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Speaking at the Media Institute is an honor and an opportunity. It is an honor because the Institute gathers the best of Washington focused on protecting one of our most central rights as Americans -- the freedom of expression. It is a guilty pleasure for me to gather with those who share not only a belief, but a passion for the First Amendment.

But it is not just personal support for the Media Institute and the First Amendment. CEA's 2,200 members make and sell products and services which rely on the content that freedom of expression creates. For 25 years, the ability to create, manipulate, shift, manage and display content has propelled innovation and new products. It has fueled a Renaissance in creativity, expression and amazing economic growth. It has also created new acronyms. The VCR, CD, DVD, MP3, HDTV, HD radio, and the Internet are directly or indirectly responsible for some 15 million jobs and billions in economic activity.

More, our nation houses the leading companies in the world of innovation and creativity. On the tech side consider Intel, HP, TI, Microsoft, Apple,

Google, eBay, eTrade, Facebook, and Amazon. On the creative side consider the Hollywood and independent studios making movies and TV programs, the music industry and the video game industry and book and magazine writers and publishers. No other country has this level of creativity and innovation. In these difficult economic times it is too easy to forget that our nation not only is the most creative on the planet, but movies, music, games, words and websites spread our culture, our language and our values.

If you can agree with me that we are the most innovative and creative country on earth, we should stop and ask ourselves how we can preserve and even expand on this preferred position. I know that in Washington we may disagree as representatives of different and occasionally clashing industries. But in this new era we should recognize that ultimately we are all Americans. We want what's best for our children and their children.

It is especially appropriate now to ask why we have succeeded thus far. We are in the midst of phenomenal financial and policy change. Our nation is reallocating resources and setting new policies not seen since the first 100 days of the Roosevelt New Deal.

So what we do and say in the coming days will determine our national future. This is often said but is rarely true. But this is a more volatile period of economic change than any we have had in our lives.

If you can agree that we have been a phenomenally successful and innovative nation – then let me postulate why we have been successful – and why that very success is now in jeopardy.

I think our innovation stems from four factors:

First, we are an immigrant nation that has attracted not only the best and the brightest – but risk takers who wanted something better for their children. Our nation is the most diverse in the world. Our gene pool includes those who hungered for something better and instilled that desire genetically and spiritually in our progeny. We attracted the best and the brightest in the world. Most of the Silicon Valley IT companies were actually created by immigrants. Successful companies like Qualcomm and Intel were started by immigrants. Every top student wanted to study in and immigrate to America.

Sadly, after September 11 we flipped a switch and discouraged immigration. We pulled back the welcome mat and put up real and perceived barriers to many special people who previously would have studied or created in America. Today, other nations welcome these students, entrepreneurs and engineers. Our reputation for unfriendliness creates an impression of xenophobia and increasingly repels the best and the brightest. This is not only a shame, but it is harmful to our future. I believe the election of President Obama will improve our international reputation. I am also hopeful that the Obama Administration reverses course and affirmatively tries to attract the best and brightest. Even if we start modestly, just at the University level, we are creating ambassadors of goodwill when they leave. But if we are strategic, we will not insist they leave when they get their degree, but encourage them to stay.

More, if we care about our competitiveness we will expand the H1B visa program and get the highly skilled talent here rather than forcing our companies to locate their facilities elsewhere in the world.

Second, we have been successful because we rely on a marketplace which rewards successful innovators. Until recently, it was considered good to be a successful entrepreneur. The distaste for Wall Street excess is quickly creeping over to other areas and risk-taking entrepreneurs are being punished. Anyone can be an entrepreneur, an innovator or creator and we should not begrudge those who succeed in the free market. More, risk takers create jobs and innovation flourishes if risk takers can ramp up and ramp down quickly. Recent proposals by unions to allow sudden unionization without a private ballot and then have government arbitrators set work conditions threaten the ability of any business to innovate. More, such unwise proposals could perversely provide an incentive for companies to move jobs overseas. And sadly recent executive orders barring government contractors from discouraging unionization and requiring that government projects use only union workers not only adds costs but discourages entrepreneurial companies from selling to the government.

Third, we have been successful innovators and creators because we have been leaders in trade and in IP protection. We have opened our borders and traded freely with other nations. This has allowed us to export our innovations and our content and stand up in a principled way to those who sought local content restrictions. We have maintained a strong system of intellectual property rights and have rigorously opposed

commercial piracy. And although we have our differences on private copying, these are differences at the fringe as we have all learned that we need each other and that new technologies can be embraced for profit.

Companies like NBC Universal, Disney and others are focusing on new media and it is helping their bottom line. But we face challenges here as well. Huge penalties on innovations based on speculation of infringement have restricted product introductions and decimated startup companies. More, free trade is under attack as agreements that would create U.S. jobs are left to languish. Worse, in the stimulus package we saw Buy America provisions enacted into law which ironically hurt the American companies they seek to protect. Buy America provisions for American steel will be signed into law today. Fortunately, Buy America provisions for medical IT were removed at the end of the process. We house the world's leading software companies and it would have been harmful to insist that medical IT exclusively use American companies. These same American companies will tell you that they are almost certain to win any fair competitive process. Yet, insisting that such competitions be limited to American companies would have encouraged other countries to impose similar requirements in their software procurements - thus blocking American companies from competing. But the protectionist provisions which remained in the stimulus package are precisely the Smoot-Hawley type of efforts that led to the Great Depression.

The fourth factor in our success is the First Amendment. More than legal protection, the First Amendment embodies our nation's spirit of encouraging creativity and individual expression. Our diverse population

has the legal and cultural imperative to express itself, not only for political speech, but for any reason. Our legal system and our culture not only encourage us to write and create movies and songs, we are protected in our ability to share them on Facebook, YouTube and on blogs. The First Amendment remains the fortress protecting these rights, but this fortress is increasingly chiseled and its defenders are scarcer by the day. While in the past, vocal Members of Congress would defend the First Amendment, many speak forcefully today to insist on restricting, rating or defining acceptable content.

Even leaders of the content world sometimes fail to honor the spirit of the First Amendment. When the RIAA fights to keep cameras out of courtrooms does it serve the greater cause of the First Amendment? Is the First Amendment served when CNN, the platinum standard of unbiased news, gives its global platform, including every major U.S. airport, to xenophobic and protectionist Lou Dobbs?

And our most important enforcer of First Amendment rights – the media – can in this online age lose track of its core mission. When the news media let the Bush Administration get a bye on the lack of evidence of weapons of mass destruction in Iraq, did it serve the First Amendment? Where was the scrutiny of how millions of Americans could pay for the mortgages being marketed to us every day? Was it simply politically correct to favor home ownership and not question how so many people could buy mortgages they could not afford? Was it easier and better to focus on Britney Spears?

Or more recently, where has the media been on the first bailout that rushed through \$300 billion in September? Is it simply just the news of the event or should the media have gone further and asked where the money would go? And as we add trillions of dollars of debt where is the media scrutiny? Proponents, including the President, said that everyone agrees we need a stimulus. Yet many economists disagreed and argued that there is little or no evidence that government spending can make a difference before the business cycle turns. Yet last week Congress passed its biggest expenditure in history. As one lobbyist told me: "We got everything we have been asking for over the last 10 years in one fat package." Has the media been so decimated by the economy and new media that thoughtful analysis of these immense proposals is off the table? And where was the outcry over this shift from immediate stimulus and job creation to massive government employment and industrial policy? Where were the news stories when the Congressional Budget office recently reported that the stimulus package would have no positive impact on the economy? Has the media simply lost interest in anything but the battle? Have the facts and substantive issues become irrelevant?

Let me digress and put in plain English the story that is being missed. This is what is keeping me awake at night. In the course of one year's time – with little opposition we are racking up over \$800 billion on the stimulus and trillions bailing out companies that made poor decisions. We have two wars costing us billions more. When we measure our national debt in trillions, it is no surprise that our interest payments are massive. In 2008, we paid almost \$500 billion in interest on our debt. This with historically low interest rates. Sometime soon, those that we owe money to are going to look elsewhere or insist on higher interest rates. All this without

even addressing our growing and underfunded social security and Medicare deficit. It will only get worse as we experience higher interest rates, a weaker dollar and inflation. The stimulus package also contains new spending levels which will be difficult to lower in coming years on everything from education and head start to grants to states seeking to balance their budgets. Can we afford to add another trillion dollars each year to the deficit each year for the next few years? In 2012, we will be paying a trillion dollars just in interest on our growing debt.

I am not a deficit hawk. I am just an American who did the math and can't believe that few are planning forward and raising the cry about our future. We are guaranteeing a future for our children where they must pay for our unprecedented grab from their future.

Our generation will be noted for two things. We are the generation that embraced digital technology, not only the cell phone, the HDTV and digital music, but the Internet and all the glory and richness it provides. But we also will be forever known as the generation which saddled our children with a debt which will take generations to pay. The irresponsibility and the lack of discussion are breathtaking.

I know we are in a recession and people are losing their jobs and every inclination is to do something. But we are also in a free market system which has a business cycle. In the late 70s we had gas rationing, double digit employment and interest rates approaching 20 percent. We survived without panicking. By comparison, today we are on path to increase public debt by some 3 trillion dollars in the next 3 years alone – more than

we added in the 50 years from 1940 to 1990. Baseline projections have us growing the public debt by some 60 percent in the next decade alone. We are in an unnecessary financial stampede and making unwise, ill-considered choices. I respect the good intent of our politicians responding to real life needs. I understand the natural desire of business to ask the government for money. But the two have become a deadly combination as the short term high will give way soon to a horrible long term illness.

Our press had been among the best in the world in challenging the status quo. But it has failed us recently. It has been mostly reactive, favoring the politics and the battles between the political parties rather than independently reviewing the big issues. I would prefer an engaged press that treated stories based on the size of long term impact rather than the salaciousness of the immediate human interest. How can the public focus on the big picture if no one helps them to see it? How can we get fewer stories on feuds and more on what will shape our economic lives in the future? How can the First Amendment survive when it has few defenders and few who use it as a tool to question their government?

We are at a double danger area. First, we have an intensely charismatic leader who broke through a huge barrier and almost every American wants him to succeed. Second, we are in the middle of a serious economic downturn. Those two together have blunted criticism and careful analysis. Many in Washington see the goodies they are getting as in their self interest. In any case, critical inquiry has yet to manifest itself.

So, while the First Amendment is alive legally, it is an unnoticed, underused and often forgotten tool whose spirit has shifted from traditional media to YouTube and blogs.

By sharing this unpopular perspective, I am taking an unusual tack for an association executive. I am doing it for several reasons.

First, I have heard from many of my members about these issues. These are entrepreneurs who do not ask much from their government other than reasonable taxes and a working infrastructure. They want to know why we are standing idly by while our government is mortgaging out future. Others in Washington quietly express similar concerns but so many are reluctant to upset the apple cart – and tons of goodies are being handed out. But I believe President Obama when he says he wants diverse viewpoints. Hopefully, the people in his Administration will follow his lead.

More, it is our job as citizens to disagree with our government. We hired our elected leaders with our votes and we have a right to demand they not take us down a destructive path. If our ancestors were as passive as our citizens and press today, we would all still be sipping tea and paying for it in pound notes.

I am also speaking out because some day we will have to justify this irrationality to our grandchildren. I hope mine read or watch or hear these words, because if we do not alter our path we will owe our grandchildren an apology for the sins of our generation.

I challenge each of you to think about these issues. I ask you to take back to your colleagues, your CEOs and your editors a request. We must ask the tough questions and push for answers. We must insist our government act with some level of long term financial and strategic planning. Just like any business, the government must create a budget and a forecast and plan accordingly. Our national conspiracy to ignore financial reality will doom us to second class status and we will all be responsible for our silence.