

**Remarks of Walter B. McCormick, Jr.**  
**USTelecom President and CEO**  
**To The Media Institute**  
**Washington, DC—May 14, 2008**

**Introduction**

Thank you very much for this opportunity. It is a pleasure to be here. There are a number of familiar faces and friends in the room. It is good to see you.

Just a few years ago, the Media Institute probably would not have been interested in having the president of what was then the United States *Telephone* Association address *media* issues. Indeed, early in this Administration, the Chairman of the FCC reorganized the agency, and established a media bureau ... just six years ago ... and, at the time, no one suggested that confusion might be occasioned by this terminology, because who would associate anything other than broadcasting and cable with the electronic media.

But it's a different world today.

Media means more than newspapers, broadcasting and cable. We talk about the *new* media, the "*converged*" media. Indeed, at the University of Missouri School of Journalism, the country's oldest journalism school (and my alma mater), they have now added to the disciplines of news-editorial, publishing, advertising and broadcasting a new sequence in *converged* journalism.

With blogs, and You Tube, and the *Internet*, journalism has changed. The media have changed. They have evolved. So, too, the United States Telecom Association. Our industry is not one of 20<sup>th</sup> Century *telephone* companies ... today, the companies we represent are 21<sup>st</sup> Century broadband companies.

And there is no industry more central to the *new* media, to the *converged* media, than the wireline and wireless network service providers that are making broadband internet communications possible. At USTelecom we are proud to represent this highly competitive and innovative marketplace that is of central importance to the nation's 21<sup>st</sup> Century information-based economy.

With this new role, we have a growing appreciation for the work of The Media Institute. You, too, are navigating rapid change. You are speaking up for freedom of expression in *all* its forms. And, we particularly appreciate your taking a stand for an arm's length role for the government when it comes to this extraordinary new platform of broadband.

I know the First Amendment is your north star. It is the issue that brings all of you to this organization. And, there is no question that broadband is changing ... for the better ... the face of media and speech in this country.

## **Enhancing Our Democratic Process**

Broadband is improving our democratic process. Thanks to broadband, candidates are getting their message out direct and unfiltered. And, broadband is enhancing individual freedom of expression and diversity of views. If you look at a good portion of political ads shared on the Internet, they are not ads produced by candidates or national party committees, but by individual Americans ... individual voters ... college students ... entertainers ... and a fair number of amateur comedians. Thanks in no small part to broadband, a new generation of Americans is engaging in politics more actively and in greater numbers than we have seen in many years ... competing themselves in the “marketplace of ideas” ... participating directly in our democracy ... in what many are calling the first true 21<sup>st</sup> century campaign.

In the past, a campaign’s objective was to control the message. Today, that’s an impossible goal. There are too many voices ... too much scrutiny. Instead, it’s about getting in front of a movement, where you have all kinds of people contributing ... resulting in a message that’s much larger than any one person.

## **Delivering the On-Demand World**

This greater participation in our democracy is just the tip of the iceberg in terms of what broadband makes possible in our lives today. In entertainment, and news, and sports, we see the emergence of a new on-demand environment — content that fits into your individual schedule and your way of life. You can watch a show when it airs, or later on network website, or record it to your DVR. Technology is advancing toward converged, multi-platform offerings, with wireless offering seamless mobility to access the information you want whenever you want it. It is news, information, entertainment, e-mail and voice communications ... and the internet ... all while *on the go*. Whether it be while moving from room-to-room in your home, or from home-to-office, or from city-to-city ... our industry is bringing all of this new world IP functionality ... this rich Web 2.0 communications and multi-media content ... onto big screen TVs in our living rooms, and into wireless phones in the palm of our hands ... wherever, whenever, and however we want it.

It’s changing every aspect of the media and entertainment business. We saw recently the head of NBC television predict that in 15 years, live TV will be the purview of major events like the Super Bowl or American Idol; everything else will live in a multi-platform, on-demand environment.

Already, the idea of scheduling your life to accommodate watching your favorite TV shows is passé — and completely incongruous to my two teenagers.

There’s a reason today’s kids are called the Net Generation. They are growing up immersed in this connected, on-line world. Baby Boomers watch about 20 hours of television each week. Today’s kids consume the equivalent of about 20 hours of media each day, only they do it in a seven-hour period — actively multi-tasking their way

through social networking sites, watching both professionally produced content and user-generated content, listening to music, playing video games ... preparing homework papers and presentations with web-based materials ... spending most of their waking hours outside of school connected to content and advertising that is increasingly targeted to each of us as individuals ...

... All proving that Time magazine was onto something a year ago when it named “You” the person of the year.

## **Enhancing Our Lives**

Of course, broadband is about far more than *the media* – news, information, and entertainment — as important as those are.

- Broadband is about jobs and economic growth. A new report<sup>1</sup> found that just a 7% increase in U.S. broadband adoption could create 2.4 *million* American jobs ... and generate \$134 *billion* in annual economic stimulus.
- Broadband is about improving the environment. Again, a 7% increase in broadband adoption would result in about 6.4 billion annual vehicle miles saved with greater telecommuting ... and 3.5 billion fewer pounds of CO2 emissions in the air we breathe.
- Broadband is about improving health care. A 7% increase in broadband adoption translates into \$662 million in annual health-care cost savings through broadband-enabled advances — everything from more efficient, accurate digital medical records to in-home cardiac health monitoring.

We just celebrated Mother’s Day. As someone who lives a thousand miles away from my mother, I’m particularly encouraged by the marketing of a new health monitoring service that alerts you if your parent misses a medication window, so you can call and check-in. It’s just one of many broadband-enabled revolutions in patient care ... and peace of mind.

These aren’t *futuristic* scenarios:

- Today, 1 million Americans benefit from remote cardiac monitoring in their homes.
- In rural Arkansas, expectant mothers diagnosed with high-risk pregnancies are connected by broadband with neo-natal specialists hundreds of miles away.
- In Massachusetts, the broadband-enabled “Be Safe” program connects first-responders with critical information regarding school schematics en route to emergencies.
- And, across the nation today more than 3.9 million Americans already telecommute ... swapping freeway time for family time ... reducing gas

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<sup>1</sup> All stats from: The Economic Impact of Stimulating Broadband Nationally, *Connected Nation*, 2/2008

consumption by nearly 1 billion gallons each year ... and helping us all breathe a little easier by reducing the carbon footprint on a scale that's roughly equivalent to taking 2 million cars off the road.<sup>2</sup>

These things are happening right now for two reasons ... the innovative vision and commitment of doctors, educators, first responders and others who are making broadband's benefits real in our communities ... coupled with the substantial ongoing investment of nearly 1,400 facilities-based broadband network service providers in the United States today.

### **The Pivotal Role of Private Investment**

Consumers are responding to the many applications made possible by this next-gen web. They are buying broadband. High-speed Internet adoption is picking up across virtually all demographics, including working families and minorities. Three out of four U.S. households that access the Internet now do so via broadband.<sup>3</sup> And, the speed and capacity of the nation's broadband networks continue to grow with ongoing investment.

This investment in broadband is unique from other significant technology and infrastructure programs in our nation's history in that it is private sector based. Building the interstate highway system ... putting a man on the moon ... these were massive, taxpayer-financed public works projects. But, despite the size of each of these initiatives, they pale in comparison to what is occurring with broadband. In today's dollars, the federal government invested approximately \$20 billion a year for 25 years to build the interstate highway system. On the Apollo program, the government invested approximately \$10 billion per year in today's dollars to make a "giant leap for mankind."

But, last year *alone*, private companies invested more than \$70 billion in North American communications infrastructure<sup>4</sup> ... more than three times the annual investment in the original interstate highway program; 7 times the annual investment in Apollo. This is a central component of our nation's broadband story. It makes us different from almost every other country today. It is the private sector ... and a public policy environment that encourages private sector investment, and innovation, and entrepreneurship ... that is bringing to the American people the extraordinary public benefits of broadband.

### **We Are Broadband**

As America's broadband association, we are proud to champion the investment that is bringing more opportunities to more Americans, and to more communities ... to highlight the progress being made possible by the collective investment of so many companies that are building out and building up this powerful medium.

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<sup>2</sup> 2007 CEA Study. Note: 3.9 million is \*highly\* conservative and appears to be based on data from several years ago.

<sup>3</sup> Leichman Research as cited in "US Broadband Adoption Continues to Rise," *Clickz*, 7/3/2007

<sup>4</sup> "Broadband Breakout," *Wall Street Journal*, 2/14/2007

What we advocate ... what we believe to be in everyone's interest ... is a policy environment that encourages investment and deployment ... an environment where anyone who wants to invest and compete in the provision of broadband services has the freedom to do so. Today, there is valuable synergy. The more people use broadband, the more investment that occurs in broadband infrastructure — from more companies. Today, we have very effective competition ... among cable, telecom, wireless, satellite and other providers. Consumers have lots of options, lots of choices. And, they are growing by the day. We've seen just in the past week or so, new announcements from Clearwire and Sprint ... another announcement by Cablevision ... for deployment of new, competitive broadband networks.

This is as it should be. It is how growth and innovation thrive in our free society. It is the story of the Internet. The freedom to invest ... to build ... to innovate is as important to competition in the internet marketplace as freedom of speech is to competition in the marketplace of ideas. It is freedom that should continue to be our guiding principle ... freedom of speech, and both the social and the *economic* freedom that has distinguished the Internet and all of its rapid advancements.

### **The Risk of Regulation**

Therefore, at a time like this ... a time of such significant advancement, of such rapid change, of such extraordinary experimentation and innovation, we should avoid the risks associated with unnecessary regulation. We are just now at the cusp of what broadband can bring into our lives. Rather than regulating broadband, we should work toward expanding it, and the options that consumers have for receiving it.

We need to get broadband out to those areas of the country that still remain underserved. And, we are pleased that this objective is one that unites legislators and policymakers of both parties. Our industry is particularly supportive of programs that have been shown to work; programs like *Connected Nation*, which in Kentucky resulted in an increase in broadband penetration from 60% to 94% in three years through an innovative public-private partnership. We support enhancements to the Rural Utilities Service broadband loan program to streamline the application process, to target unserved areas, and to expand access to loans and grants. We support tax and regulatory policies that encourage ongoing investment to upgrade networks to keep pace with the exponential growth in capacity demands, driven by the rise of web video, and the continued development of, and freedom to engage in, sophisticated network management to ensure that the Internet works well for *all* of us.

The biggest challenges we face in the years ahead all call for the *same* solution — investment and innovation.

In this important election year, with the Internet emerging as arguably the most influential forum, we need to think about not only the role of this competitive marketplace ... but also the role of government. The Internet today is driving tremendous, diverse participation in the democratic process ... in the absence of

government management. By contrast, we are heading into a Summer Olympics in Beijing where we know, the government manages the marketplace. It manages the Internet. And there are serious questions of under what terms and conditions journalists and visitors will have access to the Internet ... to unfiltered information ... whether the government will *allow* it.

So, we all appreciate the importance of our country's commitment to the free market, to freedom of speech and our belief that there should be unfettered competition in the marketplace of ideas, and to the approach that the United States has taken with regard to the Internet. While we are dealing with a new medium, and complex issues, we know this: freedom has served us well. It has served us well with regard to the press, and to broadcasting. It has served us well with regard to *investment* in newspapers, and magazines, and broadcasting, and cable. And, today, there is a growing community embracing internet freedom: broadband service providers, yes ... but also doctors, educators, first responders and other community leaders who are making their voices heard ... raising legitimate concerns about the threat of net regulation ... what it might mean for creativity ... for innovation ... for investment. And they are asking, why not continue to give freedom a chance?

## **Conclusion**

Just five years ago we wondered what that the killer app would be that would drive people en masse to broadband. Today, we find that the killer app is speech. Speech in all of its forms ... political speech ... commercial speech ... news and information ... entertainment ... individual speech ... the sharing of pictures, social networking, e-mail and instant messaging. Imagine that. Speech is the killer app. Broadband communications: Advancing freedom of speech.

The companies USTelecom represents are proud to be at the cutting-edge of this new medium. And, we are delighted to now be addressing The Media Institute.

I thank you for letting me be a part of your debates ... for recognizing that this is no longer the telephone industry but the broadband industry ... and especially for your work advancing freedom of expression ... competition in media ... competition in the marketplace of ideas ... and excellence in journalism.

Broadband can and is helping further all of these goals. We see it everyday, and we're proud to be making such an important contribution to it.

Thank you for the opportunity to join you today. This may be a first for our two organizations, but I look forward to many happy returns in the future.

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