



# Government Affairs e-Update



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## This Week@Cisco in Government Affairs

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**Again: Happy New Year. Bonne Année. Felice Anno Nuovo. Próspero Año Nuevo. Akemashite Omedeto. Xin Nian Yu Kuai. Glückliches Neujahr. Annum Faustum.**

## This Week@WASHINGTON, DC

**Growth Package Will Help Spur Technology Economy** - Under Secretary of Commerce for Technology and Chief of Staff Phil Bond today called President Bush's economic growth and jobs package a "growth package that will ultimately re-ignite the technology sector." [http://www.commerce.gov/opa/press/2003\\_Jan\\_07\\_economy\\_Bond\\_stmt.htm](http://www.commerce.gov/opa/press/2003_Jan_07_economy_Bond_stmt.htm)

**For Tech, Bush's Plan Is No Help** - The industry and its investors had hoped for a helping hand. They won't get it. Tech companies and their investors are scratching their heads after President Bush introduced his economic stimulus plan Tuesday. They had hoped the Bush plan would help restart the industry, but now a painful realization is setting in: They got left behind. <http://www.business2.com/articles/web/0,1653,46302,00.html>

**FCC Plans To Erase Key Rule On Local Phone Competition** - Federal regulators are preparing to stop making local phone companies rent their networks to rivals at cheap rates, a move that could reduce competition and price-cutting in the local phone market. The expected change by the Federal Communications Commission would be a huge win for the four regional Bell companies, which are trying to continue their domination of the profitable local market. It could be a significant setback for their biggest competitors, the two already beaten-down long-distance giants, AT&T Corp. and WorldCom Inc., who have struggled to make inroads into local phone service. The move would essentially undo the FCC's key rules intended to make it easier for new providers of local service, including long-distance companies, to compete with the Bells. Instead, the plan would force them to pay higher prices to rent network access or buy more of their own equipment. <http://online.wsj.com/article/0,,SB10418076588657184,00.html> (Paid Subscription required)

**Proposed FCC Phone Change Draws Protests** - Groups say dropping rules enabling Baby Bell rivals to rent local networks would stifle competition. - State utility regulators, consumer advocates and long-distance companies lined up to charge that proposals to scuttle federal rules on leasing phone equipment would wipe out six years of efforts to foster competition for local service and eliminate billions of dollars in potential consumer savings. "From our perspective, it would be a disaster if the [discounted rates] were eliminated," said Natalie Billingsley at the California Public Utilities Commission's Office of Ratepayer Advocates. "It is the only reason we have started to see some competition." <http://www.latimes.com/technology/la-fi-phonereax8jan08,0,7633331.story?coll=la%2Dheadlines%2Dtechnology> (Free subscription required)

**First Speech By Fcc Commissioner Jonathan Adelstein: "The Last DJ?: Finding A Voice On Media Ownership" - The Future Of Music Coalition Policy Summit 2003 - January 6, 2003.** [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC-230053A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-230053A1.pdf) (Adobe file)

**Finding A New Way To Communicate By FCC Chairman Michael Powell** - As unforgiving financial markets and corporate scandals batter the telecommunications industry, there is an urgent need to restore confidence. The industry is, after all, important to economic prosperity and the quality of life around the world. All stakeholders in the US telecoms sector - consumers, the industry, Wall Street, and the government - must act responsibly to strengthen the market. The path that the US takes will help determine what happens overseas. A clear understanding of



the recent dynamics of the telecoms industry is essential to developing effective policies. In the US, the 1996 Telecommunications Act launched an ambitious effort to increase competition in the communications market. The Act was implemented during an economic boom. Now, the government must review that experience and identify what changes are needed during a harsh market downturn.

<http://news.ft.com/servlet/ContentServer?pagename=FT.com/StoryFT/FullStory&c=StoryFT&cid=1039524307395&p=1012571727085> (Paid subscription required)

**Battle Over Copyrights Brewing** - Digital products up for lawmaker debate - Congress convenes this week, and if a war and a feeble economy weren't enough to keep the lawmakers busy, there'll also be a host of technology issues. There will be efforts to expand privacy protections for Internet users and crack down on unsolicited e-mail messages, the dreaded "spam." But according to tech-industry watchers, the copyright wars between producers and consumers of digital entertainment products could provoke the most intense legislative action.

[http://www.boston.com/dailyglobe2/006/business/Battle\\_over\\_copyrights\\_brewing+.shtml](http://www.boston.com/dailyglobe2/006/business/Battle_over_copyrights_brewing+.shtml)

**Studios Using Digital Armor To Fight Piracy** - Lying dormant in virtually every digital cable box in America is technology that can prevent viewers from recording certain programs to watch them later. Soon, several Hollywood studios are planning to tell cable operators to flip the switch. People who have become accustomed to recording pay-per-view and video-on-demand shows will probably still be able to, the studios say — so long as they pay an extra fee. The move is one of a range of new restrictions Hollywood is beginning to impose on digital movies, music and television. After years of battling online piracy in court, media executives are fighting technology with technology, locking up their products with the same types of digital tools that millions of people have used to get the products free over the Internet.

<http://www.nytimes.com/2003/01/05/business/05CONT.html> (Free registration required)

**Bush To Name Tech Security Leaders** - The White House is planning to nominate a former intelligence agency chairman and a high-ranking Commerce Department official to shape the way information technology is used in the fight against terrorism, according to government and technology industry sources. The nominees will be key players in the new Department of Homeland Security and would be profoundly influential on a range of technology issues, including protecting the nation's online infrastructure, directing the development of new surveillance and defense technologies and preserving the privacy rights of ordinary citizens. <http://www.washingtonpost.com/wp-dyn/articles/A34171-2003Jan9.html>

**White House Trims Upcoming Cyber-Security Plan** - The Bush administration has reduced by nearly half its initiatives to tighten security for vital computer networks, giving more responsibility to the new Homeland Security Department and eliminating an earlier plan to consult regularly with privacy experts. An internal draft of the administration's upcoming plan also eliminates a number of voluntary proposals for America's corporations to improve security, focusing instead on suggestions for U.S. government agencies, such as a broad new study assessing risks. <http://www.crn.com/sections/BreakingNews/breakingnews.asp?ArticleID=39212>

This Week@EMEA

**New President Of French A.R.T. (Telecom Regulatory Body) Nominated** - Paul CHAMPSAUR est nommé président de l'Autorité de régulation des télécommunications - Par décret du Président de la République en date du 3 janvier publié au Journal Officiel, M. Paul CHAMPSAUR, Inspecteur général de l'INSEE, est nommé président de l'Autorité de régulation des télécommunications. <http://www.art-telecom.fr/>

**Tech Boom Has Ended, But Irish Still Benefit From Luck They've Had** - When Richard Muldowney quit his job writing software for Motorola Inc. here to go traveling in Australia, he knew that the tech-fueled economic boom in Ireland might ebb while he was away. The U.S. companies that employed so many tens of thousands in Ireland were suffering at home, and that had to have some impact. "But I didn't think it was going to go to absolutely no jobs," said the earnest 26-year-old. After six months of fruitless hunting for another programming job, Muldowney recently lucked into late-shift work sorting mail at the post office: 2,000 people had applied for 60 jobs. As Muldowney ruefully attests, Ireland's long growth spurt is finally over. <http://www.latimes.com/technology/la-fg-ireland5jan05001500,0,1398034.story?coll=la%2Dheadlines%2Dtechnology> (Free registration required)

**2002 Report - Oecd: "Measuring The Information Economy 2002":**

<http://www.oecd.org/EN/document/0,,EN-document-40-1-no-1-35663-40,00.html>

<http://www.oecd.org/pdf/M00036000/M00036089.pdf> (Full Report in Adobe)



## This Week@US States

**Overall Results Of Digital State Survey Show Washington Wins** - Washington's excellence in digital government has earned it the Sustained Leadership Award from the Center for Digital Government (CDG) and The Progress & Freedom Foundation (PFF). The award identifies states that have made the most progress in their digital government efforts as measured by a multi-stage survey conducted by CDG and PFF. This first phase examined digital government's evolution between 1997 and 2002 and has yielded interesting data on the increased use of digital archives, document imaging systems, Internet access for public employees and electronic social services. Rounding out the top five performers were Kansas, Wisconsin, Arizona and Maryland. <http://www.centerdigitalgov.com/center/highlightstory.phtml?docid=37089>

**Michigan Lawmakers Poised To Consider Internet Tax Bill** - There soon may be no way to avoid paying the sales tax on Internet and catalog purchases in Michigan as state lawmakers appear poised to consider a bill to collect those taxes. The legislation would be based on an agreement recently reached by a group of 33 states, including Michigan. It's intended to create more uniform tax laws so taxes on purchases made across state lines can be more easily collected. Michigan's budget woes are giving a boost to the bill, which would bring in an estimated \$100 million to \$300 million in sales and use tax revenue that now goes uncollected each year, according to the nonpartisan Senate Fiscal Agency. [http://www.usatoday.com/tech/news/techpolicy/2003-01-08-net-tax\\_x.htm](http://www.usatoday.com/tech/news/techpolicy/2003-01-08-net-tax_x.htm)

**More Cities Set Up Wireless Networks** - Add urban renewal to the growing list of reasons to deploy wireless computing networks. The city of Long Beach, Calif., plans to announce on Friday that it will make free wireless Internet access available in its downtown area as part of an effort to attract visitors and companies to the business district. The city will use the increasingly popular standard known as Wi-Fi, which lets personal computers and other hand-held devices connect to the Internet without wires at high speed. The new service is one of the first examples of a city's setting up a free wireless Internet system. It is being supported in part by equipment donations from a group of companies, with the city underwriting the \$2,500 annual cost of an Internet connection. <http://www.nytimes.com/2003/01/06/technology/06WIFI.html> (Free registration required)

**Cleveland Library To Launch eBook System** - The Cleveland Public Library will unveil a new eBook system this March, believed to be the first of its kind in a public library. The system will operate the same as traditional checkouts -- patrons must have a library card to download a book from the system to their handheld device or laptop, and after a prescribed time limit the reader is locked out of the book so that another patron can check it out. Such projects have been slow to take off due to a lack of demand for reading devices and fears from the publishing industry that works will be copied and distributed for free. <http://news.com.com/2100-1023-979337.html>

## Other Tech Stories Of The Week

**After Internet's Big Bust, Broadband Shift Went On** - Almost unnoticed in the wake of the noisy crash of the Internet economy, the number of homes with high-speed Internet connections has quietly kept building. Today, more than 15 million American households have broadband connections through cable modems or Digital Subscriber Lines, known as DSL, offered by telephone companies. With new households signing up at a rate of 100,000 a week, the total should climb to more than 20 million by the end of the year, or nearly 19% of the 107 million U.S. households. That could finally be enough high-speed subscribers to sustain online services that require big data pipes, such as movies on demand and complex games. <http://online.wsj.com/article/0,,SB1041979000108173904,00.html> (Paid subscription required)

**High-Speed Internet Without High Cost** - Here is more bad news for ailing telecommunications companies: As many as half of the consumers who order high-speed Internet service from their local phone carrier disconnect that extra phone line they had plugged into the computer for their old connection. And that second phone line is a lot more profitable for the phone company than the broadband Internet connection it just sold you. Consumers are quickly figuring out that having broadband, as fast Internet connections are known, doesn't need to cost more than they are paying for their pokey dial-up connections. <http://online.wsj.com/article/0,,SB1041979385621750944,00.html> (Paid subscription required)

**Phone Calling Over Internet Is Attracting More Interest** - Phone calls over the Internet may finally be catching on. When the technique was first used in the mid-1990's, Internet telephone conversations were hailed as a way to make long-distance calls without paying toll charges. The most zealous advocates predicted that the conventional public telephone network would quickly become obsolete. That has yet to happen, of course. <http://www.nytimes.com/2003/01/06/technology/06VOIC.html> (Paid Subscription required)

**Is That "Hot Spot" Hot Or Not?** - A group whose certification mark for wireless gear is considered essential by U.S. manufacturers has now developed a seal of approval for commercial wireless "hot spots," places where wireless Web access is available to the public for a fee. Through



its new Wi-Fi Zone program, the nonprofit Wi-Fi Alliance aims to bring some law to a varied collection of about 4,000 hot spots in the United States, all offering different experiences for users, Chairman Dennis Eaton said Thursday. "Our goal is to provide a reliable indicator that will allow customers to identify service providers who are committed to a common standard of quality," Eaton said.

<http://msnbc-cnet.com.com/2100-1033-979959.html>

Wi-Fi Zone Website: <http://www.wi-fizone.org/>

**Intel Promotes The Wireless Home Network** - For someone whose company is known for making and improving processors, Intel CEO Craig Barrett sounded striking like a networking boss. During a keynote address at the Consumer Electronics Show, Barrett stumped for the versatility and wide accessibility that wireless networking provides consumers while managing to plug products using his company's chips remain a significant part of the networking food chain. "What's at the center of the network? I don't think there is a center," Barrett said. But of the PC he said, it is the "the most versatile and interactive piece of equipment in the house that can manage and create rich content." Gadgets, such as digital cameras and audio devices, that play and store digital media often connect to the PC, which can act as a depository for editing studio for content. <http://msnbc-cnet.com.com/2100-1040-980045.html>

**Stock Option Wealth Trickled Down To Tech Workers** - The high-tech industry's generosity with stock options in the 1990s enabled rank-and-file workers at the 100 largest Internet-based companies to cash in an average of \$425,000 each in stock-option profits, according to new research. This sharing of corporate wealth is unprecedented, the authors say, with much of the option riches going to everyone ranging from middle-rung managers and software engineers to secretaries and clerks. "As far as we can determine, never before in the history of the modern corporation has an entire industry handed over so much potential ownership to a broad cross section of employees," write Rutgers University professors Joseph R. Blasi and Douglas L. Kruse and Business Week reporter Aaron Bernstein. Their book, "In the Company of Owners: The Truth About Stock Options," hits bookstores today. <http://www.siliconvalley.com/mld/siliconvalley/4914866.htm>

**Top Doctors Now Keep Office Hours Online** - When Pamela Deem of Mannford, Okla., needed advice about depression and teenagers, she consulted with a top medical expert from Boston. But she didn't get on an airplane to do it. Instead, she made her medical visit through the Web site [medhelp.org](http://medhelp.org). There, a psychologist from the Harvard Vanguard medical group assured her that her daughter's symptoms weren't serious, but said she should keep a watchful eye on them. Med Help is one of a handful of Web sites that now offer patients direct access to doctors around the country. Depending on the site, patients can receive an e-mail response or post a question that is answered on the site in a day or two. Because doctors can't diagnose any patient over the Internet, the services are something less than a second opinion, but they're far more personalized and interactive than most of the health information on the Web. <http://online.wsj.com/article/0,,SB1041886912138215904,00.html> (Paid subscription required)

**Over \$13b Spent Online In 2002 U.S. Holiday** - In their latest eSpending Report, Goldman Sachs, Harris Interactive and Nielsen//NetRatings estimate that \$13.7 billion was spent online in the US during the 2002 holiday season, representing a 24% increase from the \$11 billion spent during the same period in 2001. The three companies define the holiday season as 2 November through 27 December 2002. <http://www.emarketer.com/news/article.php?1001958&c=newsltr&n=lead&t=ad>

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**Corporate Headquarters**

Cisco Systems, Inc.  
170 West Tasman Drive  
San Jose, CA 95134-1706  
USA  
www.cisco.com  
Tel: 408 526-4000  
800 553-NETS (6387)  
Fax: 408 526-4100

**European Headquarters**

Cisco Systems International BV  
Haarlerbergpark  
Haarlerbergweg 13-19  
1101 CH Amsterdam  
The Netherlands  
www-europe.cisco.com  
Tel: 31 0 20 357 1000  
Fax: 31 0 20 357 1100

**Americas Headquarters**

Cisco Systems, Inc.  
170 West Tasman Drive  
San Jose, CA 95134-1706  
USA  
www.cisco.com  
Tel: 408 526-7660  
Fax: 408 527-0883

**Asia Pacific Headquarters**

Cisco Systems, Inc.  
Capital Tower  
168 Robinson Road  
#22-01 to #29-01  
Singapore 068912  
www.cisco.com  
Tel: +65 317 7777  
Fax: +65 317 7799

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