

**REMARKS OF
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I want to thank the FCBA Denver Chapter and Silicon Flatirons for putting together this breakfast. It's always refreshing to get out of Washington and breathe the clean fresh air of the rest of the country, and I have been particularly eager to come to Denver which plays such an important role in making the Communications Revolution a reality across our nation.

I've had the pleasure of meeting some of you already, and I hope to have discussions with many more of you in the coming months and years as we work through the many tough challenges confronting our communications industries.

As we enter this New Year, those challenges seem very tough indeed. What an altered state of mind we see everywhere around us today compared with the conventional wisdom of just two years ago. Then we were all living out the high tech dream, a rosy scenario wherein communications and information technology would fuel prosperity forever, pulling us beyond the cruel world of business cycles and recessions to the Nirvana of continuous economic growth and prosperity. Well, that was then. In the past year, that view has been replaced by the new conventional wisdom. The new conventional wisdom holds that the promise of the Communications Revolution was built on shifting sands; that we were fatally seduced by the over-promises of a highly

leveraged and hopelessly naïve industry; and that Silicon Valley has become Death Valley. Worse, when economic recovery does come, so the received wisdom goes, communications industries will not be playing a positive role in getting us out of the doldrums. In fact, they will be a downright drag.

I don't buy that doomsday despair. No one can doubt the severity of the challenges facing these industries, but I truly believe that today's pessimism is even farther off the mark than was yesterday's exuberant optimism. I was, am, and plan to remain an optimist about our economy and about the prospects for our communications industries. We've been in a recession – certainly not the worst one by any standard – followed by several months of shock and repair in the wake of September 11, but already we are seeing signs of economic and commercial revival. It won't be easy and it may not be overnight. But I have no doubt that recovery is coming, and I think it will come sooner rather than later. I also believe that the enterprises you represent -- in telecommunications, information industries and high technology -- will regain their driving force for economic growth and that the progress our country is going to make in the next 50 years will make even the dramatic transformations of the last 50 years pale by comparison. One strong impression I took away from the Consumer Electronics Show in Las Vegas is that confidence is being restored in that important sector of the industry, and among many who supply and service that sector. And I sensed that from many of the broadcast and cable people who were there, too.

As one of the new kids on the block at the FCC, I thought I would introduce myself this morning by briefly discussing a few thoughts on the role of the Commission in America's communications revolution.

Before getting down to specifics, let me digress for just a moment to talk about a fundamental concept that provides a lodestar for me. It's the concept of the "public interest." You will hear me speak a lot about the public interest during my tenure at the FCC. It's not just that I find the concept appealing personally. More germanely, Congress put protection of the public interest at the heart of the FCC's mission. The public interest concept permeates our communications statutes. A quick review of the Communications Act shows that the term "public interest" appears 112 times. Some argue that there is no such thing as the public interest mandate. To me, when Congress puts something in a law 112 times, that's a mandate. Nonetheless, the Commission sometimes seems to forget this responsibility, or brushes the mandate aside as "unquantifiable," "undefinable," or -- horror of horrors -- "inefficient."

Even if those attributes of the public interest were true -- and I don't buy that either -- Congress did not say that we should follow our public interest mandate only if we are satisfied that we can quantify exactly what the public interest is for any and every possible situation. Congress did not say that just because people may have to struggle to grasp what the public interest contains in a particular situation, we could therefore suspend or reduce our adherence to the mandate. No, Congress told us instead to meet our public interest responsibility. If the Commission stops making decisions based on the

public interest because it has trouble pinpointing its exact parameters, it will be breaking the law. I didn't take my oath of office to do that.

I would just add that the public interest is not an anti-business proposition. On the contrary, it has an important and sometimes overlooked pro-business component. The public interest is served when business can do its business with a minimum of question marks from government. The public interest is served when regulatory regimes are open, transparent and predictable. The public interest is served when the needs and concerns of business are thoroughly considered and vetted by those agencies that do the regulating.

This morning, I'd like briefly to discuss three critical pillars of the Communications Act. They are protecting public safety, promoting consumer choice through competition, and ensuring access to the communications networks for all Americans. Each of these three goals is justified, even required, by our duty to promote the public interest.

Promoting Public Safety

The very first sentence of the Communications Act states that the Act was written to make "available ... a rapid, efficient, Nation-wide, and world-wide wire and radio communication service ... for the purpose of the national defense, for the purpose of promoting safety of life and property through the use of wire and radio communication."

It's difficult to imagine how this nearly seventy-year-old statutory provision could be more timely than in these trying days following September 11th.

And before I go any further, I want to say that all Americans owe your companies and the industries you represent a huge debt of gratitude in the wake of that awful day. If September 11 was about anything other than unmitigated evil, it was about communications. And America's communications and media industries performed admirably, and often nobly, under the fire. They mobilized at once. They made heroic efforts so that we could keep in touch with one another, to help us find out where our loved ones were, how we could perform needed rescue operations, and what other threats might be heading our way.

Not everything worked perfectly – how could it in such totally unprecedented circumstances? So now our challenge, yours and mine, is to learn from the experience, to make improvements where improvements are needed, and to be prepared for more to come. We need to identify which parts of our networks performed well and which need more work. I believe that the Commission needs to be in the vanguard of our homeland security efforts, and I am urging the Chairman to be as proactive as possible about it. I am sensitive to the reality that the FCC is an independent agency and that policy initiatives come from Congress and the White House. But we have the expertise that is needed to help ensure truly secure and reliable telecommunications and cyberspace systems, and we have the responsibility to help ensure that they are functioning well. We should not stand by and wait for a call from the Administration to become fully engaged;

rather, we should be working to protect the safety of our citizenry and to achieve systems redundancy and security where infrastructure is critical. It is clearly our responsibility to do this.

Promoting Competition

One important way to promote redundancy, and also to ensure that the markets are conducive to investment and innovation, is to facilitate competition. Our mission to promote competition in all communications markets became the law of the land in the 1996 Act. Congress, however, did not seek to establish competition merely for competition's sake. Rather, it recognized the power of competition to give choices to consumers – choices of services, choices of providers, choices of technology, and choices of sources of content. When consumers have these options, they reap huge benefits -- better services, greater innovation, higher technology, and a more robust public discourse. At its heart, the Telecom law is about consumers. Again I cite Congress because it was Congress that declared that a preeminent goal of the Telecommunications Act was “to secure lower prices and higher quality services *for American consumers.*”

(Italics added)

I share with most of you, I believe, a strong conviction that the role of government is not to pick winners and losers. Our job is to eliminate barriers to competition so that companies have the incentive to invest and innovate. If we are

successful in that, consumers will have the opportunity to choose the technologies and services that best fit their needs.

Importantly, we are now seeing competition not only *within* delivery platforms, but also *among* delivery platforms. Indeed, we are seeing convergence of industries, convergence of services, and convergence of markets as companies rush to deploy services and technologies in response to competition from other providers. As Congress predicted, the competition resulting from the 1996 Act unleashed an unprecedented investment in 21st-century communications infrastructure. Now is the time to stop theorizing about convergence and to start dealing with it at the FCC. If we do not, others will. It is instructive to note that in the wake of September 11, Congress decided that electronic surveillance capabilities had to be made available, regardless of whether the communications in question were occurring on a telephone line or a computer connection. So it passed a law to ensure just that. That's obviously one way to deal with a convergence issue.

At the same time that we see increasing convergence, we are also witnessing more and more industry consolidation. There is considerable focus right now, as most of you know, on media concentration issues, such as how many stations a radio or television broadcaster may own or, can a broadcast station own a newspaper or *vice versa*? So I thought I'd take just a minute to share with you my perspective on an issue that is going to be front-and-center in the deliberations of the Commission this year and beyond.

The Nineties brought new rules allowing increased consolidation in the media industries. These rules paved the way for a tremendous, and I think in large part an unanticipated, level of consolidation. Many broadcast stations are now affiliated with ownership groups comprising hundreds of media outlets. This consolidation has no doubt created efficiencies that allow stations to operate more profitably and on a scale unimaginable only a few years ago. But they also raise profound questions of public policy. How far should such combinations be allowed to go? Do they serve the interests of the citizenry? What is their impact on localism, diversity and the availability of choices to consumers? How do we judge these things?

Surely we all realize that the world has changed; that bigness is not necessarily badness; that we live in a globalized economy where the pressures of competition are extreme, and that we cannot turn the clock back to a simpler past which was never, in reality, quite that simple.

That being said, however, the American people have always harbored a deep distrust of excessive industrial consolidation, and they have always posted sentinels at the gate to guard against it. I believe that each proposed combination needs to be looked at on its own merits with its own individual set of circumstances. But I also believe that the public interest test must be rigorously applied to each and every proposed consolidation, and that is what I have attempted to do in my first months at the Commission, and I have voted to approve some merger deals and to deny others.

I want to preserve competition in the marketplace of commerce. I also want to preserve competition in the marketplace of ideas. A bustling marketplace of ideas, a diversity in sources of content in each community, and a multiplicity of voices to stir discussion and debate throughout the land, are cornerstones of democracy.

I would add that these are especially critical times for this whole issue of industry consolidation because an economy in recession usually gives rise to more voices advocating consolidation in the name of economic recovery. I'm hearing those voices every day and probably you are, too. Adding fuel to the fire is the current deregulatory climate that is increasingly obvious to most of us in Washington.

I consider myself pro-business. I have spent most of my years in Washington working with business, the last eight years at the Department of Commerce building private sector-public sector partnerships to enhance America's role in global trade. I want to apply these kinds of partnership activities to my work at the FCC. Our private sector is unmatched in what it produces, provides, develops, invents and motivates and it remains the world's most powerful locomotive of economic development. But we must be always vigilant to keep it competitive, to maintain its balance, and to preserve it as the force for good that it needs to be for all our people.

As competition develops to replace monopolies, we should strive to meet another principle of the 1996 Act -- deregulation. Where markets function properly, we can rely on market forces -- rather than legacy regulation -- to constrain anti-competitive conduct. Where market failures persist or develop, however, we must respond with clear and enforceable rules tailored to serve the public interest. As part of this effort, we must ensure that consumers have the information they need to make informed choices about the services that are right for them. Consumers will only truly reap the benefits of competition if they are educated, if they receive information in a clear and understandable way, and if we take swift and effective enforcement action against unscrupulous providers to combat misconduct.

Ensuring Universal Service

We must also recognize that there is a role for government beyond simply promoting competition and investment. My goal is to help bring the best, most accessible, and cost-effective communications system in the world to our people – and I mean *all* of our people. Each and every citizen of this great country should have access to the wonders of communications – whether they live in rural areas, on tribal lands or in our inner cities, whether they have limited incomes or disabilities, whether they are schoolchildren or rural health care providers. I really don't think it exaggerates much to characterize access to communications in this modern age as a civil right.

Today, having access to advanced communications – broadband – is every bit as important as access to basic telephone services was in the past. Providing meaningful access to advanced telecommunications for all our citizens may well spell the difference between continued stagnation and economic revitalization. One study estimates that universal broadband access could add half a trillion dollars to the U.S. economy every year. Even that may be conservative. Broadband is already becoming key to our nation's systems of education and commerce and jobs and, therefore, key to America's future. It's going to be front-and-center in America's Twenty-first century transformation. Bet on it.

How do we get deployment done? I've asked just about every businessperson I've had the chance to meet if he or she believed the market alone could get the job done. Some -- a small minority -- answer yes. But most will say that for that last 10 or 15% of Americans, probably not. I have yet to see the business model that gets deployment beyond 85 or 90% of our people. Think about this. Leaving 10% of our people behind amounts to about 28 million souls and leaving 15% behind abandons 42 million people. So the issue has a human face. One of America's foremost CEOs told me a few weeks ago that 30% of our people could be beyond deployment; that adds up to 84 million people! I will tell you this: If we get to 2120 and we have 28 or 42 or 84 million people without broadband, we will have a Broadband Chasm that not only denies our fellow citizens of a precious right but denies our country of critically needed economic growth.

We need a serious national dialogue about this. We could begin by looking at what other countries are doing. We don't pay nearly enough attention to this. It's not

that we need to emulate what others with different traditions and cultures and economies may be doing, but let's be serious enough to at least look at what they're doing and see if there may not be a lesson or two there for us. We do know this: most industrialized countries do have national plans for broadband deployment, and we do not.

Let's look at what some communities right here at home are doing. I've heard some people say that the most un-businesslike thing we could do would be to have government helping build broadband infrastructure. But isn't it curious that in some communities in America, there is so much unmet demand that they are floating bond issues and taxing themselves to get broadband deployed, and that they have actually deployed it?

Historically, business and government have worked closely together in just about every great economic transformation this country has undertaken. From the days of our earliest land policies to constructing the roads and canals and ports and harbors of the early Nineteenth century to building the Transcontinental railroads after the Civil War to building the Interstate Highway System beginning in the Eisenhower Administration, there has more often than not in our history been a critical government role. Indeed, one could hazard the statement that there has almost always been such a role when there is a truly critical nationwide infrastructure need.

That role appeared again in the building of our telephone infrastructure in the early 1900s. The invention of the telephone helped many communities, but many others,

especially those in rural areas, were left behind, at relatively greater disadvantage than they had been before. In response, although not nearly so quickly as could have been hoped, we began to tackle the problem. The public and private sectors went to work to bring access to basic communications technology to rural communities. We're not all the way there yet -- just visit some of our tribal lands if you need proof -- but the job got tackled and the result was to foster economic development.

My initial take is that broadband networks are indeed the roads, the canals, the railroads and highways of the Information Age. That doesn't give us a game plan, but it should give us some ideas. History doesn't necessarily repeat itself, but there are enough resemblances to merit our attention.

As I said before, I am an optimist. I believe that we can and we will get the job done. Working together. We will find the ways to use our communications technologies to open the doors of economic opportunity for all of our citizens. We will find the ways to harness the amazing wealth of diversity in this country so that we can realize our nation's full potential.

The exciting thing is that each of us is a player in this great pursuit. Communications is the business of every American, and every American is affected by what the Commission does. I want your input and I want your help in working through the challenges and the opportunities that we confront. My hope is that at the end of my time at the FCC, we will be able to say that, together, we have made some progress. I

look forward to working with you to make it happen.

Thank you very much.