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DIGITAL DIVIDE 4/2000 [1]

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DIGITAL DIVIDE

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Draft 04/17/00 10:00pm
Jeff Shesol

PRESIDENT WILLIAM J. CLINTON
REMARKS TO COMDEX SPRING CONFERENCE
McCORMICK PLACE
CHICAGO, ILLINOIS
April 18, 2000

Acknowledgments: Sec. Slater; Reps. William Jefferson, Silvestre Reyes, Stephanie Tubbs Jones, Jan Schakowski; FCC Chair Bill Kennard; Rev. Jackson; Gene Sperling; Maria Echaveste; Frederic Rosen, Chair & CEO of Key3Media; Jason Chudnofsky, Pres. & CEO of ZD Events; Director Tony Streit [*Stright*] & the young people from Street-Level Youth Media

I am glad to be the first President to address this conference. I predict I won't be the last. Over its 21 years, Comdex has become much more than a trade show for industry insiders. As I saw on my tour today, it's sort of an open celebration of ideas, of innovation, of the ingenuity that has driven this industry from the very start.

The IT industry is too young, too new, for us to get nostalgic about the way things used to be. But I do want to read you something that dates back to the Comdex show of 1984, the year that vendors offered a low-cost laser printer – for only \$5,000. (That was nothing. A couple of years earlier, they went for \$30,000.) Here's what one magazine had to say in 1984: "Comdex," it wrote, "has come to serve as a compass from which . . . the direction of the microcomputer business can be accurately [read]."

That was 16 years ago. The same can be said today, but with even greater confidence. Your companies have not just marketed new trends – you've set them. This year, I want to challenge you to set another new trend. I hope you'll devote more of your time and technology, more of your ideas and energy, to closing the digital divide – the growing gap between those who have the tools and skills and the motivation to succeed, and those who don't.

At the start of this new century, as our new economy surges forward, we know there are people and places being left behind. Over the past year, on my New Markets tours, I have traveled to many of them – from the hills and hollows of Appalachia to the heart of the Mississippi Delta; from Englewood, in inner-city Chicago, to Pine Ridge, at the outer reaches of Indian Country – shining a spotlight on opportunity where it is too often overlooked.

Yesterday, I began this third New Markets tour in East Palo Alto, California – because I wanted our nation to know that even in Silicon Valley, there are many Americans who have yet to enter the Information Age. Also yesterday, in Indian Country in New Mexico, we saw the vast distances that must be overcome – literally – in building an information infrastructure to encompass all America.

So – and let me pose this question bluntly – why am I here? After traveling to some of America's hardest-pressed places, why in the world have I come here, to Comdex, to meet with America's highest-powered, high-tech elite?

Let me tell you why. I have come to Comdex because I want to talk to you directly. I have come to seek your support. I have come to tell you about the important choice we have before us – and to suggest what you can do to help America make the right choice. The technology you create, and the ideas you generate, help drive our new economy. They can also help ensure that no one gets left behind – moving millions of Americans from the economic margins to the mainstream, moving more people out of poverty more quickly than at any time in history.

So this is our choice: we can use these new technologies to widen the circle of opportunity; or we can allow the digital divide to widen along the lines of education, income, region, and race. We can accelerate the most powerful engine of wealth the world has ever known, or we can allow that engine to stall. As any economics textbook will tell you, technology will continue to drive growth upward – only as long as technology continues to spread outward, reaching into every sector of our economy and every corner of our country.

Our imperative is clear: We must open new markets and new opportunities; and we must close the digital divide. Because this is so strongly in our national interest, I am here to tell you what more we can do about it. And because this is so strongly in your interest, I am here to tell you what more you can do about it.

Like all Americans, you've got a big stake in our shared success. Now, more than ever, businesses like yours are looking to expand, looking not just for new markets and new customers but for new workers. Whether you're creating information technology – and that's all of you – or just using information technology – and that's just about everybody else – you need the highly skilled workers to do it. You have never had a better incentive to search several exits off the beaten path, or to give a chance to someone who might otherwise go undiscovered.

On every one of my New Markets trips I have met intelligent, able Americans, eager for opportunity. Like the young people here today, they demonstrate that drive and dreams are distributed equally. These Americans don't want charity. They want opportunity. They want the high-tech, high-wage jobs that your companies create by the thousands. But whatever it is they desire to do – a high-tech job or a teaching job or the most important job of all, being a parent – they need to know how to use this technology. It will serve them well whatever they do.

How are we going to tap the potential of these new workers? By working together. I have often said that government works best as a partner to the private sector – as a catalyst that helps create the climate for investment and opportunity. That is the idea behind my New Markets Initiative: that tax incentives can leverage private-sector investment, can get capital flowing to people and neighborhoods it might otherwise miss.

It's an approach that should appeal to both parties. Last fall, Speaker Hastert and I came to Chicago and pledged to work together on a bipartisan initiative to spur investment in new markets. We are making progress on that pledge. The House took an important step last week toward creating American Private Investment Companies, which will spur as much as \$1.5 billion in new private investment in hard-pressed communities.

It's also a comprehensive approach – toward opening new markets and closing the digital divide. In addition to our \$2.25 billion e-rate initiative, and our \$450 million Technology

Literacy Challenge, my budget creates \$2 billion in new tax incentives to bridge the digital divide. It provides \$150 million to train all new teachers to use technology in the classroom, and \$100 million to create technology centers in 1,000 communities across the country, by the end of next year.

Today, I am pleased to announce the creation of 214 Community Technology Centers this year alone, and the substantial expansion of 136 more. We'll expand investment in these centers by more than \$86 million, half of it from state, local, and corporate commitments. Not far from here, on the West Side of Chicago, is one of these centers. The young people I met today spend a lot of after-school hours there, at Street-Level Youth Media, where they can access the Internet and a whole lot more – classes in website design; projects in video production; and, most important, the chance to apply their skills in real work, for real wages.

I am also pleased to announce that we will double, by the end of next year, the number of Neighborhood Networks to 1,000. These computer learning centers – product of a public-private partnership with the Department of Housing and Urban Development – have already helped the residents of some of our poorest neighborhoods to make the move from welfare to work; to increase their earnings; and to start new businesses.

And to ensure that every new teacher in America can use technology effectively in the classroom, the deans of more than 200 colleges and universities have sent me a letter, pledging themselves to join in our effort. Their schools will hold themselves responsible for results, testing their progress with a self-assessment tool designed by the CEO Forum on Education and Technology – a forum that includes many forward-thinking companies represented here today.

But this is only a start. I want every person here, every entrepreneur, every engineer, to consider what you can do to help America seize this opportunity, and fulfill this fundamental obligation to our children and our future.

First, I hope you will support my National Call to Action, which I issued two weeks ago. Its basic goals are to provide 21st-century learning tools for every child in every school, and to create digital opportunity for every family and every community. I have called for businesses like yours to enlist in our effort – as well as schools, community groups, and volunteers. More than 400 organizations have already signed on. I hope you will join them.

But second, I want you to do more than sign this pledge. I want you to fulfill it. I want you to take action to make sure all of our children are technologically literate. I want you to make sure our schools have modern computers and high-speed Internet connections; and high-quality educational software our children need to succeed. And to make sure all of our teachers are as comfortable in front of a computer as they are at a chalkboard.

Third, so that today's students can become tomorrow's workers, I hope you will expand the internships you offer. And not just that. Deepen your talent pool. Reach out – to women and minorities and young people from disadvantaged backgrounds. Go out and find the talent that might not otherwise find you.

Fourth, build this effort upward from the grassroots. Forge new partnerships – with local groups and local government – and inspire your own communities to get passionate about it.

You can't develop a comprehensive approach on your own; and neither can we. But working together, we can mobilize all the talent and all the technology it will take. Working together, we can empower people with the tools and the training to lift themselves out of poverty. Working together, we can close the digital divide and open untold digital opportunities for all Americans.

I ask you to do this because it is in your power to make a difference. I ask you to do this because it is in our national interest. And if we don't do it now, at this unprecedented time of prosperity and promise, when will we ever get around to it? Sixteen years ago, they called Comdex a compass. A compass, of course, points the right way. But you and I can do more than that. After this tour, I am going to go back to Washington and ask myself what more I can do. If all of us do the same, we can do more than point the right way. We can take a giant step in that direction – toward a better America and a future of even brighter promise. Thank you.

April 17, 2000

TOUR OF COMDEX FLOOR

Date: April 18, 2000
Time: 12:40-1:15pm
Location: Comdex Exhibition Hall
McCormick Place
Chicago, Illinois
From: Gene Sperling

PURPOSE

The purpose of this event is to highlight that bridging the digital divide may be accomplished in the future not just by traditional computers – but low-cost devices that can be connected to the Internet using wireless technology.

You will tour the Wireless Pavilion, a portion of the COMDEX Floor, where Motorola will demonstrate cutting-edge “wireless Web” technology. You will see a demonstration that allows individuals to access information from the Web simply by speaking a question into a cell phone. The demonstration will first show how the application works for weather and travel information – two existing uses of this technology. It will then show the potential this technology has by demonstrating education applications that would allow parents and students to access information about their school anytime, anywhere, using only a phone.

BACKGROUND

The COMDEX show attracts thousands of attendees and much of America’s high-tech industry will have exhibits and be announcing new products. COMDEX is run by Ziff-Davis. They hold two large shows a year—Chicago in the spring; and an even larger Las Vegas show in the fall..

You will be joined by Fredric Rosen and Jason Chudnofsky, Chairman and CEO of ZD Events, which puts on COMDEX. You will be joined by 6 children and their “mentors” from Street-Level Youth Media. Their bios are attached.

Street-Level Youth Media is a non-profit community technology center, which serves urban youth in Chicago. The organization offers a variety of services including training and access in media technology, computer classes, school-age education, video and audio production, and digital publishing. The organization also offers youth employment opportunities on special production projects such as Web site design and video production for local organizations. Street-Level Youth Media has partnered with the Chicago Public School system. It receives some funding from a Technology Innovation Challenge Grant, a program you created in 1995.

Street-Level Youth Media was also one of the community technology centers that was able to watch your event in East Palo Alto and submit questions.

PARTICIPANTS

YOU

Fredric Rosen, Chairman of ZD Events
Jason Chudnofsky, CEO of ZD Events
Tony Streit, Administrative Director of Street-Level Youth Media
Deidre Searey, In-School Program Director
Noreen Jenkins, Senior at Lane Tech High School
Lucia Gonzales, Freshman at DePaul University
Mokerah Bradley, Junior at Best Practice High School
Angel Agosto, Teaching Assistant at Street-Level
Jaime Perez, Student at Malcolm X College
Jason Bell, 8th grade Ella Flagg Young Elementary

SCHEDULE OF EVENTS

- YOU will arrive at COMDEX exhibition hall
- YOU will tour the Wireless Pavillion accompanied by Jason Chudnofsky and the students and teachers from Street-Level Media.
- YOU will depart the Exhibition Hall.

REMARKS

None

PRESS

Pool Press

ATTACHMENTS

Biographies on Street-Level Youth Media participants.

STREET-LEVEL YOUTH MEDIA
YOUTH JOINING THE PRESIDENT FOR TOUR AND SPEECH AT COMDEX,
CHICAGO, ILLINOIS

Tony Streit, Administrative Director of Street-Level Youth Media

Tony Streit co-founded Street Level in 1993 with a group of local Chicago artists who wanted to give the under-served youth of Chicago an opportunity to incorporate media and technology into their lives. Tony, who works in youth media for ten years, manages the organization's financial and legal responsibilities and works to develop relationships with Street-Level's many community partners and supporters. A graduate of the University of Notre Dame, Mr. Streit also conducted graduate work at Columbia College. As Special Projects Coordinator for five years at Community TV Network, a non-profit in Chicago that does video production with young people, Mr. Streit facilitated the production of more than 100 episodes of the youth-produced "Hardcover," a cable television show out of Chicago. At Street-Level, Tony has worked with youth to produce numerous video and online art projects.

Deidre Searcy, In-School Program Director

Deidre joined Street-Level in 1998 to take over school-based programs and supervise curriculum development for the organization. She is currently working closely with Columbia College Chicago to implement a Department of Education Gear Up grant with two of Chicago's technology magnet schools. A graduate of Northwestern film school, Deidre has worked extensively throughout the Chicago Public Schools, on her own and with Street-Level program partner CAPE, to introduce youth to technology and to develop curriculum-based integrated arts projects. She has been invited to numerous art education conferences nationally and internationally, participating as both a presenter and a facilitator. Deidre has also lead workshops and training courses for teachers in the Chicago Public Schools. Deidre is currently seeking a Master of Arts Education from the School of the Art Institute of Chicago.

Noreen Jenkins

Noreen Jenkins, a senior at Lane Tech High School, lives in the Grand Boulevard neighborhood on the south side of Chicago and has participated in the technology programs offered at Street-Level for the past three years. Technology has played a significant role in Noreen's life. Not only does she use computers and the Internet for school projects, but she also uses technology to express herself creatively. She has worked on graphic design programs and applications, computer animation, film and other media arts and views technology as the bridge between art and science. Noreen has independently produced a computer-animated video that retells the fairy tale story of "Beauty and the Beast." In the fall, Noreen is attending the University of Illinois and plans to pursue a career in special effects arts.

On technology, Noreen has said, "Technology has played a significant role in my life as a tool of expression. Through graphic design programs and applications, computer animation, film and other media arts, I have become progressively open-minded aware, and appreciative of my own creativity. I see technology as the bridge between art and science."

Lucia Gonzalez

Lucia Gonzalez, a freshman at DePaul University, has worked with Street-Level for two years and is currently doing a work study project at Street-Level to coordinate programming to increase girls' interest and involvement in new technologies. She is one of the co-producers of a video on technology that was used in a program, entitled, "Future Perfect: Voices on the New Millennium," which aired on public television last fall. She views the Internet and other technologies as a great way for people to pursue their interests and education.

On technology, Lucia has said, "Through the use of technology, such as computers and video equipment, I've been able to tap into resources such as the Internet and alternative media, which directed me to pursue my education of a continuously developing world."

Mokerah Bradley

Mokerah Bradley, age 17, is a junior at Best Practice High School – a new charter school on the city's West side – and lives in the Uptown neighborhood of Chicago. She has been active with Street-Level for several years, as both a participant and a media producer. As a participant, Mokerah has attended several after school and weekend "Drop-In labs," which are offered to young people to expose them to technology, including computers, video equipment and editing facilities. As a media producer, Mokerah has worked on special video projects with various community organizations, where she has developed her technology skills and gained exposure to employment opportunities in the technology field. Mokerah also has participated in several of Street-Level's "Girls only" programs, which focus on increasing young women's interest in and knowledge of technology. Mokerah has even started her own girls-group in her Uptown neighborhood.

On technology, Mokerah has said "Street-Level represents power to the teens through the way they let us express our feelings, expressing where we stand and how we feel politically. It provides shelter, safety, and an outlet for kids. At Street-Level, we discover technology on our own terms, rather than having adults force it on us."

Angel Agosto

Angel Agosto, age 24, currently works as a Teaching Assistant on Special Projects at Street-Level through a work-study program at Columbia College Chicago. During high school, Angel visited Street-Level after-school and on weekends to take advantage of the Drop-in program, which gave him access to computers, video equipment and the Internet.

Angel is interested in graphic design and art, and enjoys having access to technology to transfer his sketch work to computers. Angel is a recipient of a scholarship to Columbia College Chicago and is studying art and design. Angel credits Street Level for providing him with a safe and positive environment in which to learn about technology and pursue his interest in graphic design.

Angel has said, "Street-Level filled up my free-time after school and after I finished high school, giving me something positive to do and a outlet for my creativity. I got a full time job right after high school, but in my free time I still went to the lab to access the Internet or just hang out. Now they're playing a major role in my life by helping me go to Columbia College through a scholarship and do what I planned on doing with my life, become an artist rather than a custodian."

Jaime Perez

Jaime Perez, age 24, came to Street-Level five years ago as a high school drop-out looking for work. Despite his young age, Jaime became a senior staff member, working as a lab assistant for more than four years. His kindness and patience with other youth made him a great teacher and mentor. As a result of his training at Street-Level, he has become skilled on photo manipulation and video production, and instructs new youth on Internet and computer literacy basics. He is currently attending Malcolm X College so he can receive his GED certificate and attend college in 2001.

On technology, Jaime has said, "In my life, technology has expanded my horizons and opened up opportunities I didn't realize were there. The Internet is cool because it brings people who are worlds apart together, just through a phone line, for education or just plain enjoyment."

Jason Bell

Jason Bell, age 13, is an eighth grade student at Ella Flagg Young Elementary, a school that has limited access to technology. A resident of the Austen neighborhood on Chicago's far west side, Jason is an excellent student whose favorite subjects are social studies and math. He likes to write stories on the computer and he produces videos with his cousin in his spare time.

On technology, Jason has said, "Technology makes it so that you can do all kinds of things without even leaving your home. If my school really had technology the way I'd want it, if I was writing a report about Australia, I would like to be able to actually chat with another student from across the world, but now I can't because we can't get on-line to do that."

April 16, 2000

REMARKS TO COMDEX PARTICIPANTS

Date: April 18, 2000
Time: 1:35-2:25pm
Location: Arie Crown Theatre
McCormick Place
Chicago, Illinois
From: Gene Sperling

I. PURPOSE

This event will allow you to personally challenge 4,000 top high-tech executives to play a leadership role in bridging the digital divide. Obviously, we can't hope to create digital opportunity for all Americans without strong involvement and buy-in from the high-tech industry.

You will announce three public and private sector commitments: (1) the creation of over 200 new community technology centers funded by the money we fought for in the FY2000 budget; (2) a commitment by HUD to double the number of Neighborhood Networks from 500 to 1,000 over the next 2 years; and (3) a commitment from over 200 deans of colleges of education to meet your goal of training every new teacher to use technology in the classroom.

II. BACKGROUND

The COMDEX show attracts thousands of attendees and much of America's high-tech industry will have exhibits and be announcing new products. COMDEX is run by Ziff-Davis. They hold two large shows a year—Chicago in the spring; and an even larger Las Vegas show in the fall. Typically, they have a keynoter everyday of the show runs. Last fall at the Las Vegas show, Bill Gates (Microsoft), John Chambers (Cisco System), Carly Fiorina (Hewlett-Packard) and Scott McNealy (Sun Microsystems) were among the keynoters. You will be the first President to ever speak at Comdex.

During your remarks, there will be a screen behind you showing images from your previous two New Markets tours as well as from the East Palo Alto and Shiprock events.

Speaker Hastert and several Republican Congressmen will hold a town hall tomorrow at Comdex to discuss a number of public policy issues affecting the IT industry.

Congresswoman Jan Schakowski (IL) will be in attendance in the audience. The group from Street-Level Youth Media will also be in the balcony of the auditorium.

You will make three announcements:

- **Over 200 new Community Technology Centers:** The Department of Education will announce a combined public and private investment of \$86 million over 3 years to create 214 new community technology centers and expand 136 centers. These centers are being funded by the program that you first proposed in the FY99 budget. This year, we are proposing to increase support for Community Technology Centers from \$32.5 million to \$100 million.
- **Doubling of Neighborhood Network Centers to 1,000 Across the Country.** The Department of Housing and Urban Development will announce today that it will expand the number of Neighborhood Network Centers to 1,000 over the next two years. Neighborhood Network Centers are computer-training facilities located in or near HUD assisted housing developments that offer computer access, staff assistance and a range of training resources to housing residents.
- **Preparing Every New Teacher to Use Technology in the Classroom:** The deans of over 200 colleges of education have made a commitment to you to ensure that new teachers are prepared to use technology in the classroom. Currently, many schools of education do not prepare their graduates to integrate technology into the curriculum. Your budget proposes \$150 million to work with schools of education to help them reach this goal – up from \$75 million in FY2000.

III. PARTICIPANTS

YOU

Fredric Rosen, Chairman of ZD Events

Jason Chudnofsky, President and CEO of ZD Events

IV. SCHEDULE OF EVENTS

- YOU will announced offstage, accompanied by Fredric Rosen and Jason Chudnofsky.
- Fredric Rosen will make brief remarks and introduced YOU. Fredric may talk about what ZD Events could do to help bridge the divide.
- YOU will make remarks.
- YOU will depart.

V. PRESS

Open Press

VI. REMARKS

To be provided by speechwriting

VII. ATTACHMENTS

None

THE WHITE HOUSE

WASHINGTON

April 14, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING
MARIA ECHAVESTE

SUBJECT: Overview of Your Digital Divide--New Markets Tour

The purpose of this memorandum is to provide you an overview of your Digital Divide trip. We will submit more detailed background material for each of your 3 stops before the trip begins on Monday.

As you know, you will travel to East Palo Alto, California and Shiprock, New Mexico on April 17th and Chicago, Illinois on April 18th. Members of Congress will accompany you on each portion of the trip. In addition, it is likely that Secretary Cuomo will join you in New Mexico and Secretary Daley in Chicago. Reverend Jesse Jackson, Rainbow Push; Yusef Jackson, One Net Now; Bob Johnson, Black Entertainment Television; and Raul Yzaguirre, National Council of La Raza will also accompany you on the entire trip.

This memorandum is divided into four sections. The first section provides a short overview of the message of the trip. The next three sections provide an overview of each stop on the tour – including the theme for each location, a tentative list of the CEOs/community leaders who will be in attendance, and the highlights of the corporate deliverables.

I. OVERVIEW OF THE MESSAGE

- As you know, this is your third New Markets Tour. On the first two, you focused on equity investments in underserved communities and how more could be done to bring the benefits of free enterprise and empowerment (new businesses, new jobs, education and training) to underserved communities.
- This trip focuses on a critical element—bridging the digital divide. Computers, the Internet, and the skills needed to use this technology can provide people with a chance to move themselves out of poverty, perhaps more quickly than ever.
- America has an important chance to make. We can allow unequal access to technology to further polarize American society, or we could use technology to grow the economy and generate social equity at a faster rate than ever before.

- As with other trips, highlighting that the government is doing its part is important. However, it is important to challenge the private sector to help ensure that no one is left behind in the 21st Century. This trip will allow you to highlight how the industry, community-based organizations and government can work together to expand access to the new opportunities of the Information Age.

FIRST STOP – EAST PALO ALTO, CALIFORNIA (Morning of Day One, April 17)

Message: Motivating Underserved Youth to “Get Connected.”

- The East Palo Alto stop is your kickoff event. It is a low-income urban community in the heart of the Silicon Valley. Over 80 percent of the students in local K-8 schools are eligible for free or reduced priced lunches. The latest data available indicates that 24 percent of East Palo Alto school children live below federally designated poverty level. Despite its geographic proximity to Silicon Valley, the center of the high-tech world, East Palo Alto residents are struggling. Much of the community lacks the skills necessary to succeed technology-based skills. Going to East Palo Alto would demonstrate that even in the shadow of Silicon Valley, there is still a substantial divide.
- The focus of the event is on the importance of motivating and inspiring underserved youth to “get connected”. During the NBA All Star Summit that Gene attended and our OPL briefings here at the White House, we consistently heard that even though there is an increased supply of computers and Internet access, not enough has been done to demonstrate why gaining access to technology is so important. This event will provide you with an opportunity to emphasize to young people, particularly in underserved communities, why technology is critical to their lives.
- In order to make this motivational message real and communicate it to young people across the country, we have built a PSA campaign that the Kaiser Family Foundation has agreed to coordinate. Magic Johnson, Rebecca Lobo (WNBA player for the NY Liberty) have agreed to appear in the ads and a number of networks, including NBC, ABC, CBS, BET, MTV and Fox, have agreed to air them. This PSA campaign establishes a longer-term vehicle for this message.

Overview of Events

- You will start the day with an OTR stop at College Track, non-profit organization for self-motivated students who are college bound. Thereafter you will arrive at Plugged In, a Community Technology Center in East Palo Alto, CA where you will provide brief remarks to an audience composed primarily of teenagers from East Palo Alto. **Note:** Plugged In received a 1995 grant from the Department of Commerce.
- You will be accompanied on stage by Magic Johnson, Rebecca Lobo, and a number of major high-tech CEOs that have made commitments to bridge the digital divide.

- This event will be an opportunity for you and the other stage participants to interact with the audience, answer their questions, and emphasize the importance for young people to become technologically literate. This event will also be Webcast on the Internet-- young people will be hooked up to the event from schools and community technology centers in other parts of the country -- and will be able to e-mail you questions.
- You will then go to the nearby Costano Elementary school where you will have a roundtable with a number of CEOs, senior executives and community leaders to discuss their efforts to bridge the digital divide.

CEOs

For this stop, in addition to the community delegation that will be traveling with you, some of the CEOs who will join you include Carly Fiorina, Hewlett-Packard; John Morgridge, Chairman of Cisco Systems; Henry Cisneros, Univision; Robert Knowling, Covad Communications; and Kaleil Tuzman, Govworks.

Highlights of Corporate/Private Sector Announcements

In addition to the numerous private sector announcements, there are public sector announcements that will be made at each site. Here are some examples of the commitments that companies have made that will be announced in East Palo Alto:

- **The Kaiser Family Foundation is taking the lead in developing, producing and distributing the PSAs to help bridge the digital divide.** As stated above, the Kaiser Family Foundation, represented by President and CEO Drew Altman, will develop, produce and distribute public service announcements to help motivate young people to "get connected" and take advantage of the economic opportunities in the IT sector. BET, MTV, NBC, ABC, CBS, NBC, TBS, TNT, UPN, Fox, the Disney Channel, the Cartoon Network, the Odyssey Network and the WB have all agreed to join this effort by airing the PSAs. The National Association of Broadcasters has also agreed to distribute the PSAs to 1,000 of their members. Magic Johnson and Rebecca Lobo have agreed to appear in the PSAs.
- **American Online Pledges 100,000 free AOL Accounts to Students and Volunteers at PowerUP Affiliate Sites.** AOL will provide 100,000 AOL accounts to PowerUp affiliate sites valued at \$26 million annually. With AOL's donation, PowerUp will fund and equip each of the new sites in its effort to provide young people with access to the wide range of content and information on the Internet as well as assistance to develop the skills they need to succeed in the 21st Century.
- **QUALCOMM Commits \$6 million for Education Technology in Schools** QUALCOMM will commit to helping to close the digital divide by supporting deployment of education technology in the San Diego, CA area. Efforts will include: 1) support to High-Tech High – an innovative secondary school program with a focus on math, science and technology, 2) helping to connect a minimum of five San Diego schools to the Internet, 3) contributing a minimum of 200 PCs to area schools 4) providing teacher training and technical support so that these schools may fully utilize their new resources and 5) supporting the School of Education's continued research and development efforts at the University of California at San Diego.

- **Gateway Commits to Train 75,000 Teachers.** Gateway has pledged to provide 75,000 teachers with technology training under the Teach America! Program. All 244 of East Palo Alto's teachers will be trained in the Teach America! program on ways to effectively utilize technology in the classroom.

III. SECOND STOP – The Navajo Nation in Shiprock, New Mexico (Afternoon of Day One, April 17)

Message: Providing Digital Opportunity to Native Americans.

- As you remember, you were the first President to visit a Native American reservation since President Franklin Roosevelt. You will be making a significant statement about your commitment to the Native American community by going twice in a 12 month period.
- The primary focus of the Shiprock stop will be to bring digital opportunity to Indian Country. As you know, Native American communities face major economic and social challenges. This stop in Shiprock will allow you highlight how private and public sector investments can help bring digital opportunity to Native Americans. This event will focus on access to technology as a vehicle for economic development, education and employment opportunities to Native Americans. New technologies could create "leapfrog" opportunities for Native American communities.

Overview of Events

- First, you will address an outdoor crowd of thousands of people at the Boys and Girls Club to announce the commitments that have been for Native American communities. You will be accompanied by the Navajo Nation Tribal President, Kelsey Begaj; Congressman Tom Udall and possibly Secretary Cuomo.
- You will then travel to the Diné Tribal College where you, along with a small group, will participate in a Webcast with 7th and 8th grade students from the Lake Valley School. There will also be students and teachers from the Boys and Girls Club at the Diné site.
- This webcast will be both a video and audio feed where you will be able to interact with the Lake Valley students who are located 1 hour and 45 minutes away from where you will be.

CEOs/Community Leaders

At this stop, in addition to those community leaders traveling, you will be joined by a number of CEOs, senior executives and community leaders. They include: Bruce Brooks, Director of Community Affairs, Microsoft [**Note:** he is the former deputy mayor of Seattle]; Robert Rutherford, Native American Systems; John Koehler, Tachyon, Inc.; Karen Smith, Executive Director, TechCorps; Susan Masten, President, National Congress of American Indians; and Kelsey Begaj, President, Navajo Nation.

Highlights of Corporate/Private Sector Announcements.

Here are some examples of the commitments that CEOs or Senior Executives will make about investments in Indian Country:

- **Microsoft to provide \$2.75 Million in New Grants to the American Indian Tribal College Program.** Microsoft, represented by Bruce Brooks, Director of Community Affairs, will provide eight American Indian Tribal Colleges with technology and training through its American Indian Tribal College Program, part of a continuing relationship with the American Indian Science and Technology Education Consortium. Microsoft will provide these tribal colleges with \$2.5 million in software and \$250,000 in technical assistance to ensure an increase in technical skills among students at tribal colleges. In addition, the program will include the tools necessary for the institutions to achieve Microsoft Certified Training Facility status.
- **Compaq will provide \$500,000 to the Techs4Schools Partnership with TechCorps which Will Be Available to all Navajo Nation Schools.** Compaq will announce a \$500,000 commitment to develop, pilot and support the national launch of the Techs4Schools program, an online mentoring program that uses the Internet to join students, teachers and volunteer technical experts together to advance the level of technological knowledge and support in our schools. Four Navajo Nation schools participated in the pilot of Techs4Schools, and following today's launch, Techs4Schools will be available to *all* Navajo Nation Schools and all K-12 schools nationwide.

IV. THIRD STOP – CHICAGO, IL (Morning of Day Two, April 18)

- You will address the Comdex Conference that is a large computer conference in the U.S. and will be attended by representatives of every major computer and Internet company in America. This event will provide you with an opportunity to challenge the high-tech industry to work to bridge the digital divide.

Overview of Events

- You may first start with a tour of one of the exhibits on the floor of the Comdex trade show. You will then address a 4,000 person audience of Comdex attendees. As stated earlier, Secretary Daley may accompany you to this event.

Highlights of Administration's Announcements

- You will also announce the following Administration commitments. You should emphasize that corporations making contributions to both Community Technology Centers and Neighborhood Networks would be eligible for tax incentives proposed in your FY2001 budget.

- ✓ **FY2000 Community Technology Centers Awards.** The Department of Education will announce \$44 million in awards that will result in the creation of 214 new centers and the substantial expansion of an existing 136. This \$44 million will be awarded over three years ~~and~~ leverage \$42 million in state, local and corporate funding.
- ✓ **HUD will Double the Number of Neighborhood Network Centers to 1,000 Across the Country.** You will announce today that HUD will expand the number of Neighborhood Network Centers to 1,000 over the next two years. Neighborhood Network Centers are computer training facilities located in or near HUD assisted housing developments that offer computer access, staff assistance and a range of training resources to housing residents.
- ✓ In addition, the Deans of 200 colleges of education will be making a commitment to reach your goal of training new teachers to use technology in the classroom.

Living in the Networked World

Computer Systems Policy Project

**FINAL DRAFT
APRIL 14, 2000**

LIVING IN THE NETWORKED WORLD

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“Today vs. Tomorrow” (center pages/insert)

ABOUT CSPP

The Computer Systems Policy Project (CSPP), a public policy advocacy group, is comprised of the Chairmen and Chief Executive Officers from America's leading information technology companies. **Louis V. Gerstner, Jr.**, Chairman and Chief Executive Officer of IBM, serves as CSPP's Chairman. Currently, CSPP is focused on public policy issues including export controls, international trade, Internet taxation, encryption and electronic commerce.

Founded in 1989, CSPP's members include:

- **Robert Bishop**, Chairman and Chief Executive Officer of SGI.
- **Michael Capellas**, President and Chief Executive Officer of Compaq Computer Corporation.
- **John T. Chambers**, President and Chief Executive Officer of Cisco Systems, Inc.
- **Michael S. Dell**, Chairman and Chief Executive Officer of Dell Computer Corporation.
- **Carleton S. Fiorina**, President and Chief Executive Officer of Hewlett-Packard Company.
- **Louis V. Gerstner, Jr.**, Chairman and Chief Executive Officer of International Business Machines Corp.
- **Andrew S. Grove**, Chairman of Intel Corporation.
- **Richard A. McGinn**, Chairman and Chief Executive Officer of Lucent Technologies.
- **Scott G. McNealy**, Chairman and Chief Executive Officer of Sun Microsystems, Inc.
- **Lars Nyberg**, Chairman and Chief Executive Officer of NCR Corporation.
- **Lawrence A. Weinbach**, Chairman and Chief Executive Officer of Unisys Corporation.

ADDITIONAL CSPP REPORTS:

Indirect Taxation of Electronic Commerce: Position Paper (1999)

Advancing Global Electronic Commerce: Technology Solutions to Public Policy Challenges (1999)

The CSPP Guide to Global Electronic Commerce Readiness (1998)

Global Electronic Commerce (1997)

Perspectives on the Global Information Infrastructure (1995)

Perspectives on the National Information Infrastructure: Ensuring Interoperability (1994)

Perspectives on the National Information Infrastructure: CSPP's Vision and Recommendations for Action (1993)

Expanding the Vision of High Performance Computing and Communications: Linking America for the Future (1991)

LIVING IN THE NETWORKED WORLD

EXECUTIVE SUMMARY

What is the Networked World?

The Networked World – where everyone and everything is connected at all times – is the future.

While the Internet has changed the way we think about communication, the Networked World will revolutionize the very fabric of our society – the way we live, work, educate and govern ourselves. A fundamental shift is already underway, one which moves from a preoccupation with the cost and speed of computing toward understanding the full impact and societal value of the Networked World. “Connectedness” will soon be the basis by which public policy is judged. While the Networked World will improve the quality of our lives by equalizing opportunity and breaking down the barriers of geography and time, it is not without its own set of challenges. Policy leaders must act now to address these challenges. This report seeks to provide insight and understanding of the Networked World so that its many stakeholders are better prepared to assure that its benefits are available to all. The Networked World is momentous. We must work together to maximize its benefits and avoid its potential pitfalls.

Key Points about the Networked World:

- The Network will operate everywhere, connecting people and devices seamlessly. The Internet is but a preview of a much more powerful, valuable and user-friendly network.
- The Law of Network Effects, which states that value is created at an exponential rate every time a single person or device is connected to the network, will be the driving force in the Networked World, offering unparalleled opportunity for growth and learning.
- Faster, less expensive, and smaller computers, appliances, and intelligent devices – combined with expanding broadband capacity – will enable the Law of Network Effects.
- Traditional barriers to productivity and interaction – such as time, distance and cost – will be eliminated or drastically reduced.
- The Networked World will empower individuals to live and work where they choose. There will be mobility without movement.
- Reduced cost of access driven by the Law of Network Effects will drive inclusiveness and help close the “digital divide” based on ownership of technology. The challenge will shift to assuring that everyone has the education and skills needed to reap the benefits of the Networked World.

Implications and Action Agenda for Networked World Stakeholders:

In the Networked World, government, industry, public-private partnerships and education will all play key roles in distributing this new world's benefits, minimizing potential risks, and working toward inclusiveness.

Government and Public Policy

Government must view itself as a Networked World player.

Government cannot wait on the sidelines to see how business and consumers use Networked World technologies and services, and only then figure out how to integrate them into government operations. Government should actively embrace Networked World technologies and methods of operation as a responsible way of helping to bring everyone into the connected world. Pivotal areas in this realm will include interaction with citizens, increasing "connectedness," and modernizing operations.

Government must help set the global policy environment and understand its implications.

Government has a critical role to play in setting the rules for the Networked World, especially when it comes to global electronic commerce. Although the private sector may lead in technology development and applications, creating and servicing markets, and self-regulation in certain areas, it is government that enables a clear, simple, and transparent commercial framework for doing business. At the same time, laws and regulations must be reformulated to meet new needs. Key considerations in this area will be promoting competition, establishing clear legal frameworks, and implementing fair policy with respect to taxation and trade.

Industry

To smooth the transition to a Networked World and ensure maximum benefits and protection for all, industry must continue to lead by example and accept its societal responsibility to maximize the benefits of connectedness. For this approach to succeed, industry must continue to implement a self-regulatory approach in critical areas including privacy, security, ease of use, open standards, and connectedness.

Public-Private Partnerships

Cooperation is fundamental to the Networked World, most particularly with regard to how industry, government, education and non-governmental organizations (NGOs) work together to meet inherent challenges. Significant opportunities for public-private partnerships include the important areas of digital inclusion, research and development, Networked World readiness assessment, network integrity, and network security.

Education

Education will become more individually driven in the Networked World, addressing the demands of teachers, students, parents, and learners of all ages. In this new world, education will overcome many current hurdles. Skills will be developed both in school and through self-directed learning on a lifelong basis. Education will be the critical factor driving inclusion in the Networked World, and technology literacy and critical thinking skills will be key features of education at all levels. Critical challenges will include integrating technology into classrooms, providing skill development and training for teachers, creating networked systems that enable parents to connect to school activities and monitor their children's progress, and designing systems that allow adults to learn and grow in their chosen professional and avocational pursuits.

INTRODUCTION

The world has been changed by the Internet and the growth of e-commerce. These changes, however, mark only the very beginning of a new age. The emergence of the Networked World and establishment of true “connectedness” will entail a dramatic transformation in the very nature of our economies, societies and governments, as well as interpersonal and international relations.

At its very core, the Networked World is an evolution in perspective. Today when we think of connecting with others, we think in terms of telecommunications based on voice transmission and computing based on isolated desktop PCs. These impressions are becoming insufficient. We are evolving to a networking model based on connectedness that will transform the Internet into an expansive and pervasive framework that touches every aspect of our lives. The convergence of voice, data and video, the growth of communication bandwidth, and the low cost of access devices are paving the way for a new, inclusive model of connectedness.

A fundamental shift in high-technology is already underway – one which moves away from a preoccupation with the cost and speed of computing toward an understanding of the full impact and societal value that the Networked World will offer. Indeed, the focus of the next generation of information technology will shift from faster computers, speedier connections and less expensive prices to linking the vast potential and various pieces of networked communities.

The information infrastructure of the 21st century will be pervasive, and people will rely on wired and wireless devices – and the network itself – to improve the quality of their lives. Today, centralized institutions deliver government, health care, business, and education services in response to requests. Tomorrow, individuals and collaborative teams connected through information networks will form interactive relationships that evolve and expand continuously, based upon demand. The Networked World will become a valuable part of everyday life, addressing the needs and wishes of people and the institutions they comprise. This new world will enable the tailoring of products and services to the needs of the individual, and will allow people to be “perpetually mobile” while lessening the need to move physically.

Driving this new reality is the Law of Network Effects, which states that value is created at an exponential rate each time an individual or device connects to the network. This effect offers unparalleled opportunity for growth and learning as increasing numbers of individuals become networked. It also operates as an instrumental tool – along with education – in efforts to bridge the “digital divide.” The powerful force of the Networked World will drive inclusiveness due to the fact that value is created whenever someone comes online and adds their contributions to the broader community. Thus, networked businesses realize their greatest value by encouraging customers, vendors and suppliers to be likewise networked, and government institutions will improve speed and efficiency of operations – ultimately benefiting citizens – by offering networked services and communication.

Connectedness will soon be the basis by which public policy will be judged. Legislative and regulatory policies will, from this point forward, be judged according to the degree to which they impede or advance connectedness – and government leaders, in turn, will be evaluated according to the level of leadership they display with regard to ensuring true connectedness. Technological progress has led to the point where a Networked World is not only desirable, but inevitable. The Networked World – and the unprecedented, true connectedness it will introduce – is the future.

THE LAW OF NETWORK EFFECTS

Law of Network Effects, also known as Metcalfe's Law, states that the value of a network increases exponentially with each additional person or device that is added to the network.

The emergence of existing telecommunications networks offers a case in point: A single telephone has no value. As additional phones are added to the network, its value grows due to each new combination that is possible. The value of a network that involves vast numbers of people and a variety of devices is profound. Add to this equation tools such as Internet-mobile telephones, hand-held computers, and smart appliances – as well as technologically advanced devices not yet invented – and you can begin to appreciate the implicit value that will be created for consumers and businesses alike in the Networked World.

THE EVOLUTIONARY PATH TO CONNECTEDNESS:

TIME	MODEL	FRAMEWORK
1950s- 1970s	Telecommunications Voice; Device-to-Device	Communications Age
1980s- 1990s	Computing Desktop number-crunching; E-mail, Databases; Moore's Law	Information Age
21 st Century	Networking Connectedness= people-to-people + people-to-devices + devices-to-devices; Moore's Law* combined with increased bandwidth drives the Law of Network Effects	Networked World

The Law of Network Effects is being realized today due to (1) the continued doubling in the price/performance of computing as first explained over two decades ago by Moore's Law, and (2) the increasing capacity and availability of bandwidth. For the past two decades we have focused primarily on the speed of individual computers and their performance characteristics. These changes, coupled with the increase of affordable bandwidth, have been key factors driving the Law of Network Effects.

The Law of Network Effects provides us with a new model by which to consider how people and things communicate. The objective becomes how to increase productivity and value by connecting as many people as possible. Once we understand how including a user or device on a network can create value for everyone on the network, there exists a powerful incentive to get as many people and tools connected as possible. *(Pull out, box and highlight previous sentence.)*

* Moore's Law is that the pace of microchip technology change is such that the amount of data storage that a microchip can hold doubles every year or at least every 18 months.

BENEFITS OF THE NETWORKED WORLD

Networked World will allow people mobility, flexibility and choice.

This new world, characterized by communication, collaboration, customization and mobility, will ultimately enable real-time contact with anyone – and any “thing” – without the traditional barriers of language, time, excessive cost or limited access to infrastructure. *(Pull out previous 2 sentences in highlighted box.)* The Networked World will allow people and devices to work in partnership to share information, develop new ideas, and create value. Significantly, it will enable the tailoring of products and services to the needs of the individual, and will allow people to be “perpetually mobile” without ever moving – people and resources will “come to you” through the network.

Human nature favors simplicity. People like things to work with minimal effort. In the Networked World, the purpose of the products and services that make up its technological fabric will be to facilitate what people want to do. Most people will have little understanding of – and possibly little desire to know – how the network actually operates. They will simply communicate using networked devices. They will do so from wherever they are, with whomever they choose, without having to install or upgrade software or hardware, join new service providers, or receive error messages indicating that a format is incompatible.

This new dynamic of simplicity will change economic, social and political activities, and permit new forms of interaction to develop. We have barely scratched the surface with today’s Internet in terms of realizing the benefits of being electronically networked. Achieving the Networked World is the 21st-century equivalent of bringing electricity to the vast majority of the global population.

Add highlighted box, designed in the form of a news release or advisory:

Motor Co. and Delta Air Lines Inc. announced in the first quarter of 2000 that they would be providing their employees worldwide with home computers, color printers and unlimited access to the Internet for as little as \$5 per month. Ford currently employs 350,000 individuals and Delta, 72,000. The future implications of such networking are positive – in terms of growth, communication, efficiency and service – and each company anticipates that enabling its employees to be computer-literate will quickly offset associated costs. Industry leaders predict that these announcements will soon be followed by similar offers, as businesses everywhere discover the intrinsic value of networking employees, customers, vendors, and delivery services.

PRACTICAL EXAMPLES

Consider for a moment what will happen when billions of people are able to connect to a common network that is always on and accessible from anywhere. Imagine a world in which everything that we rely upon in our daily lives can be easily linked to a common network. Now consider when bandwidth availability and computer memory are no longer constraints on how we use the network to communicate, conduct paperless business, learn, and more effectively run institutions. This is the Networked World toward which we are heading.

Enter the networked home. Computing in the home will go far beyond the networking of PCs and surfing the Net. While we’re seeing advances in built-in home networks and broadband service options that allow simultaneous Internet access for several family members, these developments are merely the tip of the iceberg. A study by the International Data Group forecasts that by 2002, more than 50 percent of devices connected to the Internet will not be PCs; they will be intelligent devices and everyday appliances. The emerging networked home opens the door to a whole new class of services, such as management of security systems and major appliances, as well as market opportunities for custom-tailored products.

In the networked home, homeowners will have the ability to monitor their homes remotely from any number of devices through new forms of security system management based on “Webcams” (Web-enabled video monitors). Childcare and healthcare, particularly for the elderly, will also be facilitated through monitors within the household from remote locations. Networked homes will have the ability to automatically monitor energy management temperature control, lighting control, and simple peripheral conveniences such as lawn sprinklers. Major appliance manufacturers are already researching development of sophisticated maintenance systems that will allow problems with washers, dryers, furnaces and water heaters to be signaled by the appliance itself, and diagnosed remotely by authorized repair facilities.

The implications go far beyond making life easier in the home, however. The unprecedented connectedness of the Networked World will fundamentally redefine, and potentially improve, many of our institutions. Institutions such as schools, hospitals, churches, and businesses will each be transformed by being networked as they become increasingly connected.

INCLUSION: SHARING THE BENEFITS

In today’s world of desktop computing, technology ownership is viewed as a necessary element of economic success. The convergence of personal computers with the Internet has raised an important policy concern that is often referred to as the “digital divide.” This concern revolves around the fact that there is a technology ownership gap, principally between rich and poor but also in a geographic context.

In terms of access to technology, Moore’s Law and the parallel plummet in telecommunications costs have already driven down technology costs. The Law of Network Effects will further this trend, driving the costs of technology toward zero. The current focus on technology ownership will shift toward a focus on skills and affordable content. Because these issues are more intractable and enduring, they will likely be the appropriate focus of future policy debates. As the Networked World continues to evolve, the technology ownership disparities that were exacerbated in the Desktop World can be ameliorated. The Law of Network Effects will come into play in this context, offering new opportunity for growth and education as increasing numbers of individuals become networked.

The digital divide is a legitimate concern, but the circumstances driving this gap are changing. More and more, the digital divide is beginning to be viewed as an education divide – those with access to quality education and those without. While government and the private sector must continue to view individual access to the Networked World as a fundamental goal, the deeper issue underlying the digital divide is one of skills. Government must work to provide the education and training required to build technological skills. The development of these skills should be viewed as a goal of paramount importance in efforts to enable individuals to participate in and reap the benefits of the Networked World.

Highlight in sidebar:

While government and the private sector must continue to view individual access to the Networked World as a fundamental goal, the deeper issue underlying the digital divide is one of skills. The development of these skills should be viewed as a goal of paramount importance in working to enable individuals to benefit from the Networked World.

ECONOMIC BENEFITS AND CHALLENGES

highlight in box:

"The productivity growth seen in recent years likely represents the benefits of the ongoing diffusion and implementation of a succession of technological advances; likewise, the innovative breakthroughs of today will continue to bear fruit in the future. . . The newer technologies have widened the potential for economic well-being."
- Federal Reserve Board Chairman Alan Greenspan

The Networked World will accelerate innovation and entrepreneurship, fueled by capital and labor flows that are flexible and mobile. New markets are emerging and old ones are transforming due to the disappearance of the traditional barriers of time, cost and distance. Information is becoming a commodity that, under many circumstances, can be bought, sold or traded. Capital is available from more sources at potentially lower costs. Skills can be drawn from anywhere in the world. These forces are combining to produce greater efficiencies and opportunities for the creation of knowledge.

As *Wired Magazine's* Kevin Kelly has observed, the Networked World is changing the rules for business. In the industrial world, productivity, stability, and perfection – along with heavily guarded proprietary knowledge – were the keys to growth and market success. In the Networked World, innovation, agility, and risk-taking are the new means to creating wealth – “wealth is not gained by perfecting the known, but by imperfectly seizing the unknown,” is an apt description of this new reality.

Increasingly, companies test new software by distributing free copies and allowing the marketplace to help complete it by finding its bugs and imperfections. The ability to give your product away for free, or close to free – such as a cellular phone or software available via the internet – and then sell a related service or upgrade later is the Law of Network Effects at work: the more people connected, the greater the value.

While there are approximately 200 million computers in use around the world today, there are already some 6 billion microchips embedded in all kinds of products – from automobiles, hotel doors, stuffed animals and greeting cards to heart valves, heating systems and traffic lights. In the Networked World, value is created not just by linking people, but also by connecting intelligent devices that provide useful information.

The second half of the 1990s marked the explosion of Internet technology and the beginnings of the Networked World. This explosion coincided with an historic expansion of the American economy. In February of 2000, that expansion became the longest-running period of growth the nation had experienced to date, growing since 1995 at an average annual rate of 4.2 percent. In that five-year period, consumer prices rose less than 3 percent per year, and unemployment fell to a 30-year low of 4.1 percent.

“What accounts for the durability of (this) expansion?” asks *New York Times* reporter Louis Uchitelle (“107 Months, and Counting; Expansion Redefines Economy’s Limits; 1/30/00). “The Internet and the spread of personal computers are high on the list, because they raise productivity.” Indeed, industry leaders acknowledge increased productivity, noting that output and revenue have risen faster than labor costs – largely due to new technology.

“Other economists say new technologies, spilling out one after another, will keep the economy growing robustly not just for months, but for years,” Uchitelle continues. “Many industries are benefiting: airlines and theaters through ticket sales on the Web, retailers through e-commerce, Wall Street through online trading.”

These economic benefits, however, do not come without a series of economic challenges and dislocations that industry and government must address. New efficiencies of the marketplace, for example, will create new

industries but threaten others. A fundamental challenge in this instance will be to provide lifelong learning and skills training to workers to better equip them for the realities of the next generation of work. At the international level, many countries are not pursuing policies of competitiveness that will support open and free markets and ensure that the benefits of the network extend to all people and localities. As the new world of digital trade emerges, countries need to alter outmoded laws and regulations to accommodate a Networked World economy; they will want to have their laws and comparable laws of other countries enable success for their citizens and economies.

Insert highlighted box in this section:

"Picture the Future: Microprocessors in your warehouse that tell your suppliers stocks are low; microprocessors in your customers' homes that tell you they need more of what you sell . . . The scientists working on technology – and the futurists who try to predict the next big thing – all say it's coming, perhaps as soon as in the next five years. As processors get smaller and more powerful, and as networks become faster, more reliable, and more mobile, the prospect of a seamless Web of data streaming from many points is not far off into the first decade of the new millennium. And it will change how your company does business, and how your employees work."

- "Converging Future" by Eve Epstein infoworld.com
(1/7/00)

Highlight and include sidebar:

Key Trends that Indicate an Emerging Networked World:

- Worldwide Internet growth is rapidly moving toward a billion connected computers. The growth of Internet users has soared from 1 million users in 1995 to 200 million in 1999.
- Online shopping has experienced a dramatic increase. The United States, home to 5 million online shoppers in 1996, is expected to have 71 million by 2001.
- High-tech export growth markets continue to flourish. The high-tech industry is the single largest merchandise exporter in the United States; over 26 percent of U.S. merchandise exports are now high tech.
- Between 1990 and 1999, households with Internet access went from 0 to 38 percent. During that same period, total global Web sites increased to a record 56 million from only 313,000.
- Technology is converging and producing low-cost network access devices such as phones, pagers and hand-held computers.
- New markets have emerged practically overnight, both in business – from industrial chemicals to freight containers to bandwidth – and in our personal lives – from online auctions to family chat rooms.
- Labor has become mobile and virtual in some industries, allowing for 24x7 staffing needs from multiple locations in multiple time zones.
- Capital is widely accessible for startup companies that are focused on Internet business models.

SOCIAL BENEFITS AND CHALLENGES

Networked World will link our “public good” institutions (e.g. health care, education, social services) and help improve quality of life by expanding global knowledge and shared resources across geographic and economic boundaries at low cost. At the same time, the Networked World will enable traditionally disenfranchised voices to participate in the global dialogue of ideas, providing much greater access to the tools and information needed to improve the quality of life in developing regions.

Importantly, the concept of work and how it is performed will undergo a radical transformation in the Networked World, introducing new issues and questions: Where will people “go to work,” and how will they work – individually or collaboratively? The Networked World will define and help to fulfill employment needs if education challenges are met.

Beyond enabling people to live and work where they choose, the Networked World will redefine our own personal boundaries. If the network is always on and you are always connected, how do you ever “get away from it all?” While people are beginning to become accustomed to digital lifestyles, we nonetheless have an imperfect understanding of how the Networked World will affect our current view of a “civil society.”

The evolution toward a Networked World will in large measure depend on successfully addressing individual concerns regarding privacy and security. The new technologies that allow us to communicate with anyone, anywhere, also make it possible for interactions to be monitored, saved, analyzed and transmitted. The free flow of information is critical to the Networked World – especially market-oriented information – but people must feel safe online and have the ability to make choices about how much information they make available about themselves online. Advances in technology and self-regulatory efforts are already addressing this important challenge along with the question of information security. Industry must continue to take the lead on these critical issues and work with government to define a policy approach that simultaneously protects consumers, businesses, national security and law enforcement interests.

POLITICAL IMPLICATIONS & AN AGENDA FOR STAKEHOLDERS

Many governments have moved aggressively to put public information on the Internet in a searchable format for citizens, allowing for greater public oversight, accountability, and participation; however, unless government itself is able to operate in a truly networked capacity, its ability to serve its citizens will be threatened and its credibility strained. Because connectedness and the Networked World will be individually driven, government leaders will be held accountable for their policy decisions – and the timeliness of them – in this new arena. From this point forward, legislative and regulatory policy will be judged according to the degree by which they either impede or advance connectedness.

The Networked World presents policymakers with a new set of challenges. All stakeholders must acknowledge that there is no turning back – our efforts should focus on how to distribute the benefits of the Networked World to everyone while working to minimize potential risks and vulnerabilities. The ability of anyone on the network to broadcast ideas gives new meaning to the concept of free speech, for example, and underscores the difficulties of balancing expression and responsible behavior. While the advantages and potential offered by the Networked World far outweigh the risks, we must nonetheless recognize that the network can be used for nefarious purposes such as terrorism and crime. This recognition should strengthen the resolve of government and business leaders to work cooperatively to build the strongest and most secure protections possible, and to rigorously prosecute those who use the Network for illegal purposes.

Government

Government Must View Itself as a Networked World Player.

Government cannot wait on the sidelines to see how business and consumers use Networked World technologies and services, and only then figure out how to integrate them into government operations. Government should actively embrace Networked World technologies and methods of operation as a responsible way of helping to assure access to the connected world for everyone.

- Government should view itself as “showcasing” the Networked World in terms of how it interacts with citizens and how it conducts business.
- Government must mandate the necessary steps to increase the “connectedness” of governmental institutions with citizens, vendors and other institutions, including academic and nonprofit organizations.
- Government must operate under the assumption that the more government employees that are connected to each other, the greater government’s efficiency.
- Organize government services around networked functions rather than antiquated organizational charts.
- Accept authentication technologies such as electronic signatures as legally binding for government-citizen and government-business interactions.
- Make all government-business and government-citizen transactions available online by 2003, including permits, taxation, government purchases, etc.

Government Must Set the Global Policy Environment and Understand Its Implications.

Government has a critical role to play in setting the rules for the Networked World, especially when it comes to global electronic commerce. Although the private sector may lead in technology development and applications, creating and servicing markets, and self regulation in certain areas, it is the role of government to enable a clear, simple, and transparent commercial framework for doing business. At the same time, we need to reformulate outdated laws and regulations that were developed for a different time and a different way of conducting business.

- Promote competition and connectedness by eliminating regulatory barriers, encouraging incentives for industry to service all markets, and using commercial products instead of developing customized government versions.
 - Establish legal frameworks that clarify issues related to jurisdiction and authentication.
- Implement non-discriminatory tax policies that do not treat electronic transactions differently than other forms of commerce.
- Eliminate trade barriers (including outdated and ineffective export controls) that restrict the flow of goods and services both online and offline.

Further, the Networked World transcends traditional boundaries and authorities. If the Internet is already “larger” than any one country, the Networked World will certainly have characteristics larger than any one economy. At the very least, how nations and international organizations such as the UN and WTO relate in terms of trade and international law will become more important than ever. These groups will need to reflect the new political and economic realities of the Networked World. Actions should include transforming international organizations so that policy issues are addressed in a unified manner by working with existing international organizations to ensure global coordination.



Industry

Industry has committed to a self-regulatory environment with respect to privacy, security, consumer confidence, and standards setting. For this approach to succeed, industry must continue to implement a bold and broad self-regulatory approach:

Privacy:

- Adopt and implement privacy policies that are easy to locate, read and understand, and that give individuals the opportunity to exercise choice regarding how information collected online may be used.
- Clearly post on consumer-oriented websites the terms and conditions under which products and services are being offered as well as offer an easy way to communicate with organizations.

Security:

- Adopt security practices and products that secure internal and external communications and transactions.
- Educate the business community and customers about how to use security practices and products to create a more secure online environment.

Ease of Use:

- 
- Continue to develop simple, easy-to-use, and low-cost networking products.

Open Standards:

- Promote open, consensus-based, and interoperable standards that are technologically neutral.

Connectedness:

- Measure the “connectedness” of businesses (e.g., connectedness of employees to customers and to vendors), and take necessary steps to increase it.

Public/Private Partnerships

A fundamental tenet of the Networked World is cooperation. Nowhere is this more important than in how government, industry, education and other non-governmental organizations work together to meet challenges. There are significant opportunities in the following areas for public/private partnerships:

Digital Inclusion:

- Study how connectedness is empowering different socio-economic groups and people in all geographic regions.
- Develop and implement pilots and programs that increase connectedness and therefore inclusiveness.

Research and Development:

- Government should continue to support university-based basic research in the area of information technology. This will be an important source of the next generation of information technology workers.
- The private sector should continue to quickly capitalize on new research by commercializing products and services that represent cutting-edge technology solutions, and provide employment and opportunity in the process.

Readiness Assessment:

- Communities should conduct assessments to determine their preparedness for the Networked World, as well as implement strategies and prepare resources that will enable them to capture the economic and social benefits that the Networked World will deliver. (CSPP will issue the Networked World Readiness Guide in summer, 2000, as a key tool in community assessment efforts.)

Network Integrity:

- Industry-led mechanisms should be established to ensure the reliability of the network, and protect it from its vulnerabilities.
- Government, with industry cooperation, must prosecute those who would use the Internet for illegal purposes.
- Individuals must be encouraged to protect their own interests by helping to protect the integrity of the Network.
- Industry must work together with government to reduce network violations while not impeding the functionality of the Network.

National Security:

- National security in a networked world context will require international cooperation for effective enforcement to occur.
- In the U.S., CSPP is working with the Center for Strategic International Studies (CSIS) to better define the legitimate national security interests that must be protected in a networked world. (CSIS report on this subject due mid-2001.)

Education

In the Networked World, education will become more demand-driven, meeting the needs and expectations of students, teachers, parents, and learners of all ages. Skills will be developed both in school and through self-directed learning on a lifelong basis. Critical thinking skills and technology literacy will be key features of education at all levels.

Technology Integration:

- Integrate technology into the classroom in a seamless manner.

Skill Development and Training:

- Train current teachers and the next generation of teachers (expected to be 2 million in the next decade in the U.S. alone) to use technology both in the curriculum and as a classroom management tool.
- Develop and promote life-long learning programs and opportunities for individuals of all ages.

Creation of online systems:

- Create online systems that allow parents to become more involved in school activities and the progress of their children.
- Create online systems that foster learning in a larger context, through venues such as museums, galleries, and virtual field trips.

THE FUTURE

The Networked World will evolve at a more rapid pace than many expect. Our job must be to work together to maximize the economic, social, and political benefits – while minimizing risks or vulnerabilities – in efforts to achieve connectedness among individuals, businesses and government. The transformation around the corner will be truly amazing, but it will not happen as rapidly or constructively without strong leadership in the private and public sectors by people who understand its value and potential.

TODAY VS. TOMORROW (Insert as center feature.)

Today, the individual online is:

Connecting to the Internet at home or work through an Internet Service Provider (ISP) with whom they or their company has an account. They are sending e-mail, transferring files, searching for information, and conducting transactions. They are then logging off until the next time they are at their terminal.

Tomorrow, the Networked individual will be:

- Always on the Network and able to communicate with anyone or anything they choose.

Today, the family online is:

- Sending each other e-mail, posting pictures of relatives on family websites, and searching the National Archives for family genealogies.

Tomorrow, the Networked family will be:

- “Meeting” with family members in global locations each day.
- Allowing parents at home to directly interact with teachers regarding their children’s homework assignments and progress.
- Enabling families to monitor the home conditions (e.g., temperature, home security) of aging parents in other states.

Today, the home online is:

- A desktop computer connected to the Internet through a telephone connection or a cable modem.

Tomorrow, the Networked Home will be:

- Equipped with “smart” appliances that can talk with each other and be monitored outside of the home. The climate and temperature of your home will be networked to your office or business; heating systems will be networked to their manufacturers or your service vendor so their efficiency and state of repair can be evaluated; alarm clocks will wake you up with customized news, weather and sports.

Today, healthcare online is:

- Searching databases of information on conditions, preventative medicine, and medical encyclopedias.

Tomorrow, Networked Health will be:

- Serving remote settlements in need of time-sensitive diagnoses and treatment options.
- Serving as a computerized nurse, carefully analyzing a person’s state of health each morning based on weight and blood pressure, and sending information automatically to his or her doctor.
- Sending warning signals to doctors from implanted pacemakers.
- Utilizing smart devices to manage health care from home, such as a scale that instantly transmits your weight to a computer in your doctor’s office, or a bathroom dispenser that reminds you to take prescribed medication in the morning.

Today, the classroom online is:

- E-mail between groups of students and teachers, and searching websites for information to include in reports.
- Online tutoring by master mentors as well as peers.
- Posting homework assignments, reading lists, and syllabi.

Tomorrow, the Networked Classroom will be:

- Exchanging information globally via live video with students in other countries and cultures on a routine basis.
- Allowing students to choose subjects, offered at a range of institutions, that interest them on an individual level and enable concentrated study on an in-depth level.

Today, the organization online is:

- Posting a website to provide people outside the organization with information and the ability to conduct e-commerce.
- Enabling employees to use e-mail both internally and externally.

Tomorrow, the Networked Organization will be:

- Defined by people rather than buildings – workers will conduct global meetings via videoconference from remote locations on a regular basis.
- Forming virtual alliances across organizations, with outside customers and suppliers, as well as between sister organizations.
- Allowing employees to work in their office or from home. This mobility will enable workers to bridge time and space and seek out the best possible location for them to conduct their business – in urban or suburban neighborhood, scenic countryside or desert retreat.

Today, government online is:

- Downloading forms to print out and mail in, and searching websites for information.

Tomorrow, Networked Government will be:

- Delivering electronic government services directly to citizens in their homes.
- Using the Network to purchase necessary products and services in a more timely and cost-effective manner.
- Conducting virtual town hall meetings to allow representatives to communicate with their constituencies.
- Using large national networks to link agencies and share information.
- Using electronic polling and voting.
- Creating intergovernmental networks to coordinate global issues.

March 18, 2000

MEMORANDUM FOR THE PRESIDENT

**FROM: GENE SPERLING
MARIA ECHAVESTE
STEPHANIE STREETT**

SUBJECT: APRIL Presidential new markets Trip TO bridge the digital divide

BACKGROUND

As you know, you will travel the week of April 9th across the United States to continue to bring attention to the need to bring digital opportunity to youth, families and communities. We hope that this trip will generate momentum, excitement and concrete commitments, as well as provide a national framework for government, private sector and non-profit actions to close the digital divide and create digital opportunity. Similar to the first two New Markets trip in July and November, you will be joined by a congressional delegation, community leaders, and corporate executives where you will make announcements about new private sector investments and initiatives as well as partnerships between the corporate, non-profit and government sectors to bridge the digital divide.

PROPOSED ITINERARY FOR APRIL TRIP

Monday, April 10: East Palo Alto, CA **and**
A Native American reservation in New Mexico

Tuesday, April 11: Detroit, MI **and**
A rural community in North Carolina

We would also develop creative ways to use the Internet and other technology to involve multiple sites around the country.

At the last event in North Carolina, we propose that you announce a future event/trip that would focus on bringing digital opportunity to Americans with disabilities.

KEY DIGITAL DIVIDE ACTIONS

Although this memo focuses specifically on the April Digital Divide trip, we have provided you with an outline of key digital divide actions we recommend for the upcoming months.

April 4th: Call to Action Event and Kick-off for April Trip

- We have circulated a "Call to Action" to major corporations, non-profits, and individuals to sign to show their support for our two national goals to provide digital opportunity to all Americans. These goals are:
 - Bringing 21st Century learning tools to every child in every school
 - Bringing digital opportunity to every family and community
- On April 4th, you will host an event at the White House to announce your "Call to Action" and demonstrate the widespread support for your two national goals. This event will provide you with the opportunity to recognize the hundreds of corporations, non-profits, civil rights groups, unions and other community organizations that have signed on to the National Call as well as the need to build partnerships to provide comprehensive solutions to the digital divide.
- This event is also an opportunity for you to preview the trip and talk about the on-going Administration and private sector efforts to create digital opportunity for children, adults and communities all over the country.

April 10-11: Digital Divide Trip

- This trip will provide the opportunity for you to highlight meaningful, lasting efforts that can be sustained. See below for more detailed information.

Follow-Up Report

- After the trip, in order to continue with our commitment to create digital opportunity for all Americans, we propose that a follow-up report be issued in the summer that would describe new and existing commitments to close the digital divide. This could help disseminate best practices and highlight commitments that were not featured in the trip.

Connected Communities Day

- We are also proposing a "Connected Communities" day in the late fall to maintain momentum and generate grassroots activity, building on the highly successful NetDay model. Since we could not organize this ourselves, we would work to ensure that there was sufficient outside support before launching this.

PROPOSED PLAN FOR APRIL DIGITAL DIVIDE TRIP

DAY ONE

Site 1: East Palo Alto, California

East Palo Alto is a low-income urban community in the heart of the Silicon Valley. Over 80 percent of the students in local K-8 schools are eligible for free or reduced priced lunches. The latest data available indicates that 21 percent of East Palo Alto residents had incomes below the federally designated poverty level. Despite its geographic proximity to Silicon Valley, the center of the high-tech world, East Palo Alto residents are struggling. Much of the community lacks the skills necessary to succeed technology-based skills. Going to East Palo Alto would demonstrate that even in the shadow of Silicon Valley, there is still a substantial divide.

Message: Importance of Motivation

- At every briefing where we have discussed the Digital Divide, the issue of motivation has consistently come up, particularly with underserved communities. While the price of computers is continuing to decline, and some companies are beginning to offer free Internet access, not enough has been done to demonstrate why gaining access to technology is so important.
- You could use this first event of the trip to highlight this issue and bring together a number of major CEOs, celebrities, minority entrepreneurs as well as low-income youth who have obtained high-tech jobs.
- This would help motivate underserved communities (especially youth) to "get connected" and become technologically literate by stressing the economic opportunities in the high tech world.

Potential Site Visits and Events

- You could visit a high school to highlight the need for information and technological literacy for young people and adults.
- You could begin the event with a roundtable with major CEOs where you could highlight corporate commitments and discuss the importance of technology and the opportunities available for both youth and adults in schools and communities.
- You could then move to the school auditorium, where you could give opening remarks that would frame the importance of motivating both youth and adults to use technology.
 - ✓ You would be joined on stage in an informal setting by two celebrities (i.e. Magic Johnson), a minority entrepreneur and a young adult who has acquired a job in the high-tech field.
 - ✓ This event will provide an opportunity for you and the other participants to speak the many doors that can be opened through technology.
 - ✓ This would also allow the participants on stage tell their stories about how technology made a difference in their lives. Young people who are hooked up to the event via the Internet from schools in other parts of the country could ask questions and interact with you and the other participants.

Key Commitments for East Palo Alto Event

Public Service Announcements

- You could announce the kick-off of a major Public Service Announcement campaign with celebrities and sports stars to motivate young people and adults to use computers and explore the Internet. This could include a "no fear, no shame" campaign for those adults who may be reluctant to admit that they don't know how to use technology.

- You could announce a \$1.2 million grant over four years from AT&T to create an Academy of Information Technology, a high-school curriculum to prepare students for the IT industry. The academy would be in Oakland, California.

Americorps / PowerUP

- You could announce the commitment by Americorps to significantly increase the number of volunteers as PowerUP scales up the number of national sites. PowerUP is a major initiative by AOL, Gateway, and other companies to expand access to technology for under-served youth in community centers and schools.

Yahoo!

- Yahoo! has agreed to commit \$1 million in Internet banner PSAs to recruit technology workers to join Americorps and other volunteer organizations to serve as technology workers. Yahoo! has also committed \$1.5 million to create "Camp Yahoo!", a training program for non-profits, CTCs and other community groups (including the Boys and Girls Clubs of America and PowerUP) around the country.

3Com

- You could also announce 3Com's new "Connected Entrepreneur Awards Program", a quarterly award program highlighting successful small businesses that use networking technology to offer innovative products and/or services to their communities.
 - ✓ The Program which is a partnership between 3Com and the YWCA of the U.S.A., encourages small businesses to institute mentoring programs that educate youth, particularly young girls and women, to the benefits of high technology in the workplace and to create an overall positive learning experience.
 - ✓ 3Com will reward these "economic heroes" by providing their small businesses with the technology tools that enable them to continue to succeed. In return, the honorees commit to mentor young girls and others who come to the YWCA for assistance.
 - ✓ 3Com will also announce the creation of the YWCA TechGYRLS, a program to raise girls' interest, confidence and competence in the area of technology. They also plan to announce their first round of awards throughout the country.
- You could also announce another 3Com/YWCA program called NetPrepGYRLS that will offer high-school aged girls training in computer networking that could lead to industry-standard certification. 3Com and YWCA expect 600 girls will be trained at 30 NetPrepGYRLS programs around the country.

Intel and Tech Corps

- You could announce a partnership between TechCorps and Intel that would provide free software for students to develop living history websites to create a virtual community of living histories on the web.

Qualcomm

- The company has also committed to assist in the deployment of educational technology in San Diego area schools, and other institutions, including high speed Internet access, deployment of PCs, support of technology-focused curricula, and related teacher training and technical support.

Department of Education

- You could announce that a number of deans of colleges of education have agreed to work with us to ensure that all new teachers are prepared to use technology effectively in the classroom. Currently, most schools of education do not adequately prepare new teachers to integrate technology into the curriculum.
- You could announce the Department of Education's Technology Innovation Challenge Grants (3 grants totaling \$6 million) and Star School awards. (4 grants totaling \$5.5 million)

Site 2: Native American Reservation in New Mexico

As you know, Native American communities face major economic and social challenges. A stop in Indian Country will allow you to highlight these difficulties and focus on how private and public sector investments can help bring digital opportunity to Native Americans.

Message: Bringing Digital Opportunity to Indian Country

- You could use this event to focus on access to technology as a vehicle for economic development to help bring employment opportunities to Native Americans by, for example, enabling more small Native American businesses to sell goods on-line.

Potential Site Visits and Events

- You could visit a tribal college and highlight the programs that the school has developed to promote economic development through technology and help provide training and job skills to its students.

Key Commitments for Indian Country

America On-Line (AOL)

- You could announce \$1 million in the AOL Foundation's Digital Divide Grants, one of which will be in Indian country.

Compaq Computers and TechCorps

- You could announce a national expansion of "Techs4schools" a new online mentoring initiative that connects IT professionals with remote and underserved schools to give them access to much-needed technical support and advice.
- Compaq, in partnership with Tech Corps, currently has 12 pilot sites (one on an Indian reservation in New Mexico) and has decided to fully fund the program so that it will be available to all schools nationwide in April. You could also encourage Federal government IT workers to volunteer their expertise to be on-line technology mentors.

Federal Communications Commission (FCC)

- You could announce the FCC's proposal to increase funding under the Lifeline program so that every member of a federally recognized Indian tribe who is income eligible can have basic phone service for a very low monthly fee. We still need to run a policy process on this idea.

HUD's Native American Economic Access Center

- You could announce the new toll free number and website for the Native American Economic Development Access Center, through HUD's Office of Native American programs (ONAP). The Access Center will, for the first time, link over twelve agencies through a single toll-free number and web-site so that entrepreneurs--Native Americans, lending institutions, non-profits, foundations, and private businesses--can collaborate to achieve sustainable economic development in Indian Country.

Partnership between University of Michigan and the W.K. Kellogg Foundation

- You could announce a partnership between the University of Michigan and the W.K. Kellogg Foundation to work with a group of Tribal Colleges to create a "virtual Tribal College library." A major database structure will be located at Bay Mills Community College, in the Upper Peninsula of Michigan which is working with other Tribal colleges and universities (TCU) to develop a virtual identity for each Tribal College. The virtual library will span challenging geographic boundaries and bring near limitless access to learning to TCU students and faculty.

Partnership between Crownpoint Institute of Technology (CIT), Phone Solutions and Computer Cabling Connection Network System Integrator

- You could announce the partnership between CIT and two private firms, Phone Solutions and Computer Cabling Connection Network System Integrator, to improve the telecommunications system across the Navajo Nation, an area the size of West Virginia. CIT initially will develop a call center in Crownpoint, New Mexico, before expanding to a high technological telecommunications system and offering high-tech telecommunications services throughout the Navajo Nation. The call center portion of the project is being conducted and will be managed by a corporation known as UCMS.

We are currently working on the following additional commitments that you could also announce at this stop:

- Commitments from e-commerce companies that could work with Native American entrepreneurs and help them create websites and e-businesses.
- Commitments from the private sector to upgrade equipment and training (i.e. e-commerce training) to SBA's Tribal Business Information Centers (TBICs).

Site 3: Detroit, Michigan

As you are aware, in the last few months Ford Motor Company took the lead in providing Home Access by providing computers and low-cost Internet to its employees. Detroit provides a good urban setting to highlight areas that are in need of access to technology and to demonstrate the way the people's everyday lives can be enhanced by it.

Message: Importance of Home Access, Community Technology Centers (CTC) and Neighborhood Networks

- You could use this first event to emphasize the need for access to technology and the skills to use it. While universal home access is our goal, it is essential that those without it do not get left behind. Community Technology Centers and the Neighborhood Networks program help provide access to computers and the Internet to people in many communities who would not otherwise be using technology.

Potential Site Visits and Events

- You could take a tour of a Neighborhood Network site or a CTC and highlight the importance of access to technology for adults, both by using Computer Technology Centers for job searches, training and the development of microenterprise as well as through employee commitments to provide home access to their employees.

Key Commitments for Detroit Event

Home Access

- We are currently working with a major PC company to see if there are other large employers, both in the manufacturing and service industries, that would be willing to match the commitments made earlier this year by the Ford Motor Company and Delta Airlines. By focusing on the service industry, we would be able to show the benefits of such an effort to lower income workers. We could announce this commitment and highlight the efforts of Ford and Delta. Ford is a good example of a company making the transition from the industrial age to a technology-based "e-business."

SBC Communications

- We are also talking to SBC Communications about providing high-speed Internet access to CTCs and Neighborhood Networks.

Department of Housing and Urban Development

- You could announce the doubling of HUD's Neighborhood Networks centers from 500 to 1000 over the next two years. As you know, the Neighborhood Networks program is a community-based initiative that encourages the development of resource and computer learning centers in HUD-assisted and/or-insured housing.
- You could also announce a new public-private partnership between HUD, Communities in Schools (CIS) and Cisco Systems to bring IT job opportunities to 10 underserved

communities (including a location in Indian country), including a possible site in Detroit. Cisco Systems will commit \$1 million to work with HUD and CIS to expand its Networking Academy program to serve youth and their families in public housing, Neighborhood Network sites, Indian country, Empowerment Zones and Enterprise Communities.

Department of Education's Community Technology Center Grants

- You could announce the Department of Education's grants for Community Technology Centers totaling \$32.5 million.

Site 4: Rural Community in North Carolina

North Carolina provides a good forum for addressing the broadband issue because it is a largely rural state. While North Carolina still has a significant number of communities that have not benefited from advances in technology, its leadership has expressed a strong commitment to address the needs of its rural population.

Message: Need for Broadband Technology in Rural Communities

- This event provides you with an opportunity to highlight the benefits of broadband as a way to provide access to rural communities. It is also a forum for you to recognize the importance of broadband networks to rural economic development, distance learning and telemedicine.
- As you know, Erskine Bowles has led a Rural Prosperity Task Force. The key conclusion of the Task Force was that broadband is critical to the economic future of rural North Carolina.

Potential Site Visits and Events

- You could visit a site that is linked up with the North Carolina Information Highway, a high-speed network that was created by Governor Jim Hunt.

Key Commitments for North Carolina

Qualcomm

- QUALCOMM has agreed to deploy wireless broadband Internet technology that will provide wireless broadband Internet access for people living in areas that are currently not served by DSL or cable modems.

National Science Foundation (NSF)

- You could announce that NSF plans to invest \$10 million in FY2001 funds for research for next generation broadband technology. Technological breakthroughs could accelerate the deployment of broadband networks in rural areas.

NTIA Report

- You could announce NTIA's report "Advanced Telecommunications Capabilities in Rural Areas." The report shows that rural regions may be falling behind urban areas in the

development of broadband networks.

USDA

- You could direct the Department of Agriculture to expand its program for rural telecommunications to make it easier for companies to obtain loan guarantees for broadband networks.

Do you agree with the trip as proposed?

_____ YES

_____ NO

_____ DISCUSS FURTHER

THE WHITE HOUSE
WASHINGTON

March 28, 2000

VIA FAX: 212-456-0242
Mr. George Bodenheimer
President
ESPN, Inc.

Dear Mr. Bodenheimer:

During the past year, President Clinton has emphasized the importance of bringing greater opportunities to America's under-served urban and rural areas. He has visited communities around the country that have not participated in our country's economic prosperity, and helped create a catalyst for public and private investments to foster economic opportunity in those areas. An important element of this focus is the effort to bridge the digital divide and create digital opportunity for more Americans. As part of this endeavor, the President recently issued National Call To Action to corporations, non-profits, educators and others to work together to meet two broad goals:

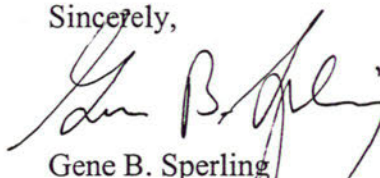
1. **Ensure that every child in every school has access to 21st Century Learning Tools:**
To prepare children for the high-tech workplace of the 21st century, and to help improve their academic performance in all subjects -- we must have a comprehensive strategy to connect every classroom to the Internet, ensure that students have access to modern computers, train teachers to use technology, and expand access to high quality educational software and resources.
2. **Help create digital opportunity for every American family and community:**
Our long-term goal should be to make home access to the Internet universal. We also need to bring technology to every community -- urban, rural and Native American -- through Community Technology Centers and high-speed networks. Finally, we need to give adults and young adults the IT skills they need to compete for high-wage jobs, and to motivate and inspire more people to appreciate the value of "getting connected."

The issue of motivation is an especially important one for minority youth. That is why we are currently working on an initiative that focuses on the need to inspire young people in underserved communities to "get connected" and become technologically literate.

We have an opportunity to send a clear message that there are real, attainable economic and entrepreneurial opportunities in the high tech world. We believe an effective way to do this is to highlight role models — sports figures, celebrities and successful minority entrepreneurs — who will both inspire them and demonstrate why gaining access to technology is so important. We intend to make this aspect of our efforts a major component of the President's trip on April 10 and 11, as well as through other avenues -- including a major PSA campaign.

We are pleased that the Kaiser Foundation has committed to coordinate the PSA effort, and we are pursuing a number of options for celebrity participation. I'd like to talk with you about how ESPN might participate in this effort at your earliest convenience.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gene B. Sperling". The signature is fluid and cursive, with a large, sweeping "G" and "S".

Gene B. Sperling
Director, National Economic Council

April 24, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING
TOM KALIL

SUBJECT: NORTH CAROLINA RURAL PROSPERITY TASK FORCE REPORT

General Summary

In July 1999, Governor Hunt announced the creation of the North Carolina Rural Prosperity Task Force as a response to a growing divide between North Carolina's booming urban centers and its struggling poorer rural areas. The Task Force was charged with developing an action plan for how the state would address the chasm and find new ways of spurring economic vitality in its rural communities. It focused on seven key areas:

- Information Technology
- Rural Redevelopment Authority
- Education, Training and Retraining
- Agriculture
- Infrastructure Improvements
- Building Community Capacity
- Support for Flood-Impacted Counties

For each of these areas, the Task Force identified goals for the 21st century and essential steps that were required to reach each of the critical state goals. The report was released on February 21, 2000.

Information Technology Recommendations

The report establishes two major goals to ensure that rural North Carolina is able to compete with the rest of the country and the world in the 21st century.

- Goal 1. To provide, at affordable rates, high-speed reliable Internet access to every home and every businesses of rural North Carolina within three years.**
- Goal 2. To ensure that people across rural North Carolina have the skills and knowledge necessary to take advantage of high-speed information.**

The report finds that North Carolina is lagging far behind the rest of the country when it comes to information technology, as evidenced by the following statistics:

- North Carolina ranks 46th among the states in the percentage of residents who have a personal computer in the home.
- North Carolina ranks 47th among the states in the percentage of people who have Internet access in the home.

Furthermore, high-speed Internet access is much more expensive in rural North Carolina than it is in urban centers. While a high-speed telecommunications infrastructure is available throughout much of the state, monthly rates for access in rural and remote areas can run as much as ten times higher than in urban centers. Therefore, the Task Force examined options for decreasing the costs of high-speed Internet access through encouraging competition and providing incentives for companies to expand into the rural market.

Proposed strategy

The Governor's advisors describe the strategy of the Rural Prosperity Task Force on information technology and broadband as follows:

- Their first preference is to work with the telephone carriers to see if these companies are willing to provide high-speed Internet access at affordable rates to North Carolina, particularly to the State's poorest 27 counties. Their discussions with the carriers are on-going, and it is not clear if these discussions will be resolved by the time of your trip on April 26th.
- To defray some of the costs of providing high-speed Internet access to rural areas, the state would establish a \$15 million, three-year Rural Broadband Access Fund -- financed through an eight cent per month charge on phone bills.
- If the private sector is unwilling or unable to provide high-speed Internet access, the state would lease the high-speed network that it has already paid for (the North Carolina Information Highway) to any company that is willing to provide service to rural areas. However, this is not the state's first option. Rather, it would prefer to see the local phone companies (e.g. Bell South) provide high-speed Internet access at affordable rates.
- In addition to dealing with telecommunications issues, the state also needs to upgrade IT skills for North Carolina's rural workforce. The Task Force recommends that Governor Hunt issue an Executive Order to expand access to IT training to students, government agencies, workers and businesses in rural North Carolina. The goal would be to make IT training available within 18 months, drawing on the capabilities of the Extension Service, community colleges, and private sector vendors.

Areas of controversy

- At this point, the North Carolina local phone companies have not signed off on these recommendations. They have argued that:
 - There isn't a problem;
 - If there is a problem, it will take more money to solve than the Rural Prosperity Task Force is proposing;

- Rural broadband should not be financed with a tax on phone service; and
- It is inappropriate to use the state network (North Carolina Information Highway) as a means of providing broadband to rural areas.
- There are on-going discussions between the Governor's Office and the local phone companies. It is possible that the local phone companies will be prepared to make a commitment to provide high speed access to all parts of the State within three years. We will get up-to-date information and brief you on developments prior to the event.

April 24, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING
TOM KALIL

SUBJECT: BACKGROUND ON BROADBAND ISSUES

Summary

Given that your April 26th "New Markets trip" in North Carolina will focus on the issue of broadband in rural America, we thought that it might be useful for you to have some background on the technology and public policy dimensions of broadband Internet access.

Definition of broadband

- There is no one universally accepted definition of broadband - but generally it refers to a network capable of sending and receiving data **at much higher speeds** than today's ordinary phone lines.
- Network speeds (or bandwidth) is measured in "bits per second." Today, most people connect to the Internet using an ordinary phone line and a modem with a bandwidth of 28 to 56 kilobits per second. A broadband connection to the Internet might provide speeds of hundreds of kilobits per second or even megabits (millions of bits) per second.
- Large businesses have been able to purchase broadband connections to the Internet for a while. It has only been within the last few years that cable companies and telecommunications companies have started to market broadband services to the home at a price that is affordable for more consumers and small businesses.

The importance of broadband

Broadband is important for a number of reasons:

- Broadband networks can support a wider range of applications -- such as video-conferencing, CD-quality audio, 3-D graphics, and lightning-fast download of software programs and computer files. Trying to do these applications over a "narrowband" connection to the Internet is painful or impossible. Video is likely to be jerky or the size of a postage stamp. Downloading a large image is like watching paint dry -- a phenomena known as the "World Wide Wait."

- Broadband is important for business. If broadband is either not available or prohibitively expensive in a particular region of the country, businesses will find it difficult to compete. Businesses need higher speed connections to connect to their customers and suppliers. For example, the Big 3 auto companies will do more and more business with their parts suppliers electronically. Those companies that do not have high-speed connections to the Internet will lose business.
- Widespread deployment could have broader social benefits as well -- supporting applications such as telemedicine, distance learning, and telecommuting.
- Broadband is particularly important in rural areas because it can help overcome vast distances, provide access to the same universe of knowledge even in the most remote one-room rural school-house, and help spur rural economic development.

Current level of price and access to broadband

- The FCC estimates that of the 105 million households in the U.S., 50 million households can purchase broadband from at least one provider (typically a cable company or a local phone company).
- As of the end of 1999 - an estimated 1-2 million households had actually purchased broadband Internet access.
- Estimates of how quickly demand for broadband access will increase range from 16.6 to 28.6 million high-speed Internet subscribers by 2004.
- Telecommunications companies are trying to charge lower prices for broadband to residences (\$40 - \$50/month) -- while maintaining much higher prices for businesses (\$200 - \$2,000/month). Obviously, as the market becomes more competitive, it will be more difficult to do that.

The challenge of providing high-speed Internet access to rural America

Broadband access in rural areas is either not available or more expensive than it is in urban areas. For example, the State of North Carolina estimates that there can be as much as a 10:1 price differential between urban and rural prices for broadband service -- although the local phone companies in North Carolina dispute this. There are two major challenges:

- Broadband can be less economical to deploy because the density of possible customers is much lower. It will be more difficult for a company to recover their investment in providing broadband networks over a smaller customer base.
- Some of the technology doesn't work in rural areas because of distance or other limitations.

Different kinds of broadband

There are a variety of different technologies used to provide high-speed Internet access -- including digital subscriber line, cable modems, wireless, and satellite.

There is still a good deal of uncertainty about which technologies will ultimately succeed in the marketplace, since they all have different strengths and weaknesses. Companies have placed large bets on new technologies (e.g. the Iridium global satellite system) - only to see these investments go up in smoke.

1. Digital subscriber line (DSL)

- This technology uses the existing copper phone lines that are now used to carry voice traffic.
- It is typically deployed by the local phone companies (Bell South, Bell Atlantic) - and the competitive local exchange carriers (CLECs -- pronounced "see-lec") like Covad that compete against them.
- Major disadvantage is that not all phone lines are capable of handling DSL. For example, a phone line that is longer than 12,000 - 18,000 feet from the residence to the "central office" (the place where telecommunications companies locate their equipment) can't be used to provide DSL. Obviously, this is particularly a problem for rural areas.

2. Cable modem

- Uses the cable network to deliver high-speed Internet access.
- Advantage is that cable networks pass most American households -- and that by 2001 -- up to 71 million households will be passed by cable systems that are "two-way capable." Cable companies had to upgrade their networks to support high-speed Internet access.

3. Wireless and satellite

- There are a variety of wireless and satellite alternatives as well. They are not expected to penetrate the market as quickly as DSL and cable modems, although they could be important in some rural markets.
- ✓ MCI and Sprint are beginning to do trials of a wireless service called MMDS (Multichannel Multipoint Distribution System). MMDS is a fixed service -- as opposed a mobile service like cell phones. It uses a tower -- and has a maximum range of 35 miles in all directions.
- ✓ Qualcomm is developing a technology called HDR (High Data Rate) that also provides high-speed Internet access. [Note: Qualcomm and Motorola are major competitors.]
- ✓ Some satellite companies are beginning to deploy two-way broadband services, which could provide access even to the most remote rural community.

4. Fiber-to-the-home

- The ultimate in broadband would be running optical fiber all the way to the home. There are not many companies deploying fiber-to-the-home systems at this point because of the expense, although large businesses typically have a fiber connection.

Public policy issues

1. Background

Although there is general agreement that widespread deployment is a worthy policy objective, there is a lot less agreement about how to achieve this goal. Different segments of the industry and members of Congress have different proposals. This issue does not split along party lines.

- The **local phone companies** (e.g. Bell Atlantic, Bell South, SBC, GTE) believe that they should be deregulated. They are pushing for legislation that allows them to provide high-speed Internet access without having to first open up their market to competitors.
- The **long-distance companies and the competitive telecommunications companies** (e.g. AT&T, MCI/Worldcom, Covad) believe that the Telecommunications Act is beginning to work and should not be re-opened, and that the emphasis should be on enforcing the pro-competitive provisions of the Act.
- **Rural members of Congress** believe that market forces may not be sufficient to ensure widespread availability of high-speed Internet access in rural areas - and that rural broadband access should be subsidized through tax credits, low-interest loans, or an expansion of the Universal Service Fund.
- The **computer industry** would probably not oppose on-budget subsidies for rural broadband -- but they are worried about expanding the definition of universal service because of fears that it could lead to more regulation of the Internet.

2. Promoting competition for broadband services using the Telecommunications Act of 1996

- Passage of the Telecommunications Act of 1996 is helping to spur competition in the market for broadband services because it imposed certain requirements on the local phone companies like Bell Atlantic, SBC, and US West known as ILECs (incumbent local exchange carriers). ILECs are required under the Telecommunications Act to allow their competitors to rent pieces of their network, and to take other steps that will make it easier for competitors to enter the market.
- All of this spurred the development of competitive local exchange carriers (CLECs) -- who are able to provide high-speed Internet access without building out a whole new network. Some of these companies literally would not exist were it not for the Telecommunications Act of 1996.
- The Administration has been a supporter of the Telecommunications Act and its continued enforcement.

3. Deregulation of local telephone companies

- The central bargain of the Telecommunications Act of 1996 is that ILECs would be allowed to enter the long distance market after they took steps to open up their own (local) market.
- So far, only one ILEC (Bell Atlantic) and has received permission from the FCC to provide long distance in one state (New York). Even this is not going smoothly, because Bell Atlantic is finding it difficult to transfer customers from Bell Atlantic to AT&T and other long distance companies that are trying to enter the local market.
- Because Internet traffic crosses long-distance boundaries, the ILECs can't be Internet Service Providers without teaming up with another Internet Service Provider.
- ILECs are arguing before the Hill that they should be allowed to provide Internet access, and that the restrictions on their ability to provide long-distance service should not apply to the Internet.
- Long-distance companies and CLECs have argued that if ILECs are allowed to provide Internet service before opening up their local market -- they will have no incentive to open up their market in the future. The Administration has generally found the argument of the long-distance companies and CLECs to be more persuasive.

4. Legislation to provide special support for rural broadband

- Senators Rockefeller and Snowe introduced the "Rural Telecommunications Modernization Act of 2000" on March 29th. The legislation provides an investment tax credit of 10-15 percent (depending on the bandwidth of the facility) for companies that invest in broadband networks for rural subscribers.
- Senators Dorgan, Daschle, Baucus, Johnson and Harkin introduced the "Rural Broadband Enhancement Act" on March 28th. The legislation:
 - ✓ Requires the FCC to provide Federal universal service support for broadband within 240 days. Under the current Telecommunications Act, the FCC is supposed to update the definition of universal service, but is not required to immediately include broadband services. This would presumably require an increase in charges on long-distance rates in order to finance.
 - ✓ Authorizes the Rural Utility Service to provide \$3 billion in low-interest loans (2 percent) to finance broadband networks in rural areas where they are currently not available.

[Note: The Administration has not taken a position on either of these bills.]

5. Administration accomplishments and proposals

- Funding for educational technology through the Department of Education has increased over 3000 percent -- from \$23 million in FY93 to \$766 million in FY2000.
- In FY2001, the Administration is proposing over \$900 million for educational technology, including:
 - \$450 million for the Technology Literacy Challenge Fund;
 - \$100 million for 1,000 new Community Technology Centers, up from \$32.5 million in FY2000;
 - \$150 million to train all new teachers to use technology, up from \$75 million in FY2000.
- The Administration also fought for the e-rate as part of the Telecommunications Act of 1996, which provides \$2.25 billion in discounts to connect schools and libraries to the Internet.
- As a result, the number of classrooms connected to the Internet increased (3 percent in 1994 to 63 percent in 1999), while the number of schools with at least one connection to the Internet has increased from 35 percent to 95 percent during the same period. Moreover, the number of schools with more than a dial-up connection to the Internet has increased from 16 percent in 1996 to 86 percent in 1999.
- As a result of the Telecommunications Act of 1996, which the Administration supported, Competitive Local Exchange Carriers have invested \$30 billion in new networks, and are now investing at a rate of \$1 billion/month.
- As part of its FY2001 budget, Administration has proposed up to \$100 million in loan guarantees through the Rural Utility Service to companies that are willing to provide broadband services to rural areas.
- In his capacity as candidate, Vice President Gore has called for "technology bonds" to encourage local investment in broadband in underserved areas.

Glossary of Terms

Backbone: The very high-speed portion of a network, usually fiber optics, that connects major cities.

Bandwidth: The capacity of a network to send and receive information -- measured in bits of information per second.

Broadband: Network capable of providing high-speed Internet access and handling applications like video-conferencing.

Cable modem: High-speed Internet service provided by cable companies.

CLEC (pronounced "see-lec"): Competitive Local Exchange Carrier. Companies like Covad that compete against local phone companies -- often by using the provisions of the Telecommunications Act to lease pieces of their network.

DSL: Digital Subscriber Line. A broadband technology that uses the existing phone lines, but requires special equipment.

ILEC: Incumbent Local Exchange Carrier. Local phone companies like Bell South, SBC, Bell Atlantic, etc. that have special obligations under the Telecommunications Act because of their market power in local telecommunications markets.

Last mile: The telecommunications network from a home or business to the facilities of a telecommunications company. This is where the bottleneck is in terms of speed.

LATA: Under the Telecommunications Act, local telephone companies are not allowed to transmit voice or data traffic across these "LATA" boundaries until they demonstrate that they have opened up their local market to competition.

Narrowband: The kind of Internet access that people get over a regular phone line.

Open access: Argument made by AOL and others that that cable companies should be forced to open up their networks. AOL stopped making this argument once they announced plans to merge with Time-Warner, a cable company.

T1 (pronounced "tee-one"): A particular high-speed service often purchased by business. Can send and receive 1.5 megabits (millions of bits) per second, which is about 30 times faster than a regular modem.

April 24, 2000

DEMONSTRATION AT REMOTE DATA SYSTEMS IN WHITEVILLE, NC

Date: April 26, 2000
 Time: 12:55-1:10 pm
 Location: Warehouse
 Remote Data Systems
 163 Brunswick Electric Road
 Whiteville, NC
 From: Gene Sperling

I. PURPOSE

The purpose of this event is to highlight ways that access to broadband can help companies in rural areas grow and gain entry to new markets – by, for example, being able to sell products online, having the capacity to expand their services to clients, and providing distance learning opportunities for their employees.

You will see a demonstration of how a computer with high-speed Internet access can download information and images at much faster rates. You will view two computer screens placed side-by-side, one with narrowband capacity (Internet access through a regular phone line) and the other with broadband capacity (high speed Internet access). Each computer will begin downloading the same image. You will see that the image on the computer with broadband access will appear almost instantly, while the narrowband computer image will take several minutes to download.

QUALCOMM will provide the broadband network for this demonstration and QUALCOMM CEO Dr. Irwin Jacobs will conduct the presentation. QUALCOMM has also made a commitment to provide free high-speed Internet access for schools, libraries, and community technology centers in 8 rural communities. You will make this announcement in your remarks later in the day.

You will also have an opportunity to view the environmental monitoring instruments that are manufactured by Remote Data Systems. These instruments are primarily used to determine whether or not a given land is a "wetland" or not.

II. BACKGROUND

Remote Data Systems (RDS) is a small 11-person company located in Whiteville, in Columbus County, North Carolina. RDS produces equipment used for environmental monitoring. The company's President is Ben Frink and its Chief of Operations and Treasurer is Bill Applewhite. Both Frink and Applewhite are natives of North Carolina and started RDS in 1993. The company currently has sales of just over \$1 million.

At this time, RDS only has a narrowband connection to the Internet because broadband is too expensive. The current cost per month for broadband Internet access in Columbus County is \$1750, in contrast to urban areas in North Carolina such as Raleigh, where monthly costs are as low as \$250 – a \$15,000 difference per year. If RDS had a broadband connection, it would be able to expand its business by analyzing the data that is collected using its instruments. In addition, its engineers would be able to take web-based courses over the Internet as opposed to driving 2 hours to North Carolina State.

You should know that RDS has a patent dispute with the Department of Energy, but its President will not raise this issue during your visit.

You will be joined at the demonstration by Governor Jim Hunt, Erskine Bowles, Congressman Mike McIntyre, Ben Frink, and Dr. Irwin Jacobs, CEO of QUALCOMM.

III. PARTICIPANTS

YOU

Erskine Bowles

Ben Frink, President, Remote Data Systems, Inc.

Governor Jim Hunt

Dr. Irwin Jacobs, CEO, QUALCOMM

US Representative Mike McIntyre (D-NC)

IV. SEQUENCE OF EVENTS

- YOU will arrive at Remote Data Systems.
- YOU will view the demonstration accompanied by Ben Frink, Governor Hunt, Erskine Bowles, Representative McIntyre, and Dr. Irwin Jacobs.
- YOU will proceed into the Remote Data Systems assembly room for the roundtable, where the remaining participants will already be seated.

V. PRESS

This event is POOL PRESS.

VI. ATTACHMENTS

None.

April 24, 2000

ROUNDTABLE WITH CEOs

Date: April 26, 2000
Time: 1:15-2:10 pm
Location: Assembly Room
Remote Data Systems
163 Brunswick Electric Road
Whiteville, NC
From: Gene Sperling
Mary Beth Cahill

I. PURPOSE

You are meeting with CEOs and senior executives of the nation's leading information and communications technology companies, as well as representatives of smaller North Carolina based businesses, to highlight the need for high-speed (broadband) Internet access in rural America. Governor Hunt and Erskine Bowles (who chaired his Rural Prosperity Task Force) have made this issue a top priority for North Carolina.

This event, and the speech that follows, is a continuation of your third New Markets trip. Unlike previous New Markets trips, this trip has focused specifically on one issue -- the need to bridge the digital divide and to create digital opportunity for more Americans.

II. BACKGROUND

This roundtable is an opportunity to discuss the importance of broadband Internet access in rural communities, and to demonstrate that high-speed Internet access is critical to economic prosperity, educational opportunity and the quality of life in rural America. Many rural Members of Congress and interest groups fear that without a concerted effort, rural communities will lag years behind in broadband access -- to their serious detriment in terms of economic development.

Because broadband services are either not available in rural communities or are much more expensive than in urban areas, communities like Columbus County find it difficult to participate fully in the digital economy. For example, the monthly cost of a high-speed telecommunications connection used for Internet access can vary dramatically – from less than \$250 per month in urban centers such as Raleigh to more than \$2500 in rural areas. The monthly cost for Columbus County, which you will be visiting, is approximately \$1750 per month.

Under the leadership of Governor Hunt and Erskine Bowles, North Carolina has made broadband access one of the State's top issues for rural economic development, most significantly with the recent release of its Rural Prosperity Task Force Report. The Task Force was created as a response to increases in layoffs in the textile, apparel, tobacco, lumber and furniture sectors, and a worldwide depression in agricultural commodity prices.

Shortly after the Task Force was formed, North Carolina was hit by expansive floods in the eastern portion of the State. The report developed a comprehensive strategy for increasing economic growth and incomes in North Carolina. A key component of this strategy was the identification of two goals to promote the availability and affordability of high-speed information technology and the ability to use it:

1. To provide, at affordable rates, high-speed reliable Internet access to the homes and businesses of rural North Carolina.
2. To ensure that people across rural North Carolina have the skills and knowledge necessary to take advantage of high-speed information technology.

You should know that the local telephone companies have not yet endorsed the recommendations of the report. The report calls for an eight cent per month phone tax to help subsidize the cost of high-speed access for the poorest 27 counties. The report also states that if local phone companies do not provide broadband access, the state will consider allowing Internet Service Providers to use the state broadband network (the North Carolina Information Highway).

You should also know that the issue of local telecommunications rates in North Carolina may be in the news on Wednesday. The state regulatory commission will disclose that Bell South has earned a 23 percent rate of return -- which is considered high for a regulated phone company.

The Governor's office has been talking to local phone companies, and they may be prepared to provide high-speed access to all parts of the state within three years. We will provide you with additional information on this prior to the event.

III. PARTICIPANTS

See attachment.

IV. SEQUENCE OF EVENTS

- As YOU proceed into the Assembly Room for the roundtable discussion, YOU will greet the eleven staff members of Remote Data Systems (RDS).
- YOU will proceed into the RDS assembly room and be seated.
- Erskine Bowles will welcome participants and make a brief opening statement. He will then introduce Governor Hunt.
- Governor Hunt will make brief welcoming remarks and introduce YOU.
- YOU will give brief remarks and then will return the floor to Erskine Bowles who will begin moderating the discussion. [Note: You should take over and moderate as much or as little as you feel comfortable.]
- After an hour of discussion, Erskine Bowles will end the roundtable by thanking YOU.

V. PRESS

This event is PRINT REPORTERS ONLY.

VI. ATTACHMENTS

List of Roundtable Participants
Roundtable Seating chart
Summary of Rural Prosperity Task Force Report
Background memo on broadband technology
Proposed discussion points

CEO ROUNDTABLE PARTICIPANTSYOU

Rex Adams, Dean, The Fuqua School of Business, Duke University

Bill Applewhite, President, Remote Data Systems, Inc.

Erskine Bowles

US Representative Eva Clayton (D-NC)

US Representative Robert Etheridge (D-NC)

Ben Frink, Operations Manager and Treasurer, Remote Data Systems, Inc., Whiteville, NC

William Friday, President Emeritus, University of North Carolina

Governor Jim Hunt

Dr. Irwin Jacobs, Chairman and CEO, QUALCOMM

FCC Chairman William Kennard

Buddy Lemons, Owner, Baker Limestone, Inc., Siler City, NC

US Representative Mike McIntyre (D-NC)

Christopher McLean, Acting Administrator, Rural Utilities Service, Department of Commerce

Clark Plexico, Senior Vice President, AT&T

US Representative David Price (D-NC)

Gregory Rohde, Assistant Secretary for Communications and Information, National

Telecommunications and Information Administration, Department of Commerce

Robert Sullivan, Dean, Kenan-Flagler Business School, University of North Carolina, Chapel Hill

Jill Long Thompson, Undersecretary for Rural Development, USDA

Don Watson, House Autry Mills, Newton Grove, NC

Alan Wheat, Chairman of the Board, New Markets Equity Fund

Robert Young, Co-Founder and Chairman, Red Hat, Inc.

April 24, 2000

**REMARKS TO WHITEVILLE COMMUNITY AT
THE WHITEVILLE TRAIN DEPOT**

Date: April 26, 2000
Time: 2:40-3:40 pm
Location: Whiteville Train Depot
Whiteville, NC
From: Gene Sperling

I. PURPOSE

The combination of the day's events in North Carolina allows you to hold a substantive discussion on broadband issues and deliver a broader speech to the community of Whiteville. After seeing the demonstration and holding a roundtable at Remote Data Systems, you will have an opportunity to speak directly to 1,000 to 2,000 Whiteville residents in front of the Whiteville Train Depot.

Your speech will focus on the importance of bringing "digital opportunity" to rural America -- with an emphasis on the need to provide rural communities with access to affordable, high-speed Internet access. You will highlight the goals you outlined in the National Call to Action:

- 21st Century learning skills for every child in every school; and
- Creating digital opportunity for every American family and community.

In addition, you will emphasize how important these goals are for economic prosperity and educational opportunity for rural areas like Whiteville, NC.

You will also announce significant public and private sector commitments designed expand access to broadband Internet services in rural areas.

II. BACKGROUND

This event will emphasize your commitment to ensuring that rural communities like Whiteville are full participants in the digital economy. There is a pervasive sense among rural communities that they may be the last to benefit from new information and communications technologies, even though overcoming the "tyranny of distance" is particularly important in rural areas. Whiteville is a rural town with a population of 5,000. It is located in Columbus County, which has a current unemployment rate of over 12 percent. Rural communities like Whiteville are lagging behind in their ability to take advantage of the educational and economic opportunities that come with greater access to information technology. The advanced telecommunications service used by business for high-speed Internet access costs \$1750 per month in Columbus County, compared to \$250 per month in urban areas such as Raleigh.

The Whiteville Train Depot, which will serve as the backdrop for your speech, was built in the 1870s. The Depot has been vacant since 1968. It is located in the downtown section of Whiteville, an area that has struggled since the early 1980s with the growth of big box retail and strip malls on the outskirts of the community. Within the next three years, the Depot will undergo a major renovation and conversion into a community recreation center. This effort is a collaboration of Federal (Department of Transportation), state and local entities, in cooperation with the Whiteville business community.

This event will allow you to highlight the Administration's FY2001 proposals to help close the digital divide for rural America, and to make the following announcements of public and private sector commitments:

- For the First Time, the Rural Utilities Service (RUS) Will Expand Its \$670 Million Telecommunications Loan Program To Companies that Provide High-Speed Internet Access to Rural America. Currently, the RUS can only lend to companies providing basic phone service in rural America. Under the new policy, the RUS will be able to expand its \$670 million loan program to companies that are providing high-speed Internet access in rural America. The RUS will be able to accomplish this through a change in its regulations.
- A \$1 Million Investment by QUALCOMM, Inc. in Internet Access Technology for Rural America. QUALCOMM will invest in efforts to provide rural and underserved areas with access to the Internet, using wireless technology called High Data Rate (HDR). Working with telecommunications carriers, QUALCOMM will deploy its new broadband wireless technology in at least eight rural and underserved communities, and will work with other telecommunications companies to make Whiteville a test site for this technology. Each of these deployments will serve a minimum of 10 square miles and provide broadband wireless access for a minimum of 100 PCs.

- A \$10 Million National Science Foundation Commitment for Next Generation Broadband Technologies for Rural America. The National Science Foundation (NSF) will increase its FY2001 research investment in broadband technologies by \$10 million, with particular focus on the needs of rural America. Since NSF supports university-based research, this initiative will also increase the supply of undergraduate and graduate students in technical fields with insights into the challenges of providing broadband telecommunications to rural areas.
- A \$2 Million Multi-Year MCI/WorldCom Commitment to Rural America. MCI/WorldCom will provide a \$2 million investment in increasing wireless high-speed Internet access in Raleigh, NC and three rural communities; Hattiesburg, MS; Houma, LA; and Dothan, AL.
- A Commitment by Red Hat to Provide Software and Training to North Carolina Communities. Software provider Red Hat will donate 500 copies of its Linux web server software to organizations in rural North Carolina. In addition, Red Hat will provide free training and certification to the employees of 100 rural small businesses.
- A \$1.2 Million AT&T Pledge to the Education Alliance. AT&T will announce a \$1.2 million multi-year investment to develop information technology curricula and provide training in network management technology for higher education students with North Carolina State University, North Carolina AT&T University, Ohio State University, Miami University of Ohio, and Steven's Institute of Technology.
- Release of the Department of Commerce's National Telecommunications and Information Administration (NTIA) Report on the Challenges of Broadband Access in Rural America. The NTIA will release its latest report, "*Advanced Telecommunications in Rural America*," which addresses the barriers to accessing information technology in remote communities. The report also outlines recommendations for supporting advanced services to rural areas to ensure that they have greater access to telecommunications and information services.

III. PARTICIPANTS

YOU

Erskine Bowles

Craig Turner, Corporate Secretary of the Board of Directors, Remote Data Systems, Inc.

Governor Jim Hunt

FCC Chairman William Kennard

US Representative Mike McIntyre (D-NC)

Whiteville Mayor Ann Jones

Jill Long Thompson, Undersecretary for Rural Development, USDA

IV. SEQUENCE OF EVENTS

- Upon arrival at the Whiteville Depot, YOU will be greeted by Mayor Jones and led to the offstage position.
- Offstage announcement of Mayor Jones, Chairman Kennard, and Undersecretary Thompson.
- YOU are announced offstage, accompanied by Erskine Bowles, Craig Turner, Congressman McIntyre and Governor Hunt.
- Congressman McIntyre makes brief remarks and introduces Craig Turner.
- Craig Turner makes brief remarks and introduces Erskine Bowles.
- Erskine Bowles makes brief remarks and introduces Governor Hunt.
- Governor Hunt makes brief remarks and introduces YOU.
- YOU give remarks, work a ropeline and depart.

V. PRESS

This event is OPEN PRESS.

VI. REMARKS

To be provided by Speechwriting.

VII. ATTACHMENTS

None.

Background for Roundtable

High-Speed Internet Access Statistics

- The cost of high-speed Internet access for businesses can be up to ten times higher in rural North Carolina than it is in urban North Carolina.
- Less than 5 percent of towns with a population of under 10,000 have cable modem service, compared to 65 percent of cities with populations over 250,000.
- Regional Bell Operating Companies deploy DSL primarily in urban areas. 56 percent of cities over 100,000 had DSL available, but less than 5 percent of towns with less than 10,000 had this service.
- Over 50 million U.S. households can now order broadband Internet access - roughly 2 million actually subscribe to it.

The Administration's Broadband Record

- Signed the Telecommunications Act of 1996. Since then, competitive telecommunications companies have invested \$30 billion in new networks - and are now investing \$1 billion/month.
- The e-rate is providing \$2.25 billion/year in discounts to connect schools and libraries to the Internet. Percentage of classrooms connected to Internet has increased from 3 percent in 1994 to 63 percent in 1999. Percentage of schools that are connected to the Internet that have more than a "dial-up" connection to Internet has increased from 16 percent in 1996 to 86 percent in 1999. Rural and poor schools get deepest discounts.
- Funding for educational technology through Department of Education has increased over 3000 percent -- from \$23 million in FY93 to \$766 million in FY2000.
- Rural Utilities Service has made telecommunications infrastructure loans of \$1.4 billion over the last three years -- which are allowing companies to provide service to 783,000 of the nation's most rural households and businesses. Current loan program must be used by carriers that provide basic voice service.

Possible Questions For Roundtable Participants

- To Dr. Irwin Jacobs: Will the wireless technologies that you are developing be economical to deploy in rural America -- given the lower density of customers?
- To Erskine Bowles and Governor Hunt: When you started the Rural Prosperity Task Force, did you anticipate that expanding access to broadband would become one of your key recommendations? What made you conclude that broadband is so important for economic prosperity in rural North Carolina?

- To North Carolina small business owners: Why is access to affordable broadband so important for the growth of your business? What new opportunities would it create if you had access to it?
- To FCC Chairman Kennard: How is the Telecommunications Act accelerating the deployment of broadband?

The Administration FY2001 Digital Divide Proposals

- \$2 billion in tax incentives to encourage companies to donate computers to schools, libraries, and community technology centers.
- \$100 million new loan guarantee program at Rural Utilities Service to encourage telecom companies to provide broadband to rural areas.
- \$150 million to train all new teachers to use technology, up from \$75 million in FY2000.
- \$100 million to create 1,000 new community technology centers, up from \$32.5 million in FY2000.
- \$45 million to triple the Technology Opportunities Program -- focused on innovative applications of technology for underserved communities. 65 percent of grants go to projects in rural areas. Program has provided 10 grants to North Carolina for projects such as telemedicine and distance learning.

DRAFT

April 24, 2000

DEMONSTRATION AT REMOTE DATA SYSTEMS IN WHITEVILLE, NC

Date: April 26, 2000
Time: TBD
Location: Remote Data Systems
163 Brunswick Electric Road
Whiteville, NC
From: Gene Sperling

I. PURPOSE

The purpose of this event is to highlight ways that access to broadband can help companies in rural areas grow and gain entry to new markets – by, for example, being able to sell products online, having the capacity to expand their services to clients, and providing distance learning opportunities for their employees.

You will see a demonstration of how a computer with high-speed Internet access can download information and images at much faster rates. You will view two computer screens placed side-by-side, one with narrowband capacity (Internet access through a regular phone line) and the other with broadband capacity (high speed Internet access). Each computer will begin downloading the same image. You will see that the image on the computer with broadband access will appear almost instantly, while the narrowband computer image will take several minutes to download.

QUALCOMM will provide the broadband network for this demonstration. QUALCOMM has also made a commitment to provide free high-speed Internet access for schools, libraries, and community technology centers in 8 rural communities. You will make this announcement in your remarks later in the day.

You will also have an opportunity to view the environmental monitoring instruments that are manufactured by Remote Data Systems. These instruments are primarily used to determine whether or not a given land is a "wetland" or not.

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II. BACKGROUND

Remote Data Systems (RDS) is a small 11-person company located in Whiteville, in Columbus County, North Carolina. RDS produces equipment used for environmental monitoring. The company's co-founders are Bill Applewhite and Ben Frink, both natives of Whiteville who returned to the community in 1993 to create RDS. The company currently has sales of just over \$1 million.

At this time, RDS only has a narrowband connection to the Internet because broadband is too expensive. The current cost per month for broadband Internet access in Columbus County is \$1750, in contrast to urban areas in North Carolina such as Raleigh, where monthly costs are as low as \$250. If RDS had a broadband connection, it would be able to expand its business by analyzing the data that is collected using its instruments. In addition, its engineers would be able to take web-based courses over the Internet as opposed to driving 2 hours to North Carolina State.

You should know that RDS has a patent dispute with the Department of Energy, but its CEO will not raise this issue during your visit.

You will be joined at the demonstration by Governor Jim Hunt, Erskine Bowles, Congressman Mike McIntyre, Ben Frink, and Irwin Jacobs, CEO of QUALCOMM.

III. PARTICIPANTS

YOU

Erskine Bowles

Ben Frink, Co-Founder and CEO, Remote Data Systems, Inc.

Governor Jim Hunt

Dr. Irwin Jacobs, CEO, QUALCOMM

US Representative Mike McIntyre (D-NC)

IV. SCHEDULE OF EVENTS

- YOU will arrive at Remote Data Systems.
- YOU will view the demonstration accompanied by Ben Frink, Governor Hunt, Erskine Bowles, Representative McIntyre, and Dr. Irwin Jacobs.
- YOU will proceed into the Remote Data Systems manufacturing room for the roundtable, where the remaining participants will already be seated.

V. PRESS

This event is POOL PRESS.

VI. ATTACHMENTS

None.

DRAFT

April 24, 2000

ROUNDTABLE WITH CEOs

Date: April 26, 2000
Time: TBD
Location: Remote Data Systems
163 Brunswick Electric Road
Whiteville, NC
From: Gene Sperling

I. PURPOSE

You are meeting with CEOs and senior executives of the nation's leading information and communications technology companies, as well as representatives of smaller North Carolina based businesses, to highlight the need for high-speed (broadband) Internet access in rural America. Governor Hunt and Erskine Bowles (who chaired his Rural Prosperity Task Force) have made this issue a top priority for North Carolina.

This event, and the speech that follows, is a continuation of your third New Markets trip. Unlike previous New Markets trips, this trip has focused specifically on one issue -- the need to bridge the digital divide and to create digital opportunity for more Americans.

II. BACKGROUND

This roundtable is an opportunity to discuss the importance of broadband Internet access in rural communities, and to demonstrate that high-speed Internet access is critical to economic prosperity, educational opportunity and the quality of life in rural America.

Because broadband services are either not available in rural communities or are much more expensive than in urban areas, communities like Columbus County find it difficult to participate fully in the digital economy. For example, the monthly cost of a high-speed telecommunications connection used for Internet access can vary dramatically -- from less than \$250 per month in urban centers such as Raleigh to more than \$2500 in rural areas. The monthly cost for Columbus County, which you will be visiting, is approximately \$1750 per month.

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for consider this a major econ develop issue -- and
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that rural comm will
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access -- to
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development.*

Do we have a little more history
on Task Force + who EBB approved

Under the leadership of Governor Hunt and Erskine Bowles, North Carolina has made broadband access one of the State's top issues for rural economic development, most significantly with the recent release of its Rural Prosperity Task Force Report. The report identified two goals to promote the availability and affordability of high-speed information technology and the ability to use it:

1. To provide, at affordable rates, high-speed reliable Internet access to the homes and businesses of rural North Carolina.
2. To ensure that people across rural North Carolina have the skills and knowledge necessary to take advantage of high-speed information technology.

You should know that the local telephone companies have not yet endorsed the recommendations of the report. The report calls for an eight cent per month phone tax to help subsidize the cost of high-speed access for the poorest 27 counties. The report also states that if local phone companies do not provide broadband access, the state will consider allowing Internet Service Providers to use the state broadband network (the North Carolina Information Highway).

You should also know that the issue of local telecommunications rates in North Carolina may be in the news on Wednesday. The state regulatory commission will disclose that Bell South has earned a 23 percent rate of return -- which is considered high for a regulated phone company.

III. PARTICIPANTS [TENTATIVE AND INCOMPLETE]

YOU

Rex Adams, Dean, The Fuqua School of Business, Duke University

Bill Applewhite, TITLE, Remote Data Systems, Inc.

Erskine Bowles

W.H. Cole, President, Image Design, Bladen County, NC

US Representative Eva Clayton (D-NC)

US Representative Robert Etheridge (D-NC)

Ben Frink, TITLE, Remote Data Systems, Inc., Whiteville, NC

Governor Jim Hunt

Dr. Irwin Jacobs, Chairman and CEO, QUALCOMM

Buddy Lemons, Owner, Baker Limestone, Inc., Siler City, NC

US Representative Mike McIntyre (D-NC)

Christopher McLean, Acting Administrator, Rural Utilities Service, Department of Commerce

Clark Plexico, Senior Vice President, AT&T

US Representative David Price (D-NC)

Gregory Rohde, Assistant Secretary for Communications and Information, National

Telecommunications and Information Administration, Department of Commerce

John Stupka, CEO, MCI/Worldcom Wireless Services, Inc.

Robert Sullivan, Dean, Kenan-Flagler Business School, University of North Carolina, Chapel Hill

Jill Long Thompson, Undersecretary for Rural Development, USDA

Robert Young, Co-Founder and Chairman, Red Hat, Inc.

Don Watson, House Autry Mills, Newton Grove, NC

IV. SCHEDULE OF EVENTS

- YOU will proceed into the RDS manufacturing room and be seated.
- Erskine Bowles will welcome participants and make a brief opening statement. He will then turn to YOU.
- YOU will give welcoming remarks and turn to Governor Hunt.
- Governor Hunt will say a few words and then will return the floor to Erskine Bowles who will moderate the discussion. *You should take over (moderate) as much or as little as you feel comfortable with.*
- ~~ESB will~~
- After an hour of discussion Erskine Bowles will end the roundtable by thanking YOU.

V. PRESS

This event is PRINT POOL PRESS.

VI. ATTACHMENTS

Summary of Rural Prosperity Task Force Report
Background memo on broadband technology
Seating chart
List of proposed discussion points

① Reverend Meells, Yusef, J. J.

② 1 week : 20 churches
↳ copies



③

John Mitchell

17+18

773 = 256 - 2768

10-11:00

~~E.P.L.~~
456-5360