

December 22, 2008

Statement of Public Interest Groups on Proposed Broadband Principles in Upcoming Economic Stimulus Package

Local and National Groups urge the Obama-Biden Administration and Congress to focus on Accountability, Local Approaches, Access and Adoption, Internet Freedom and a Coherent National Broadband Policy

President-Elect Barack Obama and Congressional leaders are calling for government support to fund universal broadband Internet access as part of a potential economic stimulus package. We applaud these discussions and strongly believe that providing every community in America with high-speed Internet access – particularly those who have long remained on the margins of public participation and debate – is essential to the economic and democratic future of the U.S.

The undersigned organizations, which represents a broad coalition of local and national public interest groups, strongly support investments in broadband build-out, as well as the training, tools and other resources needed to connect those that are currently on the wrong side of the digital divide.

Ubiquitous Broadband Can Help Solve Pressing Social and Economic Problems

Ubiquitous access to high-speed Internet is key to solving the immense challenges currently facing our nation. High-speed Internet connectivity is essential to promote jobs in the information economy of the 21st century, ensure the competitiveness of our small and large businesses in the global economy, and create economic opportunity across the nation. Distance learning can help bring world-class education to students in rural and inner city America, and tele-health services can bring doctors and healthcare to people in isolated and currently underserved areas. Modernizing our healthcare system with electronic records will require hospitals, doctors and patients to have high-speed connectivity. Facilitating a more efficient, open, and inclusive government is dependent upon having the entire nation connected. As we look to address climate change, broadband is critical to improving energy efficiency as well as creating 21st century green jobs in wind, solar, and bio-fuels throughout the country.

The only way to leverage these advanced communication technologies to solve the challenges we face is to ensure that every community has affordable access to high-speed broadband. As other nations have raced ahead with proactive investment in building out

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broadband infrastructure everywhere and promoting broadband adoption, the U.S. has been stuck in neutral. The nation that invented the Internet has fallen from 1st to between 15th and 21st in the world in broadband Internet access and adoption.

Business As Usual Will Not Suffice

Until now, U.S. policy has been to largely rely on the private market, particularly incumbent large telephone and cable companies, to determine who has access, what they pay for it, and the speed of U.S. broadband infrastructure. This approach has failed, and business as usual will not suffice. Exclusively relying on the market or private industry will not bring broadband to high-cost areas currently un-served or underserved. We did not bring electricity and phone service to rural America or assure the affordability of service to all by relying on the market alone. We simply cannot rely upon one solution, a handful of companies, or a single model or technology to solve this problem. Nor can we count on seeing tangible results if U.S. policy aimlessly doles out tax breaks or public subsidies without accountability. The stimulus package must not degenerate into corporate welfare, as has too often been the sad fate of subsidies to the private sector.

Principles for Broadband Stimulus Proposals

We urge the Obama Administration and Congress to think carefully about broadband stimulus and consider the following principles when crafting economic stimulus policy:

Accountability and Results

In good economic times and bad, expenditure of taxpayer funds must be held to the highest standards of efficiency and accountability. That is certainly true in the current climate, when many worthy programs and services are in desperate need for government assistance. Public subsidies or funding for broadband deployment must contain strong standards to ensure results.

Funding should go to specific efforts and projects that actually bring broadband to currently underserved or un-served areas and improve broadband adoption by ensuring that services are affordable.

Without explicit accountability metrics, public subsidies will enrich the same corporations that have failed to serve U.S. broadband consumers thus far. This will not result in significant increases in broadband deployment beyond what those corporations had already planned, nor will the public benefit from lower prices. If the goals of broadband stimulus are to achieve either increased facilities or lower costs for consumers, the stimulus package must explicitly direct the use of funds for those purposes. If private

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providers are to be eligible for public subsidies, explicit requirements to reflect those subsidies in the prices charged for services is the only way to ensure the public sees a return on its investment.

We believe accountability is best achieved with grant programs, targeted to specific constituents, with clear proposed outcomes, and measurable goals. This promotes transparency and allows for government to evaluate what efforts worked and what efforts did not. The impact of tax incentives are often difficult to measure, and may fail to benefit those that need it most. Evaluation of the success of broadband initiatives must also measure the impact on those who are now most underserved: the poor, the elderly, people of color, the disabled, and those that live in rural communities. Grant programs could be modeled on past initiatives such as the Technology Opportunities Program (TOP), which facilitated successful broadband infrastructure projects and digital inclusion programs in communities across the country.

A Local Approach

Universal broadband Internet access is a daunting challenge. Forcing or subsidizing non-local carriers to extend broadband service to underserved areas has not worked. Meanwhile, in recent years numerous local network initiatives have been launched to bridge the broadband digital divide. For example, dozens of local governments, non-profit institutions, community groups and co-operatives have recently built networks to provide quality, affordable broadband. From Kutztown, Pennsylvania, to rural North Carolina, central Ohio to central Illinois, these networks serve as models many communities could replicate, if they had the resources. To do so, we must prioritize using government subsidies for local non-profit, municipal or Native American tribal government network initiatives to ensure that federal broadband investments remain under local control, and to promote the development of new business models. Ensuring sustainable business models to provide broadband access to underserved areas may also require the removal of artificial barriers to existing but under-utilized broadband infrastructure, as well as other restrictions that inhibit the potential of municipal, community-owned, non-profit, or cooperative networks.

Focus on Access and Adoption

The value of a high-speed, ubiquitous affordable broadband network is in its users. As more consumers get on-line to access the tools and resources of the web and technology, greater is the return on our public investment. Simply making the infrastructure available is not enough. Digital literacy, training, access to hardware and software, and other programs are necessary to connect the millions of Americans that are still not on-line. We can take advantage of existing programs and institutions such as the E-Rate program, which serves schools and libraries, by expanding it to benefit surrounding communities. Thousands of non-profit Community Technology Centers (CTCs) are now providing

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technology access and education to underserved communities. Public, Education and Government (PEG) television access centers have long trained individuals on how to use technology to communicate with their neighbors.

This human infrastructure is available, but has been starved of resources. It can be quickly expanded in these difficult economic times. Indeed, America's youth, who have immense digital skills and who will be hard pressed to find employment during the recession, could provide a vast pool of expertise to ensure the dissemination of digital skills through the entire population.

Promote Internet Freedom

Public investment in broadband infrastructure and networks should be used to promote Internet freedom and non-discriminatory access. Non-discriminatory and open networks facilitate innovation, promote entrepreneurship and new thinking, and allow for the development of publicly beneficial services and applications. The potential of the Internet to promote economic opportunity, increase access to healthcare and education, improve energy efficiency, and facilitate an open government is predicated upon the freedom of all Internet users to connect with any other user, without interference from a broadband provider.

The history of the Internet's early success shows that this nondiscriminatory access to the communications platform triggered consumer-friendly innovation that drove adoption. The speed of adoption was stunning precisely because innovation was decentralized. The stimulus package should not fall into the trap of assuming a centralized approach is superior simply because it is easier to count the dollars spent. Big corporations can spend resources quickly, but at the same time can produce very little that is useful or accessible to the public. The positive externalities of ensuring decentralized innovation and access generate much more economic activity.

The U.S. Needs a National Broadband Policy

A results-driven broadband stimulus policy that brings high-speed Internet access to needy businesses and communities, and promotes adoption of the technologies, will greatly benefit the nation's economic and social welfare. The proposed economic stimulus package is an appropriate vehicle to allocate funds for broadband deployment. But it is only a first step. The U.S. needs a coherent national broadband policy that, among other things, gives policy makers and the public a clear picture of where broadband infrastructure exists, and where it does not; the speeds of those networks and a modern assessment of U.S. demand for speed and capacity; the costs to consumers; and information on how broadband networks are operated. A coherent national broadband policy, combined with sustained investment, can give us a broadband plan we can believe in.

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The undersigned groups urge Congress and the Obama Administration to consider these principles when crafting broadband stimulus policy.

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