REMARKS
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Thank you for the honor of being here with you today. First, I want to thank both CTIA and ALACEL for inviting me. I jumped at the opportunity to be here because, to me, Latin America is quite possibly the most exciting telecommunications market in the world today. So, when the invitation came, it took me about 10 seconds to respond in the affirmative.

I think that groups like ALACEL are critically important for all of us. We in the United States and at the FCC have much to learn from both regulators and companies in Latin America, and we all have so much to gain from communicating closely and regularly with one another. In conferences like these, as well in smaller regulator-to-regulator meetings, or government-private sector meetings, we have a golden opportunity to work together and to discover from our separate experiences what works and what doesn't work. Each of us has successes to share and each of us, I am certain, has some failures that can be instructive for all of us. We need to share them both, building on the successes and learning from our failures. That's the best road to progress that I know about.

Today I want to explore with you how we can use the unique relationship between the countries of the Americas to advance communications policy. I want to talk about

how we can improve the process of learning from each other's struggles. And I want to discuss a few specific areas wherein we can be working more productively right now.

The Countries of the Americas – A Special Relationship

My hero is Franklin Delano Roosevelt. In his first inaugural address in 1933, one year before our country's Communications Act was passed, he laid the cornerstone for what came to be known as the "Good Neighbor" policy. Roosevelt said: "In the field of world policy I would dedicate this Nation to the policy of the good neighbor – the neighbor who resolutely respects himself and, because he does so, respects the rights of others – the neighbor who respects his obligations and respects the sanctity of his agreements in and with a world of neighbors."

Only one month later, President Roosevelt addressed the Governing Board of the Pan American Union in celebration of Pan American Day. In the midst of the greatest economic depression in our nation's history, Roosevelt nevertheless had his eye on the future, and his message was about the critical importance of working toward unity in the Americas. I'm a former history professor, so I hope you'll indulge my reading another quote. It's maybe a tad long, but it's just so relevant. Here, Roosevelt is enlarging on his Good Neighbor policy by stating:

> "There is inspiration in the thought that on this day the attention of the citizens of the twenty-one Republics of America is focused on the common ties – historical, cultural, economic, and social – which bind them to one another. Common ideals

> and a community of interest, together with a spirit of cooperation, have led to the realization that the well-being of one Nation depends in large measure upon the well-being of its neighbors . . . The essential qualities of a true Pan Americanism must be the same as those which constitute a good neighbor, namely, mutual understanding, and, through such understanding, a sympathetic appreciation of the other's point of view. It is only in this manner that we can hope to build up a system of which confidence, friendship and good-will are the cornerstones."

Almost 70 years later, Roosevelt's words are just as appropriate as on the day he spoke them. They are appropriate to this conference, because we – governments and private companies alike – need to pull together to make his vision of the Good Neighbor policy even more of a reality.

Latin America and the United States are neighbors in many ways. Today I want to talk about our being Good Neighbors in communications policy. After all, good neighborliness always depends upon good communications. Additionally, we share so many of the same telecom challenges. We share the objective of bringing the best possible technologies to our people. We share the struggle to narrow the digital divide and to provide services to rural areas and to economically challenged populations. We share the desire to encourage telecom investment and to build strong communications marketplaces. We want to protect our consumers against fraud and unscrupulous behavior. We want to avoid stifling innovation and growth that comes from too heavy a

regulatory hand. And we want to work toward improvement of our regulatory entities through more transparency, more fairness, and more predictability.

Increasingly we understand the rewards of meeting these challenges successfully. Increased teledensity, for example, leads to more industrial output and to greater workforce efficiency. Better telecom infrastructures bring our people incredible new services, link our populations closer together, and provide powerful new resources to our children in schools. Increasingly, I think, most of us share the conviction that if our peoples are not traveling on the communications highways of the 21st century, they're not going anywhere. Indeed, I believe, personally, that in this great era of revolutionary communications transformation, having access to advanced communications is tantamount to a civil right. I wish we would all start thinking about it that way.

We Should Share Successes and Failures

Because of all these common challenges and opportunities, and because of our special relationship, I believe that we can only benefit from more consistent and more intensive dialogue. Sharing our successes is critical as we seek to develop "best practices," and I hope we all would want to do that. There is equal benefit in sharing our failures so that we can avoid one another's mistakes.

The US has certainly made its mistakes in telecommunications policy. For example, we used to have strict and isolating rules for each wireless technology and each service. Each service could only compete within its regulatory bounds and only provide

services to consumers in a pre-set way. This meant that we couldn't take advantage of competition between technologies, and that we did not encourage innovative uses of services that were different from what we originally envisioned. We recognized our mistake and now allow each different type of wireless services licensee to offer commercial telephone services, or data services, or residential service, or whatever. They all compete with each other, all have incentives to innovate, and, as a result, consumers benefit.

We also used to assign spectrum by lottery. That was a mistake. People would file for a lottery and win with no guaranteed ability to meet their responsibilities, and sometimes without any intention of providing service. The result was litigation, delay, and licensees participating in a lottery just to sell their licenses for a profit. We abandoned lotteries in favor of auctions in most cases. Now, I have to tell you that I don't think we've got auctions perfectly right yet. We are still making mistakes in this area. Auctions can be a good thing when they promote competition, diversity, localism, and other national goals. But where auctions become an end in themselves, or where auctions are just a revenue engine, they can be counter-productive. We need to keep working on assignment mechanisms in the US so we can find a balance. I hope Latin America can learn from our struggles on this issue, too.

The U. S. is also still learning how to transition from telecommunications monopolies to competition. Customers generally had only one telecom company serving them as recently as 20 years ago. Since the breakup of that monopoly in 1983, our path

has been a difficult one, fraught with unexpected obstacles and twists and turns of many kinds. We have had consent decrees and a major re-write of the Communications Act. We have tried incentives to encourage dominant carriers to allow competition, and we have tried penalties when they didn't do a good enough job of it. We have worked to develop competition not only within, but also across delivery platforms, and we are attempting to keep up with, and master, technology and service convergence. I hope that we're learning from each success and each misstep. Wrong policy directions can exact heavy costs, and when they come amidst significant economic slowdown – such as the recession we have all been enduring the past year – the costs can be bitter. But certainly, Latin American companies and governments can examine our last 20 years and see what applies and what does not apply to their own situations. Hopefully they can thereby avoid many of the growing pains.

Our sharing of experiences must always be a two-way street. As I said earlier, Latin America is a truly exciting place for telecommunications. There is more regulatory experimentation in Latin America now than in any other part of the world. And we want to learn from these experiences.

There is more than a little urgency attached to this, because, I believe, telecom as an investment and as a crucial driver of economic change is coming back sooner rather than later. Every financial analyst I have read over the past year has been pessimistic about the state of the telecom marketplace globally. These are, you will remember, the very same pundits who were predicting, just a couple of years ago, that business cycles

were a thing of the past and that communications stocks would rise forever. Then, in a period of just months, these analysts and seers went from high orbit optimism to ocean bottom despair. I believe that their initial irrational exuberance and then their irrational pessimism were equally misplaced. Investment will return. Investment will return to Latin America specifically – and in fact, most international investment in telecom did not flee Latin America during the past year. But I do agree that when new investment returns, it will be of a much more discriminating sort than in the past. There will be a far more intense and demanding competition for the capital that becomes available. That capital will flow to countries that have worked on their investment climate, improved their regulatory state of affairs, built systems of independent regulators, and thereby created the conditions for success. The countries that are not using this period of downturn to make these improvements will be left behind.

We should also recognize the effect that a robust telecom infrastructure has on a country's economy as a whole. A telecom infrastructure, like an energy or transportation infrastructure, is a great enabler. It enables a whole economy. It is a locomotive of growth in other sectors, just as surely as energy and basic transportation infrastructure provide the wherewithal for other sectors to grow. In fact, in this day and age, when the old dividing lines between basic industries and high tech have all but disappeared, I submit that these three basic infrastructures -- energy, transportation, communications -- must go hand-in-hand if a country is to have a balanced progression toward growth and prosperity. Conversely, without a robust telecommunications network, a country's entire economy is held back.

Latin American Success and Experimentation

Let me talk for just a moment about developing best practices. Where do we look for best practices? Again, I don't know of any better place to look than Latin America because it is such a hot bed of communications experimentation. The jury is still out on many of these experiments, which is to be expected, but experiments and hard work are absolutely essential ingredients for progress. So we should all pay attention.

For example, we need to look for best practices in moving from state-controlled companies, or state-protected monopolies, to privatization and competition. None of our countries has completed this transition. We are all in the midst of it. But Latin America has worked hard in this area. We don't have time to single out the many individuals and countries that have done protean work here, but I am happy that on this panel we have distinguished representatives from Ecuador, Mexico and Uruguay and I will leave it to them to tell you about the progress taking place in each of their countries. Permit me just mention the work of Sergio Matta because he did so much to move Brazil towards privatization, to the great benefit of that nation's telecommunications sector. The government moved to privatization because it recognized that it needed to drastically increase teledensity. In 1994 there were 18 million landline telephones and 800,000 mobile phones in Brazil, a country of 170 million people. The government set a goal of growing that number to 33 million phones in less than a decade. Its tool? Privatization. The privatization was combined with a critically important universal access program, but I want to focus quickly on the privatization before discussing universal access.

The Brazilian Congresses passed legislation needed to privatize the telecom sector in 1995. MINICOM was replaced by ANATEL as the regulator, and Brazil concluded a large-scale privatization at the end of 1999. Privatization led to growing investment, new services for Brazilians, and increasing teledensity rates for both wireless and wireline service. The road to privatization wasn't easy -- it never is -- but numerous other Latin American countries have now shown that the road can indeed be traveled.

The struggle to bridge the digital divide and achieve universal access is of particular concern to me. We have not achieved universal access here in the United States yet, particularly in advanced telecommunications like broadband. Here, too, Latin American countries are experimenting and innovating more than just about any other region in the world. In Peru, for example, OSPITEL administers an innovative universal access system. It collects, I am told, one percent of the amounts invoiced to companies regulated by the agency. Interestingly, all communications related companies must pay the one- percent fee – landline, wireless, satellite, and even Internet service providers – recognizing the trend of convergence in the telecommunications marketplace. OSPITEL then finances telecommunications projects in areas of the country that the market has not reached due to geographic challenges, or due to the income levels of the population. This system has produced real results. The OSPITEL project in rural Amazonas, for example, has reduced the average distance to the nearest telephone for residents from a whopping 251 kilometers to 6.2 kilometers. That's a truly impressive result.

Running in parallel with OSPITEL's efforts, the Ministry of Transport and Communications is developing a long-term plan for addressing the need for high capacity links to the most remote and unserved parts of Peru. They are exploring ways to run fiber optics on power line towers to remote areas, paid for by the government. As these areas develop to the point where private carriers gain interest in providing service, the MTC would transfer the facilities to private hands. Coming from the U.S., one of only two major industrial countries around the world, I am told, without a national broadband deployment plan, I am intrigued by such innovation and also by broadband deployment experiments in other countries.

What the US Has To Offer

Let's talk for a moment about regulatory regimes. In our country, we have struggled -- and we continue to struggle -- to make the FCC as independent, transparent, and predictable as possible. This effort is never finished; it requires constant vigilance. We are not a part of the Administration. I've had to learn this distinction since moving to the Commission from the Department of Commerce. When I was Assistant Secretary of Commerce for Trade Development for President Clinton, my job included advocating in behalf of U.S. companies abroad. But now at the FCC, I am a regulator, not an advocate for particular companies. What this means is that I will continue to vigorously advocate on behalf of regulatory practices that will help telecommunications investment and success in general, but I may not work on behalf of any one company or even exclusively for the success of United States companies.

Back at the Department of Commerce, the National Telecommunications and Information Administration, or NTIA, is the Administration's telecom policy arm. NTIA has responsibilities for federal government spectrum, but it should not and does not dictate policy to the FCC, and in that regard it is treated like other participants in our proceedings. Similarly, the Department of Defense, the Federal Aviation Administration, and many other departments and agencies of our government have great interest in our proceedings. Of course vigilance is always the price of independence, and we stay alert to ensure that we retain our valued independence. There is always a danger that the closeness of government peers will result in undue influence, but we work hard, and I think for the most part successfully, to maintain our independence. As Latin American countries establish independent regulators, you are also, I'm sure, running into this challenge. Here is another area where we can help each other.

Maintaining transparency also requires constant effort. The FCC publishes all of its decisions. The votes of each Commissioner are public. We allow basically unlimited comment from the public, and these comments are available to everyone. Every meeting on a pending topic must be documented and the contents of the meeting must also be made public. Commissioners may not even meet together as a body except at our periodic open meetings – which creates great inefficiency at times. But it reflects the lengths to which we go to try to fight the perception that important decisions are being made behind closed doors.

That said, we nevertheless do have our own transparency challenges. Do businesses have more access to the FCC than regular citizens do? They do. We value, very much, the input of business, and its expertise, perspective and judgments are absolutely essential to our doing a good job. But there are many other people with important interests in the decisions we make – stakeholders, I call them, because they each have a stake in what we at the Commission are doing. We need to hear from them, too. Consumers, consumer advocates, labor organizations, small businesses, civil rights organizations, representatives of people with disabilities, rural and inner city experts – the list goes on.

Many of these stakeholders don't even know that they can participate in our proceedings. And sometimes, when non-traditional groups or regular citizens take the time to write in to complain, their input may not receive the same attention as the comments of a giant company. That's not right. That's not democracy. Transparency should mean transparency for everyone. We struggle with this every day, doing outreach to those stakeholders who we do not hear from often enough or at all, trying to make it easier for them to participate. As Latin American regulators address these challenges, we'd like to offer our experiences. And we'd like to learn how you are dealing with rising stakeholder claims for full participation in the deliberations of your organizations. No matter where in this world of ours you live, the peoples' claims to participate are going to increase, perhaps dramatically, in the years ahead.

At the same time that I am attempting to reach out to other constituencies in the United States, I am also trying very hard to have the FCC ensure that the FCC reaches out more effectively to other countries. I believe that the Commission, working primarily through its very able International, Wireless and other Bureaus, already has a very good record in this regard, but I also believe we can do even better. We are, as you know, an independent agency, and the Departments of State and Commerce have responsibilities to negotiate treaties and engage in international telecom and commercial policy. But the FCC can and should be engaged, all the time, in ongoing regulator-to-regulator discussions. I would like to see us devote even more resources to this important dimension of our activities, so that Commission experts in each region can be constantly in touch with their peers abroad. We should be even more active, not only at every international telecom conference, but just as critically in the months and sometimes even years before these conferences actually take place, working with regulators and the industries to make the agendas as relevant and the conference results as fruitful as possible. Toward this end, I hope we can do an even better job of making our technical experts in auctions, spectrum management, engineering, and other areas widely available to developing economies. So much is available already, such as FCC-sponsored training and the excellent programs of the United States Telecommunications Training Institute, or USTTI. These are wonderful venues for training and for the development of professional relationships. They are vital connections to our communications future.

Where We Can Work Together This Year

There are places where we can and should immediately accelerate our work together. Here is one area crying out for discussion and coordination between us: enabling our communications infrastructures to survive the onslaughts of terrorism. This comes down to providing for the safety of our peoples through better communications. If September 11 was about anything other than unmitigated evil, it was about communications. And allow me to say to the representatives of business in this room that your industries, your companies, performed commendably, even heroically, as we grappled with the dislocations of that terrible day and its aftermath. There was much that worked right that day, more than anyone had a right to expect given the unprecedented nature of the attack we were under. Now, as we prepare for perhaps even worse to come, we have set about the task of learning from the experiences we had to endure. We are working with new determination to improve our homeland security in the United States. We are looking into ways to enhance systems interoperability, to build more redundancy into systems, to improve our wireless public safety services, and to work with the national security agencies on spectrum, emergency calling, priority access, and many other security-related issues. One of the FCC's charges from Congress -- part of our enabling legislation-- is to help ensure the safety and well-being of our people through viable communications systems. Of course the reality of terrorism confronts not just one nation, but all nations. A successful effort to combat terror can know no boundaries. Here, my friends, is an area where we must work more closely together to protect our peoples from a threat that is, indeed, worldwide.

A second area for cooperative endeavor is spectrum policy, which is particularly important for this gathering. All of our countries are working to address a wide range of spectrum issues. We in the United States are working to find ways to bring innovative new wireless and satellite services to our consumers without causing undue interference to existing services. We are trying to transition from older uses of the spectrum to more efficient uses. Great changes in technology will drive great changes in spectrum management in the years ahead. This, too, must be a global endeavor if we are to realize the dream of seamless global communications.

3G is a spectrum issue crying out for mutual caring and mutual sharing of experiences. In our country, the process ***is*** moving ahead. We are working to identify the best ways to ensure that when companies want to transition to 3G, they can do so. We are paying close attention to available spectrum, spectrum requirements, and how to be creative and flexible with spectrum to make the most of what we have.

A third area for our working together should be spectrum auctioning, which I mentioned earlier. In the Americas, many of us are experimenting with efforts to make spectrum auctions work better for the particular needs of particular countries. We can work together on such important questions as learning when to auction and when not to auction, on how to use the power of auctions as an assignment mechanism without giving up on values that aren't easily expressed in monetary terms -- values such as localism, diversity, and competition.

We have the venues for this work. On an institutional basis, we have CITEL, APEC, the ITU, and other international organizations. We have ALACEL, which continues to do so much to nurture and sustain a wireless dialogue. These and other groups provide an invaluable service, and I hope we will all support their efforts strongly and with the resources needed to make them successful. So many of the people I have talked to while preparing for this speech have told me that CITEL, for example, has become more and more effective in the past few years. It is bringing governments and industries together, it is keeping the dialogue going, and it is encouraging the development of fruitful and ongoing relationships. So I hope we will all take full advantage of the growing opportunities CITEL has created for us.

In addition, I want to mention APEC. I worked closely with APEC during my years at the Department of Commerce. I am attracted to APEC because of the concerted effort it puts into discussing sector-specific issues like telecommunications and because increasingly it is incorporating industry counsel and participation into its deliberations. I plan to attend the APEC Tele-Ministers Meeting in Shanghai in May and I look forward to seeing many of you there. It goes without saying that the full participation of Latin America's APEC member nations and companies is critical to the success of that meeting, and to the success of APEC generally, so I hope that we will take full advantage of that forum, too.

Everyone is also working hard, I know, in preparation for the World Radio-communications Conference in Caracas in 2003. The Americas have common interests

at WRC. I know I would benefit from knowing more about what different Latin American countries' priorities will be and where common ground exists among us. Ambassador David Gross and Administrator Nancy Victory are doing wonderful jobs at State and NTIA, respectively, and I encourage you to work with them as much as possible as we move closer to the Caracas meeting. The more we work together in preparing for that meeting, the more successful we will be.

Speaking of the WRC, which is run by the ITU, we should all look to the resources that the ITU makes available for discovering best practices and sharing information. I, for one, am very impressed with the ITU's effective regulation case studies, for example. I hope that more are on the way. And, of course, there are important ITU conferences this year -- at Istanbul right now and Marrakech in the fall -- that provide invaluable venues for our joint progress in communications.

Corporate Responsibility

I want to conclude on a general point that I have alluded to several times in my remarks. It is the critically important participation of the private sector in our dialogue and in as many as possible of the forums that I have mentioned. There is no substitute for learning about an industry from the people who are in the trenches trying to do business and make a business work. No one knows so well the real costs of a project, the realities of consumer demand, the impact of laws and regulations, and no one can better identify governmental processes that unnecessarily, or even unintentionally, interfere with deployment efforts. So I urge those of you in government, as I always urge my

colleagues in the U.S. Government, to reach out to the representatives of business, because by working together we can progress ever so much more quickly. Likewise, I urge my business friends to participate to the maximum and support these dialogues, as you are doing right here today, because in the final analysis, you can benefit from it as much or more than anyone else can. Private companies are the engines that make communications run, so we, as governments, have the responsibility to seek their input, and to work to achieve our goals in ways that are consistent, wherever possible, with business success.

Private companies also have important responsibilities when they enter a market. The way to convince a government that the decision to privatize was good, and that further regulatory reform is warranted, is to be a good corporate citizen. And, to me, that brings us back to being a good neighbor. Good neighbors don't pack up and leave at the first sign of trouble. They invest in their communities. They understand and respect the unique perspectives of their hosts. And they work for the common good as they seek to make their personal endeavors flourish. I believe that most U.S. companies join the U.S. Government in striving to be good neighbors in Latin America.

Conclusion

So let's work on continuing to be good neighbors – governments and companies equally – and on becoming even better neighbors. We ***need*** each other, and together we can achieve incredible things. The stakes are high, but the pay-off promises to be great. I'm ready to roll up my sleeves and get to work. Judging from the people I have met

here, you are, too. I hope to visit Latin America soon and to visit with many of you there, but my door at the FCC is open wide to you – “mi casa es su casa, buen vecino.”

Gracias.