soviet Union's launch of Sputnik into outer space, on that day we had a "Sputnik Moment" wherein we realized the possibility of being challenged and perhaps superseded as the technological superpower. Rather than choose complacency, Benton notes, "[w]e rallied the nation's resources around a comprehensive strategy to regain our technological leadership."

So the last half of the 20th century was about sending Americans to outer space and the moon, building smaller and faster computers, creating the Internet, turning cell phones from a luxury into a necessity, inventing faxes and e-mails and even those small devices we each attach to our hips to run our lives for us. The question for us is: does America at the beginning of the 21st century become technologically stagnant or the leader of the Digital Age? For me, the answer to that question depends in some significant measure upon whether we succeed in bringing high-speed, high-value broadband and an open Internet to all Americans. And I always emphasize that word **all**: that means rural as well as urban folks; it means low-income as well as affluent; seniors as well as kids in school; those with disabilities; and those who live on tribal lands. It's a big challenge.

The reasons for doing this are too numerous to recite here. They are long-term because we are talking about the infrastructure of global competition. This isn't do-gooder social theory. It's about making you and me and 300 million Americans partakers in what will be—current economic slow-down notwithstanding—the most prosperous and exciting century ever. It's about an Iowa farmer trying to compete in global markets, an art dealer in Montana trying to start herself a small business competing against those who deal on the net in other countries at warp speed. It's about jobs, and our telecommunications sector should be helping right the ship. By some estimates, ubiquitous affordable broadband would quickly add \$500 billion to the U.S. economy and create 1.2 million jobs. Another study recently concluded that every percentage point increase in broadband penetration would mean 300,000 more jobs and increased national output. I think these estimates are too conservative. And this is to say nothing of what broadband can do to improve healthcare, education, and public safety in our country.

So the need for bigger, fatter, more affordable broadband pipes is essential. The good news is that I think there is reason for some optimism. The communications sectors have led the economy out of the doldrums before and they can do it again. Having said that, industry cannot and should not be expected to do it alone. There is a partnership role for government to perform. But that road, down which America traveled so many times in the past, is the road not taken when it comes to broadband.

Next year change will come to Washington. We will have a new President and, most agree, a more activist Congress. There will be new opportunity to focus on broadband. A strong commitment from the top—more than a campaign promise—that

broadband is a national priority can make a world of difference. Some have proposed a White House Broadband Czar—that's something worth considering! It could make a huge difference. Here's one example. When I was Assistant Secretary of Commerce during the Y2K threat, we knew that we had to be focused on making sure there were no problems on January 1, 2000 because if we didn't the White House was going to hold us accountable. We reached out, we worked with sister agencies, we worked with business, we worked with state and local governments, we worked with other countries. It's that type of coordinated effort that's still lacking in our DTV Transition and it's the kind of effort that the much greater challenge of broadband demands of us.

We could begin with the federal government getting its act together. Point One: make sure all the departments of government are working together to encourage broadband deployment. Is the Department of Housing and Urban Development making sure *every* new low-income housing project is wired for high-speed broadband when the building goes up? When the Department of Agriculture makes its broadband loans, how about making sure it multiplies rather than replicates the efforts of the Universal Service Fund? If 99% of schools and libraries have the Internet, might the Small Business Administration be interested in seeing if we could leverage that to create a wireless network in the surrounding areas where broadband isn't currently available? Shouldn't the Department of Education be brought in to promote computer literacy so our kids learn to use all these tools that can spell the difference between opportunity and poverty for them?

The recent Farm Bill which was vetoed and then overridden by Congress makes something of a start. It requires the FCC in coordination with the Commerce Department to improve interagency coordination, look at how to improve current programs and develop a comprehensive rural broadband strategy. The government should build on this beyond just rural broadband and expand it for the whole country.

There's another agency that needs some "looking at" if we're going to be really serious about broadband. It's the Department of Defense. "Whoa, there goes Copps," you're saying. "Watch him get fried on that hot rail." But here's my suggestion: let's get a really good, comprehensive and totally up-to-date spectrum inventory that includes DOD's—and the rest of the federal government's—huge swathes and then let's formulate spectrum policies based on the facts—"just the facts, ma'am." No, I'm not for short-changing national defense. I know about national defense. Having spent 15 years working for Senator Fritz Hollings, I would never suggest our national security apparatus be deprived of a single megahertz of spectrum that it needs to protect the safety of our people. But let's from time to time make an assessment of our *real needs*, and let's not deprive American innovators, entrepreneurs and consumers the spectrum and bandwidth and capacity they could be putting to good use. After all, the strength of our economy and the pace of American innovation are also integral to our national security. And if the government is hoarding spectrum that could be used to enhance our nation's competitive strength, we need to know that and then figure out how to react. "Just the facts, ma'am."

Well, maybe I've said enough about DOD for one morning, so let me trail back to my own agency, the FCC. There's a lot we could be doing, too. On the plus side is that we are finally—and I emphasize the belatedness of this—*finally* starting to get serious about broadband data. The days of defining broadband as 200 kilobits and concluding that if one subscriber in a zip code has broadband, everyone else must be in fine shape too, are apparently coming slowly to an end. I welcome the effort, but it would have been more helpful if we'd done it in 1998 rather than 2008.

I believe one of the most important steps the Commission should take right now is proactively to encourage the openness of the Internet. As I said in a speech this past week-end, network neutrality would be a terrific down payment on a much larger broadband agenda. Wireline and wireless broadband customers should be able to use *any* device or application they want, to reach *any* legal content they want, so long as they don't cause harm to the network. To ensure this, the time has come for the FCC to have an enforceable principle of non-discrimination. AT&T agreed to this principle when it bought BellSouth—and AT&T doesn't seem any worse for wear—but the commitment expires at the end of the year and it applies to only one company. Congress may well step in to create such a rule, but the Commission on its own could establish an expeditious, case-by-case approach for adjudicating claims of discrimination—based on a general principle. That way, over time, we would develop a body of case law that would provide clear rules of the road for those who operate on the edge of the network, namely consumers and entrepreneurs, as well as those who operate the networks.

I understand the need for reasonable network management. I daresay everyone in the room agrees on that. And I understand that these are complex, difficult and always-evolving issues. But this technology—broadband and the Internet—is truly paradigm-altering. Life-transforming. It was built on openness; it grew on openness; and its future must be openness.

Focusing more on broadband at the Commission also changes the focus on some long-pending proceedings that many of us know and love. For example, proposals to reform the three legged stool of subscriber line charges, universal service and inter-carrier compensation that presently and principally fund the operation and maintenance of Plain Old Telephone Service or POTS in this country. In this day of \$4 gasoline and the prices of most other products also rising, I dare say that increasing the subscriber line charge may just not be the best answer. Thus, we are left to figuring out how to reform the Universal Service Fund and Inter-Carrier Compensation. I'm supportive of the Chairman's desire to reform Universal Service and Inter-Carrier Compensation. I would set out two markers, however, as we head down this road. First, these efforts must be comprehensive. No longer can we just address the crisis of the day or the anomaly of the hour, particularly when it comes to Inter-Carrier compensation. Gum and bailing wire can last for only so long. Second, both efforts should be tied to a long term commitment to bringing broadband throughout America. While the country had a thirst for the POTS of the 20th century it is the PANS – the pretty awesome new stuff – that consumers and businesses need today and our policies need to be adjusted accordingly.

Another part of the broadband penetration challenge that doesn't receive as much attention as it should is the need to ensure that we are doing everything we can to foster innovation. According to a report by the National Research Council, industry-driven innovation over the last several decades is in decline and the United States' role as the global leader in technology innovation is at risk. The NRC found that federal support has not increased sufficiently to replace the decline in industry involvement and it emphasized the shift in what research remains from long-term to short-term projects. Remember the China example I cited earlier. My hope is that a new Administration will be much more responsive to this crying need.

To be clear, the FCC doesn't regulate innovation *per se*. And I'm not suggesting it should. But I do think we need to be more attentive to the needs of innovation in our Commission analysis and in all of our proceedings. It used to be, for example, that the Commission looked as a matter of course at the impact of mergers and acquisitions on innovation, research and development, and the competitive posture of the nation. When a deal is cut and then has to be financed, does that lead to less R&D? And with what likely effects?

One thing we could start doing right away is to begin cataloging and benefiting from all the broadband innovation and experimentation that's occurring here at home and around the world. It's shocking to me how little we at the Commission—and we as a country—know about what's actually going on in the rest of the world across the whole wide gamut of communications issues, not just broadband. Another thing is to beef up the Commission's expertise. Not just attracting the best and brightest to come work with us, but realizing that even with that expertise we still need to reach out to other experts, find other resources, and increase our dialogue with industry and the groves of academe. The Institute of Electrical and Electronics Engineers just this week wrote us a letter presenting some intriguing ideas along these lines. One specific idea they presented is to resuscitate the FCC's Technological Advisory Council. It's a great resource, yet it hasn't met in almost two years. Letting it lie dormant with all the issues currently on our plate makes no sense.

There are a host of other things the Commission can and should be doing—from conducting a successful auction of the 700MHz "D" block to addressing such prosaic but important issues as pole attachment rates. I will spare you my thoughts on these and sundry other issues lest I really do end up being here all morning.

At the end of the day I remain an optimist. I believe that the questions you and I are grappling with are formative questions in determining how well our country will fare in this still-new century. I believe the issue of a national broadband strategy is beginning to take on—belatedly but assuredly—a life of its own. And I believe with all the great talent and resources we have, we can meet the challenge and create the opportunities that 300 million Americans must and should have in this competitive century. It's a big challenge, to be sure, but we've met similar challenges in the past, and I believe we can tackle this one the same way—with business, government and communities all pulling together to get the job done. I look forward to working with you, with my colleagues on

the Commission, with Congress, with states and localities and with all the diverse set of stakeholders that make up our great country to make it happen.

Thank you.