

**STATEMENT OF FCC COMMISSIONER JONATHAN S. ADELSTEIN
EN BANC HEARING ON
BROADBAND AND THE DIGITAL FUTURE
Pittsburgh, PA – July 21, 2008**

Mr. Chairman, thank you for holding this hearing on the future of broadband and digital media. Hearings like this help develop our understanding of the dynamic environment for broadband Internet access and new digital applications, and their impact on communities like Pittsburgh.

Let me start by thanking Congressman Mike Doyle for his support of today's public hearing. Congressman Doyle understands the importance of harnessing communications technology to improve the prospects of our communities, and has been an active leader promoting broadband, competition, and innovation in the communications landscape. He is a true voice for consumers in Congress. We are grateful for his efforts as the lead sponsor of the recently-enacted bill to make permanent the FCC's Do-Not-Call list. That effort ensures that consumers will continue to get the benefits of the Do-Not-Call list, which is one of the most consumer friendly efforts ever seen in telecommunications history. It restored peace and quiet to dinner tables across America. So, we thank you today for your leadership on broadband issues, and we thank you for restoring a little sanity to our lives.

I would also like to thank Carnegie Mellon University and the Center for Wireless & Broadband Networking for hosting this event. This is a perfect setting for today's discussion. The Center is a leader in developing our understanding of broadband deployment and advanced networking. And Carnegie Mellon has been a trailblazer in this effort. In 1999, it was the first university to have a completely wired campus through the Andrew network, and Yahoo named it the "most wired" university campus.¹ In 2004, the Gates Foundation contributed \$20 million to Carnegie Mellon for the building of brand new, state of the art, Center for Computer Science.² It's great to see this University's leading efforts in computer science, engineering, and artificial intelligence recognized and encouraged so wholeheartedly. And anyone who has followed telecommunications issues will recognize the contributions of Carnegie Mellon's professors – including John Peha and David Farber -- both of whom we are lucky to have joining us here.

Today, we will hear from an impressive array of witnesses. You each bring a needed perspective, and I hope that in the true spirit of Andrew Carnegie, our discussion is guided by a sense of industriousness, creativity, and entrepreneurship. I would like to extend a warm welcome to each of the panelists for agreeing to share your expertise with us today.

I would also like to welcome the many citizens of Pittsburgh who made time to join us. We are looking forward to your testimony after today's panels. Your participation is critical because broadband increasingly touches almost every aspect of the way we live. It is revolutionizing the way we work, learn, socialize, seek medical advice, gather our news, engage in public discourse, and interface with government. The communications and technology industries are also a leading provider of jobs, including here in Pittsburgh, anchoring communities and helping to

¹ Carnegie Mellon, <http://www.ece.cmu.edu/research/areas.html#networking> (last visited July 11, 2008).

² Archive of Carnegie Mellon Today.com, *\$20 Million Gift From Bill & Melinda Gates Foundation Will Help Fund Gates Center for Computer Science*, <http://www.reuters.com/article/pressRelease/idUS179256+20-Feb-2008+PRN20080220> (last visited July 11, 2008).

keep our workers on the cutting edge. So I am particularly pleased that we are joined by representatives of the Communications Workers of America, AT&T, and the American Cable Association here today.

There are many positive developments. Over the past decade, we have seen considerable investment by providers in new broadband facilities, growth in the number of broadband users, and an explosion of new applications available to consumers. We also recently auctioned off large swaths of spectrum, and notably some will be used to provide wireless to communities that are difficult to reach by fixed-line broadband.

Despite progress, the U.S. faces deficits of adoption, affordability, and capability when compared to the global broadband leaders. It is estimated that some 55 percent of adult Americans have broadband at home, but that still leaves almost half of all Americans without broadband access.³

We have challenges as a rural nation, as rural areas here in Pennsylvania bear witness. Beyond geographic challenges, though, policy does play a role. We need to do more to meet the major infrastructure challenge of our time – deploying truly high speed, affordable broadband. A recent study reported that 35 percent of dial-up users have not switched to broadband because the prices are too high.⁴ Other Americans, especially those in rural areas, report that they still lack access to broadband.⁵ And since last year, progress has slowed in broadband adoption among the poor and African Americans.⁶

To address these gaps and stimulate demand, we need to support initiatives that encourage broadband usage and digital literacy. Government should invest in online resources that will get people to log-on -- online services that address specific social needs, such as health care, access for persons with disabilities, online learning, and e-government. A successful strategy will require efforts at all levels of government. So, I am pleased we have with us today Rebecca Bagley from the Pennsylvania Department of Community and Economic Development to tell us about some of the local efforts to promote technology-based economic development.

I am also glad to see Rey Ramsey here today. As the CEO of One Economy, Rey has worked tirelessly to bring the benefits of broadband to low income citizens. Rey and his team target people who are most at risk of being left behind, yet also stand to benefit most in terms of educational and career opportunities. One Economy has taken a comprehensive approach to these issues, working to bring communications technology to public housing communities and other unserved areas, while also working to promote digital literacy and offer culturally-diverse, multi-lingual content. I am glad we will hear more about their pathbreaking efforts.

³ John B. Horrigan, *Home Broadband Adoption 2008*, Pew Internet & American Life Project, July 2008, at 1, (last visited July 13, 2008), http://www.pewinternet.org/PPF/r/257/report_display.asp.

⁴ *Id.* at 11.

⁵ *Id.* at 12. (Finding that 28 percent of rural Americans say broadband is not available where they live compared to 22 percent of non-rural Americans who say this.)

⁶ *Id.* at 2.

We will also hear about how local entrepreneurs are tapping the Internet to innovate and bring creative, original content and services to the global marketplace. One area in which we are seeing tremendous innovation is Internet video. The marketplace of “e-video” providers is reminiscent of a primordial swamp, filled with creativity yet also with great risk. The emerging landscape includes mega-media conglomerates (like NBC & News Corp. deploying Hulu), search engines (such as Google with YouTube), and peer-to-peer content delivery platforms (like BitTorrent and Gnutella). It also includes service providers, represented today by AT&T and ACA, who are investing substantial capital to bring high quality video services to consumers.

All of this effort may yet prove that video is the so-called “killer app” that can truly drive the broadband revolution. Over the last 18 months, U.S. online video usage has increased 64 percent.⁷ To date, 48 percent of Internet users have visited video-sharing sites such as YouTube.⁸ Not surprisingly, advertising and content fees in broadband video are climbing. By 2010, industry assets are predicted to be in the tens of billions.⁹ The innovations in this area are reshaping our media marketplace and our opportunities for democratic participation.

To continue these efforts, the FCC needs to work to increase bandwidth for Internet video to reach its highest potential that consumers increasingly expect. We also need to ensure that the Internet remains open and that the broadband market remains competitive. One emerging trend is that consumers want to be able to choose and access video programming from many sources, not just the largest media companies. Consumers do not want the Internet to become another version of old media, dominated by a handful of companies. They want true choice. Promoting the open and neutral quality of the Internet and high speed access to the Internet are goals that go hand-in-hand. Together, these efforts will drive investment, innovation and promote user choice.

Also, as we enter this new world of digital media, we need to arm parents with the tools they need to educate and protect our children. By increasing media literacy among parents and children, we can help them safely access the vast new resources available on the Net while avoiding the myriad dangers that now face them. Parents desperately need and want information and tools to help them teach their children the safe and healthy use of technology. It is clear that parents are the first and best line of defense against all forms of objectionable content. Yet, ensuring a safe online experience for children truly requires the cooperation of the advocacy community, private industry and government. We should proactively look for ways to improve online safety and media literacy. One area of particular concern to me is interactive advertising. I hope that the Commission will complete its proceeding addressing interactive ads targeted at children.

I have been pushing for a national broadband strategy that will incentivize the build-out of broadband networks and keep the Internet open and neutral. It will take a collective effort, and I look forward to hearing from all our witnesses.

⁷ Leland Westerfield, *eMerging Video Markets: The Third Wave of Media*, BMO Capital Markets, June 2008, at 15.

⁸ Lee Rainie, *Video-Sharing Memo*, Pew Internet & American Life Project, January 2008, at 1, (last visited July 13, 2008), http://www.pewinternet.org/pdfs/Pew_Videosharing_memo_Jan08.pdf.

⁹ Westerfield, *supra*, note 7, at 5. (Projected that by 2011, advertising fees and paid content fees in broadband video and mobile video markets could exceed \$6.0 billion, and broadband video and mobile video assets could be valued at \$12-\$17 billion.)

The entrepreneurial and philanthropic spirit of Andrew Carnegie should guide our discussion today. When he founded Carnegie Mellon, he pledged, “My heart is in the work.” We need to make a similar commitment to promote nationwide broadband deployment, because much like higher education, it creates so many benefits across society. I expect the insights we hear today will take us a step further down that path. Thank you.