

The Telecommunications Economy: Economic Benefits

Telecommunications is the central nervous system of the American economy. It has revolutionized virtually every aspect of our lives and every industry, from education and health care to banking and finance. Between 1995 and 2004, advances in telecommunications and information technology were responsible for as much as 75% of U.S. labor productivity gains. To remain competitive in the world, the United States must have the most advanced telecommunications technologies and services.

This fact sheet is part of an educational campaign which describes how the use and availability of advanced telecommunications technologies and services impact the U.S. economy and the nation's ability to compete in the global marketplace.

Over a five-year period, modernizing the nation's telecommunications laws has the potential to:

- Create more than 212,000 jobs in the telecommunications industry.
- Add consumer value from price competition and innovative new services. One such service is Voice over Internet Protocol (VoIP). Using VoIP, a personal computer with a broadband connection becomes a phone and can be used to place a call to anywhere in the world for the same price as a local telephone call.
- Accelerate the rollout of new technologies and advanced networks. Fiber to the Home (FTTH) is just one example of these technological opportunities. FTTH utilizes high-capacity, fiber-optic cabling, brought to each residence or business, to provide voice, data, and video services from the phone company's branch office. Compared with traditional DSL service, which usually operates at speeds of less than two megabits per second, FTTH offers speeds of ten megabits, or more, per second.
- Create \$58 billion of new capital investment in the telecommunications industry.
- Increase investment in the telecommunications industry and enhance productivity, the resulting economic growth of which will add \$634 billion to the U.S. GDP.
- Generate \$113 billion in new revenues from taxes on increased economic activity.
- Preserve funding for universal service, which ensures affordable basic telephone service for all Americans and Internet access in the nation's schools and libraries.
- Enhance U.S. competitiveness in the global marketplace.

Source: *Sending the Right Signals: Promoting Competition Through Telecommunications Reform*, October 2004, www.teleconsensus.com

Securing America's position as a global leader in telecommunications is key to sustaining real economic growth, creating jobs, improving our standard of living, and maintaining our competitive position in the world.