Thank you, Larry, for your kind introduction. And thank you for your invitation to provide some opening remarks for this important workshop. Almost two weeks ago, I was sworn in for my second term at the FCC. It is an honor and a privilege to continue my public service through this office. With my new colleague, Julius Genachowski, at the helm, I am re-energized to tackle the myriad of economic and communications challenges that America faces. I look forward to working with the Chairman, my friend and colleague Mike Copps, and our two new colleagues once they are confirmed. So I am delighted that the first speaking opportunity of my second term focuses on broadband deployment and adoption – one of the most important public policy challenges we face.

On February 17, the American Recovery and Reinvestment Act of 2009, the ARRA, became law. With that Act, Congress directed the FCC to develop a national broadband plan with the goal of ensuring that all Americans have affordable access to broadband capabilities. Many have said that the national broadband plan will be the most important public policy initiative affecting broadband since the Telecommunications Act of 1996. We kicked off this effort in April by releasing a Notice of Inquiry, which generated close to 2000 comments from consumers, industry, academics, and other government agencies totaling well over 8000 pages. The comment summary itself was over 500 pages, and we expect thousands of additional pages when reply comments are filed on July 21. Some of the comments are brief and direct, such as this one: “The
Internet is the greatest knowledge tool mankind has ever devised. Please do not permit it to be controlled or restricted by business interests. America does not need to become more like China. Thank you.”

Those comments are noteworthy not only because they are so brief, but also because they are self-contradictory when they warn us against becoming too much like China when it comes to Internet regulation. It is important for that commenter – and everyone – to understand that countries that regulate the Internet more tend to be less democratic, like China, while those societies that regulate the Internet less tend to be more open and free, like the U.S.

In any case, many comments we received are longer and more detailed. Yet all of them recognize just how important it is for the Commission to get this plan right. Of course, they often have differing interpretations of what “getting it right” means.

Presumably, the intent of the broadband plan will be to chart a course for the U.S. to embark upon a journey that will lead us to a new world of faster speeds, more choices, lower prices and robust broadband ubiquity to the benefit of all Americans. But before we can reach that destination, we first have to know where we are. Part of the challenge for the FCC is that Congress mandated that we set a compass heading a full year before we have the most critical information needed to – literally – draw a map. The Broadband Data Improvement Act of 2008 and the ARRA give the FCC and the NTIA until 2011 to complete much-needed broadband data collection and mapping. Congress has also required us to compare America’s broadband service capability to that of other countries. If done properly, such a study could prove to be highly valuable. If, however, such a comparison were prepared using poor data or inferior methodologies, it could be
misleading and be used to justify potentially harmful public policy. That is why we should encourage a proliferation of as many diverse efforts as possible to produce a wide variety of studies examining the global broadband situation.

The release of the Phoenix Center’s Broadband Adoption Index could not come at a better time. I hope more groups – of all stripes and perspectives – will follow suit quickly. For a couple of years now, I have been concerned that policy makers would rely too much on a select few studies or rankings when making crucial policy decisions. The highest profile study, of course, is the Organization for Economic Cooperation and Development’s semi-annual release of broadband statistics. According to the OECD, the U.S. ranks 15th in the world when it comes to broadband subscribers per capita. As I have discussed and written about several times, one of the many concerns with the OECD’s study is that it does not rank on a per household basis, which creates a statistical disadvantage for counties with larger household sizes. As a result, those who tout the OECD’s findings are doomed to fail at the hands of the very methodology they promote today – no matter what future U.S. policies may actually produce. As the Phoenix Center has demonstrated, even if every home and business in every OECD country were wired with a broadband connection, the U.S.’s per capita rank would actually fall to 20th. To reiterate, America would be 100 percent broadband saturated and yet our standing would plummet because the OECD ranks on a per capita basis rather than per household.

In contrast, the Pew Internet & American Life Project’s Home Broadband Adoption 2009 study estimates our household adoption rate to be 63 percent versus the EU household adoption rate of 36 percent as estimated by the European Commission’s 2008 E-Communications Household Survey. With so much at stake, shouldn’t we
examine as many credible studies that offer as many viewpoints as possible? Let’s take a
glimpse at just a few.

The Connectivity Scorecard is a private sector study commissioned by Nokia
Siemens and created by Professor Leonard Waverman of the economic consulting firm
LECG. The Scorecard weighs three fundamental categories of economic actors:
consumers, government and businesses. The Scorecard methodology then determines
how information and communications technologies (ICT) affect economic activity for
those three actors. At the end of the analysis, the Connectivity Scorecard ranks the U.S.
first overall among “innovation driven economies,” but noted that the U.S. did not rank
first in a number of key components of the Scorecard – an indication that we have plenty
of room for improvement.

So are we first? Well, let’s look at the Information Technology and Innovation
Foundation’s (ITIF) rankings. The ITIF is a non-governmental, non-profit foundation.
The ITIF measures household broadband penetration and average speed weighted by
things such as lowest available price per Mbps in OECD countries. In 2008, the ITIF
ranked the U.S. 15th, down from 12th in 2007.

Perhaps you don’t like private sector studies and believe that only government
studies are pure and reliable. So let’s look at Ofcom’s International Communications
Market reports. Ofcom, of course, is the U.K.’s regulator. Its reports examine
availability and use of broadband services among the U.S., Canada, Japan and nine
European countries. The 2008 report showed that the U.S. had 61
“residential/small/medium enterprise” broadband connections for every 100 households
in 2007. The U.S. was second only to Canada which had 66 connections per 100
households. Growth was highest in the U.S. and Germany with an increase of 12 broadband connections per 100 in 2007. Additionally, the Ofcom’s 2007 report ranked U.S. broadband consumers as the most satisfied of the group.

If you like rankings, there are many more out there – too numerous to describe in detail for these brief remarks. But here is a synopsis of a few more. The 2009 ITU ICT Development Index has the U.S. ranked 17th out of 154 countries overall, but first as far as having the “lowest relative broadband prices available.” In 2009, the Economist Intelligence Unit e-readiness rankings listed the U.S. fifth out of 70 countries studied. That’s down from first in 2008. The drop was attributed to the effect of the financial crisis in the U.S. as compared to other countries. While we were dropping in that study, we were rising in the Global Information Technology Report – a collaboration between the World Economic Forum and INSEAD, the international graduate business school, which is intended to “assess countries’ preparedness to leverage ICT advances for increased competitiveness and development.” That report has the U.S ranked third in “networked readiness,” up from fourth in 2008. And Nielsen ranks us number one out of 16 countries in mobile Internet penetration, the fastest growing segment of the broadband market.

So what does all of this mean? Whether we’re first or 17th or somewhere in between, and whether we are going up in a ranking or going down, we are Americans and therefore we want to be the best. We must never be satisfied. We must always strive to do better. Our competitive nature is what has enabled only 4.5 percent of the world’s population to build an economy that produces twenty-three percent of the world’s goods and services – an economy that is almost double the size of our closest competitor. Our
Internet economy is the largest and most dynamic in the world as well. Rather than fixating on rankings as we prepare our National Broadband Plan, I hope that a crucial part of our analysis will include an assessment of what America has done right. Keep in mind that since 2000, the number of high-speed lines in America has increased more than 1600 percent, from approximately 6.8 million connections at the end of 2000 to over 121 million lines seven years later. Additionally, in the midst of the worst economy in decades – an economy that seems only to shrink – the ICT sector intends to plow an estimated $80 billion this year into capital expenditures that are making broadband services faster, more available and more affordable. Few, if any, sectors can make such a claim. ICT is poised to lead our country out of the recession and into an era of sustained economic prosperity, higher paying jobs, and untold consumer benefits, if the government does not adopt policies that inhibit economic freedom and investment.

America’s year-over-year private investments in broadband dwarf any government funded broadband efforts throughout the globe. With this fact in mind, whatever we do should help attract more private investment capital, not deter it. Encouraging the flow of private capital is the spark needed to restart America’s economic engine.

I look forward to learning more about the myriad of ideas being offered as we contemplate a broadband plan. In the same spirit, I look forward to reading your Broadband Adoption Index materials. In the coming weeks and months I’m sure all of us will be engaging in a more spirited dialogue as we debate new ideas. Please consider my door open as we progress. I want to hear from you and I want to hear from your critics.

Thank you again for having me here today, and I look forward to taking some questions.