REMARKS OF COMMISSIONER MICHAEL J. COPPS
FEDERAL COMMUNCIATIONS COMMISSION
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Thank you Commissioner Fred Butler, and thanks to the whole Committee for inviting me to be here today. I join you in welcoming our distinguished visitors from Africa who are with us this af6ternoon and with whom I will be meeting later today.

I'm extremely pleased that NARUC is showing what can only be described as strong leadership on global issues. I share your belief that in order for us to do our job as regulators effectively, we need a heavy and sustained focus on international issues. Anyone who didn't believe that before September 11 should be a believer by now, but talking the talk and walking the walk are two different things. NARUC is walking. Before coming to the FCC, I spent eight years at the Department of Commerce, during the Clinton Administration, working on a wide range of international policies, including trade in telecoms and information technologies. Now I'm trying to make international telecom issues more central to our work at the FCC, because I am convinced that these issues are critical for the world community. We will fall far short of the promise of the Twenty first century if we cannot put these challenges front-and-center and solve them, and in terms of the everyday lives of billions of people, that would not be just unfortunate; it would be tragic.

A journey of a thousand miles begins always with a single step, and my candidate for that first step in global telecommunications is the kind of regulator-to-regulator

contacts that I see here today between our state and federal regulators from the United States with friends and colleagues from abroad.

Why is regulator-to-regulator work so important? Because, I believe, the vast majority of regulators around the world share some common goals, just as state and federal regulators share common goals. We share the struggle to narrow the digital divide. We share the objective of bringing the best and most cost effective communications technologies to our consumers. We share the desire to encourage telecom investment. We want to protect consumers against fraud and other unscrupulous practices. And we want to find ways to stimulate innovation and growth through effective policies and through, very importantly, enhanced public sector - private sector cooperation. No way can we meet the challenges we face without public-private dialogue and cooperation.

To reach these common goals we need to meet with international regulators and we need to discuss openly and honestly our successes and our shortcomings. Each country has successes to share; each country has its share of failures. And none of us is in a position to preach. No one among us has yet created the smooth and perfect road to competition or figured a painless way to transition from closed to open systems. No one of us yet has a satisfactory strategy for dealing with the challenges of technological and business convergence and how to regulate and deregulate in a converged world. No one of us yet has consumer protection down to a perfect science. So I think we should always go into our discussions - bilateral and multilateral - with a healthy sense of humility, with a sense of how far we still have to go, and with enough candor to cite our own shortcomings even as we advise one another on what we should or should not be doing.

I believe that we are at the cusp of the most challenging - and most rewarding - time ever for communications. I know that every analyst that you and I have read over the past year has been darkly pessimistic about the state of the telecom marketplace, and WorldCom's news makes things even worse. But remember that these are the very same "experts" who were predicting, just a couple of years ago, that communications stocks would rise forevermore, and that business cycles had been consigned to the ash heap of history. We need to remember that business cycles, like all cycles, have ups and downs. When you're on the way down, unless you can get some perspective on the market, you may think that you'll keep going down forever. I believe the analysts' previous irrational exuberance was just as misplaced as today's unwarranted pessimism. Investment in international communications is going to come back, and I believe sooner rather than later.

But when investment does return, it won't be like it was. It will be of a much more discerning sort. There will be significantly more competition for the investment that becomes available. And that investment will flow to countries that have worked to lay the foundation for economic success in telecom.

This foundation has many parts, but, more and more, we all seem to agree that one critically important part is the establishment of an independent regulator that acts in the public interest. This surely does not mean one size fits all, or that one regulatory model will work equally well everywhere. To say that is to ignore history, culture, and the facts of life.

But there do need to be some common elements within the different regulatory regimes that different economies implement. I think most of us here agree that for a regulatory system to be effective, it must be independent, transparent, and capable of providing regulatory certainty. This is what builds trust, gives investors the information and confidence they need to take risks, ensures fair competition, manages scarce resources efficiently, and promotes the public interest.

This is where we in the U.S. have a good story to tell and experience to share internationally. NARUC is composed of 50 different examples of how to set up a successful regulator. We need to bring your NARUC experiences, and the options presented by your variations, to our international peers, some of whom are creating independent regulatory entities for the first time. Presented with these options, and with the options they find in other countries around the world, these governments can then choose what works best for their people, their cultures, and their telecommunications priorities.

At the end of the day, no matter what precise system of regulation a country may elect, I believe that there are some fundamentals, some common elements that need to be in place. Let me very briefly note five critical characteristics of an effective regulator: (1) independence; (2) clear authority and jurisdiction; (3) strong enforcement capabilities; (4) openness and transparency; and (5) excellent, independent staff. There are other elements that are important, but to me these are key, and I would offer just a brief thought on each.

First, to be effective, a regulator must be independent from the companies it regulates and free from direct political pressure. This allows it to put the public interest

first. Additionally, a key part of independence is having adequate funding. Good data, adequate staff and effective mechanisms don't come cheaply.

The second attribute of an effective regulatory system is clear jurisdiction and authority. This means clear statutory authority and clear lines of division within government. And we all agree, I hope, no matter what country we are from, that a regulator's responsibility should be set forth publicly and adhered to at all times. I also think that for a regulator's authority to be accepted and be credible, its decisions should be appealable to the courts.

The third attribute of an effective independent regulator is the ability to enforce its rules. Even if a regulator has excellent rules, if it does not have the legal, political, and practical ability to enforce these rules, those rules will not be respected.

Now the fourth attribute--openness and transparency. An effective regulator must make transparent decisions. We are all finding that where a regulator publishes all of its rules and decisions, opens them for comment from all stakeholders, and everyone knows the rules and the reasons for decisions, the regulator does its job better. This also means access to decision-making should be easy.

The last characteristic I'll highlight relates to staff - the regulatory "team" we each entrust to implement our rules. Attracting the high quality, independent staff we all need can be difficult. One positive trend that I note is that regulators around the world are beginning to work with universities in their countries to ensure that they produce high quality graduates with the skills needed for demanding regulatory jobs.

NARUC has shown real leadership here. Working with Bill Gillis and the Center to Bridge the Digital divide, the Telecommunications Regulatory Association of Southern Africa, and a group of excellent African universities, NARUC is assisting in a human capacity development project that we should all keep our eyes on. Chairman Tom Welsh from Maine represented NARUC in Botswana a few months ago, and worked with regulators and academics from around the region on developing a program whereby one-year certificate degrees and two-year master's degrees in info-communication will be offered using the same curriculum across six African countries. This program is a critical part of giving African regulators, and African industry, the staff they need to succeed. I applaud their efforts, and I applaud NARUC's commitment to this endeavor. Regulators from many of the African countries involved in this project are with us here today. I am delighted to see them here.

When you look at the power of communications technologies, and at the wide disparities in access to these technologies around the world, you can't help but be struck... While these numbers, I hope, are better now, the last studies I've seen showed that only one person in five on this planet has ever used a telephone. That's according to the United Nations. In South Asia, which contains 20 per cent of the world's people, only one per cent of them are online. And Africa, with around 800 million people, has 21 million phone lines and 4 1/2 million Internet users.

But the numbers are growing recently. Africa added 8 million phone lives over the past six years, for example. Many African countries have seen double-digit increases in their access line growth today versus 1995. I believe that the good work of the talented

peer regulators visiting us today from across Africa, and the work of organizations like the Center to Bridge the Digital Divide and NARUC and the critical financial support of the Agency for International Development are huge reasons to be optimistic. Good policy works. And our work on these issues will be beneficial both for telecom sectors abroad, and our sector at home, as we learn from the experience and experimentation of regulators the world over.

The benefits of improving telecom infrastructures extend farther than just the telecom sector itself. Countries around the world have already recognized the positive effects that a robust telecom infrastructure has on their overall economies. A telecom infrastructure, like an energy or transportation infrastructure, is a great enabler. It enables a whole economy. Just as surely as energy and basic transportation infrastructure provide the wherewithal for other sectors to grow, so too is communications infrastructure a locomotive of growth in other sectors. 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 and communications -- must go hand-in-hand if a country is to have a balanced progression toward growth and prosperity. Better telecom infrastructures lead to incredible new services. Conversely, without a robust telecommunications network, a country's entire economy is held back.

You know, sometimes when I mention the importance of telecom and broadband to developing economies, people will say to me: "Wake up. Get serious. Don't you know there is starvation in the world? That people are struggling to feed and clothe themselves and to develop true food security? How do you expect them to focus on telecom when they are fighting just to subsist?" We know that, right now, hunger stalks

southern and eastern Africa. Our hearts go out to all these afflicted people. Indeed, we still have our own poverty to overcome right here in America. I've just come – yesterday – from being out in some of the remotest areas of Alaska. In some of those villages, I saw developing country conditions. Life is a constant challenge there. Jobs are growing scarcer. Hope fades.

But the connection between those pervasive problems of poverty and the liberating force of modern telecommunications became clear to me as I toured the villages, because some of them now have rural health clinics enabled by telemedicine. I saw ramshackle schoolhouses that are now, at last, beginning to have access to the Internet and are looking to distance learning. I understand better than ever the relevance – the direct connection – between telecom and basic human development. So telecom is not one of life's little luxuries; it is our era's basic tool to open the doors to decent living, education, jobs and opportunity for all our citizens.

So, let's stay focused on international issues. Let's learn from regulators abroad who can offer us so much. Let's make our experiences available to international regulators who might find them useful. And let's make the commitment of time and resources to do this job the way it should be done – thoroughly, imaginatively, and animated always by the realization that on this small planet, in the long run we progress together or we progress not at all. We'll all be proud of the results.

Thank you.