Remarks of Michael K. Powell
Chairman, Federal Communications Commission

Dialogue with Sam Donaldson
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MR. DONALDSON: It is a pleasure to be back and to see you Mr. Chairman and let's begin by just giving us a very quick overview of the state of our industry today. Up, down, sideways?

CHAIRMAN POWELL: I think rising. I think the industry, like so many other industries in communications, is marked by transition, by migration, by trying to come to grips with very fundamental changes that are taking place in technology, in the marketplace and in public policy ways that are going to combine to create a new era in communications and a new era in broadcasting as well. And I think those will be challenging times, but they're going to be promising times, because I think if those new opportunities are harnessed correctly the future will be very, very bright.

MR. DONALDSON: Let's come back to this at the end of our discussion, but now some specific questions. DTV. There're about 650 stations that are going to miss the May deadline. They want a waiver. What's going to happen?

CHAIRMAN POWELL: Well, we're going to consider them, that's what always happens.

MR. DONALDSON: What does that mean?

CHAIRMAN POWELL: We have been very, very clear that we would entertain them on a case-specific basis as opposed to a global basis because we think the transition is one of the most critical migrations that's going on in communications space. And candidly, we want to keep the pressure on for transition to digital television. But we've also made very, very clear that we understand and even empathize with some of the challenges being faced by particular broadcasters in making the transition and we've tried to state in a number of decisions not too long ago what the criteria would be for the consideration of those waivers. And as they come in, we will one by one began wrestling with them as we already have. I think we've even already gone back out to some of them and asked for additional specific information that'll allow us to make the decision. It's going to be challenging for us to get through, but, I think we'll do it and we'll do it effectively.

MR. DONALDSON: It sounds to me like you're saying that you're looking for a way to approve the waivers unless there's just some horrible reason not to.

CHAIRMAN POWELL: I didn't say that Sam.

MR. DONALDSON: But I think a lot of people would like to hear you say that Mr. Chairman.

CHAIRMAN POWELL: That's why I slipped in my caveat.

MR. DONALDSON: Alright, let's go on to the larger challenge of 2006; you've proposed what --- 4 voluntary ways how different segments of our industry and the supporting parts of our industry can work together to meet this. Do you think that people will go on board and say, 'Fine we'll do it?'

CHAIRMAN POWELL: I do. I think we have a lot of room for progress. The Commission and its DTV Task Force, led by Rick Chessen and others who have been involved, really recognize that this is a transition that's not just important to broadcast, it's important to America. It's been languishing way too long, and it's important at times for an institution to step in and take some leadership.

In my opinion, what we see is nobody anticipated how many different variables there were to truly producing a successful DTV transition. And I think that the plan is an effort to recognize that for it to be truly successful, every one of those segments has to step up to the plate and do some things they don't like, but also to do some things they will like because there are too many variables and too many interests there to come together without some additional leadership. We hope that the plan that we put forth offers some of that leadership and will provide a way to break the logjam.

I actually think we're close. I think that each industry segment has done very, very positive things in furtherance of the transition. I think they're a few things away from making it all come together in a very, very smooth and successful way, and we're going to be committed to trying to do more than just put it out there, but to drive it and to drive it hard to produce success. I'm very, very optimistic about the policy.

MR. DONALDSON: As I understand the law, 85 percent of American households have to be able to receive DTV by 2006 or all bets are off. First of all, do you think it's possible that that figure can be met? If not, then what happens?

CHAIRMAN POWELL: Well, I think it's unlikely that that figure will be met in 2006. I think that most people generally understand or recognize that, because 85 percent of American households transforming their television sets is a pretty tall order. But what happens is on auto pilot in some sense. Congress provided for that to be the trigger for the end of the transition, and while it hoped that that would be 2006, it has the seeds of its own future deadline.

But I think that we shouldn't take that as an invitation to be lugubrious and slow in our efforts to do it. I think we should do it with a sense of urgency and purpose because there are public interest values in getting the transition completed for Americans, getting the spectrum returned to the warehouse so that it can be provided for new and other emerging services.

I think we all recognize that we all stand to win if the transition is completed and completed effectively; most of all consumers, who have heard the hype for a very long time and are anxious to see the beef. Does that make sense? Where's the beef?

MR. DONALDSON: It does.

CHAIRMAN POWELL: That Wendy's woman.

MR. DONALDSON: I want to state, Mr. Chairman, that I've listened very carefully to what you've said. I imagine most people agree with you, but this group has never been lugubrious. I can just assure you of that.

Let's go on now. The Courts have stepped in on the ownership rules in three major decisions. They have in effect said we don't like any of the ownership rules, or at least the big ones. How are you going to cure this, or are you? Is it something that the Commission thinks it's got to now cure or just let it go?

CHAIRMAN POWELL: No. I think it's absolutely something the Commission has to cure. I don't think we have any alternative in that. The problem is the Court decisions, I think, just illustrate how challenging it is to cure.

It isn't the last three. I mean I'm embarrassed to say that I think the Commission in the last five to six years has lost virtually every challenge to its media ownership regulations. We are aggressively in the process of trying to cull what are the deficiencies in the rationale, the empirical evidence in the record, our theories and, how we apply them, because apparently they're not to the satisfaction of the Court's review.

I think that one of the things that you assert is that the principles that are behind them are universally shared. Yes, we believe in diversity in medium. Yes, we believe in a diversity of viewpoint. The problem is what are the vehicles for fostering that, including the market, by the way, which I don't think should be excluded as a vehicle for producing a variety and variation and viewpoint. But what are the rules that are contextualized for the modern era and not the 1960s and 1970s in which many of them momented.

I think that the Court is increasingly saying, you can't just come in here and invoke magic incantations and say "almighty diversity" and you're done and your rule is sustainable. You have to show us the effects in the marketplace, the changes that have occurred since the rule was promulgated, explanations for why your theories are more probable than not, as opposed to just theoretical. I think it's one of the hardest challenges my colleagues and I have before us, because if you care about those values, you have to care about this exercise.

By the way, this includes those who would like many less rules. The Commission needs the substantive record, the empirical basis, for making any judgment, whether it's to liberalize further or to intervene further. There's a lot of impatience about this on both sides --- both from those who want the same or more rules and from those who want less.

What we know we have to do because of the Court case is take the time. We have to develop the empirical evidence to sustain any judgment we make in the next year in the context of binding

review, and that's why we have everything from studies to task forces to a lot of concerted effort to do that.

MR. DONALDSON: Well, how would you change the rationale, for instance, just in taking one example, where the Court didn't like the idea of prohibiting more than one TV station in a small or medium market? We know what the old rationale was. How are you going to change that kind of rationale?

CHAIRMAN POWELL: You have to read the case carefully. They didn't really say we don't like the idea of prohibiting it. They say that we don't understand why you didn't include in the context of your decision other medium that provide other viewpoints.

I think that's a fair question to the Commission. Why is it that you're making a limitation on ownership based on the preservation of viewpoint, but you've conveniently ignored the viewpoint that might come to consumers through cable or through DBS or through radio or through newspapers or through magazines?

The Court said you need to offer either some explanation of why we haven't included these other media or include them. Because if we believe what we say, which is that the goal is the preservation of multiple viewpoints, then the Court is asking how we can lightly ignore other media in which many Americans are obtaining those viewpoints.

MR. DONALDSON: Excuse me, sir. If you include all of those that you just mentioned, then how can you make the case? It seems to me if you include all of those you may be able to say to the Court, you're right. The rule doesn't make any sense in the sense that we cannot justify it and then it's struck.

CHAIRMAN POWELL: You might say that. You might say it makes sense, but at a more liberalized level.

MR. DONALDSON: Two stations?

CHAIRMAN POWELL: That could be. It isn't a safe exercise to absolutely assume what the consequences of the additional rigorous standard are. Yes, I think it makes it rightfully more difficult to justify more intrusive limitation. But that's okay. Certainly from my perspective that's okay. But it also doesn't go so far as to say that the Court's position in effect is that no rule is possibly sustainable. I just think it's an intellectual challenge to the Commission to come up with one that is reasonable for the marketplace and sustainable judicially, and that's what we're going to do.

MR. DONALDSON: One more on this. The newspaper and TV station in the same market. Is that rule going to go?

CHAIRMAN POWELL: Pending.

MR. DONALDSON: How long do you think it will be pending?

CHAIRMAN POWELL: I don't know. It's in the context of --- it is right now proceeding at the Commission. It's working its way through the Commission. I've learned it's hazardous to tell people exactly when something is going to come up, but I think that judgments will be made in the context of that rule this year.

MR. DONALDSON: Okay. Radio consolidation. What are you looking for in the way of explanations, justification?

CHAIRMAN POWELL: What we're looking for is a more defensible and rational way to apply both competitive standards and diversity standards in the radio context, and I should be clear that we're also looking at some threshold questions about what Congress intended with respect to the limitations in the radio context.

The statutory provision in radio is different than it is in other medium in that Congress laid out a fairly specific set of requirements with respect to how many stations could be owned in given-sized markets. The Commission has never given that a clear interpretation as part of what we have proffered in the context of that rule making.

But I will tell you that this is an area that is, unfortunately, messy as a consequence of certain past decisions of the Commission, which is in many ways the Commission's flagging process, which led to a huge backup in applications, and one of the reasons that it did is because the Commission started stopping things before it ever had a policy as to how to resolve whether they should be left free or continue to be stopped permanently, and so we had to kind of take a hybrid approach, one which was short-term on what to do about the mess on our hands.

I think last year around this time we got rid of a lot of those applications that were pending, but then we realized that we needed a longer term solution, which the proceeding represents an effort to find, but we needed an immediate short-term solution, that we call an interim policy, for purposes of dealing with the reality of things that come before us now.

That is not an ideal circumstance from my perspective because I think it's difficult to be real time making judgments on an interim basis while you're racing to try to develop the longer term process. But, it's part of what we inherited, part of what we're going to work to untangle.

MR. DONALDSON: Just in a philosophical sense, consolidation throughout industry, throughout America, is the rule these days. Is there anything intrinsically that you fear or that you think is a particular problem for our business, given the nature of the business?

CHAIRMAN POWELL: Yes, I do to this extent. Media, for right or for wrong, has always been assumed in this country to be different. This industry spends a lot of time telling me it's different, by the way. You sort of can't have it both ways. You're either unique or you're not unique, and if you are unique, that unique value is something to be considered in policy.

It's not just about efficiency and competitiveness. If it were, we'd just punt everything to the Antitrust Division and be done with it. We are told that this medium is unique to democracy. This medium is unique to message and viewpoints. We're told the medium is unique to localism. It's unique to the way that we get our emergency information in times of emergency, as we saw on September 11.

All of that being true means those are additional considerations, I think, in the context of policy. So I am not one who at all runs away from the proposition that there is concentration in the competitive antitrust sense. Then there are concerns about its impact on these other less tangible --- and I mean sort of less quantitative --- kinds of values that we still struggle to find judicially sustainable ways to take into consideration in policy, and I think that that should continue.

MR. DONALDSON: Okay. You mentioned the antitrust business. Let's bring up the EchoStar-Direct TV merger. Here we have two important divisions of government, the Department of Justice and the FCC, both looking at this.

CHAIRMAN POWELL: Yes.

MR. DONALDSON: Now, I hate to bring up that other big problem that the other Powell is working with, but who goes first? I mean, who makes the decision first here?\

CHAIRMAN POWELL: Well, just to be clear, as a matter of law nothing says anyone has to or doesn't have to go first, so there's no clear express answer to that question. But I think what you're implying is, "do we wait?" No, we don't.

My opinion is we do it on our time frame, and we'll be done when we're done. I can tell you, at least under this Administration, we don't sit there saying let's wait to see what the Department of Justice says, and then we'll do something like that.

I think that we have our own process, we have our own independent authority, and we have our own ability to develop and make a record in good judgment, and we're going to do that irrespective of what the time frame of Justice is.

MR. DONALDSON: Alright. With the two of you looking at this, I'm told by people who know a lot more about it than I do that there have been instances in the past where Justice has cleared something, but the FCC has said, now wait a second, we don't like that.

CHAIRMAN POWELL: That's true.

MR. DONALDSON: This could happen in this case?

CHAIRMAN POWELL: It could.

MR. DONALDSON: And maybe not. I think I've about run my string out on this one.

CHAIRMAN POWELL: Just let me tie it back to the other point, though. In the media context, there are these additional values that we say that are taken into consideration in communication policy that I can tell you as an antitrust lawyer are not appropriate considerations in antitrust. There are no diversity considerations in the context of a classic Hart-Scott-Rodino review at the Justice Department.

So, that is going to be considered anyway. We're the place that considers that. We're the one given that unique responsibility. So it always means theoretically that the judgments could be different. That only means that they're independent of each other and that they have different factors that they've put into consideration.

MR. DONALDSON: Since you reopened the subject, do you care to tell us which way you're leaning on this one?

CHAIRMAN POWELL: I never, ever do that.

MR. DONALDSON: Alright. Let's go ahead now to satellite radio, XM and Sirius, the repeaters there which fill in the gaps that the satellite doesn't quite cover. There's fear, as you know, in the industry that they could begin local programming. Are you concerned about this?

CHAIRMAN POWELL: I've had this issue raised to us. I don't know the specifics at the moment, but I think we've been asked to consider whether our prior decisions clearly foreclose that or clearly not.

I don't think that the original intention was to create a locally originated version of radio service using satellite systems. But I don't know that the question has been squarely put to us, and I'm nervous to hazard a guess because I don't know what the equities of the issue are. But I can tell you that I don't think at the Commission at the moment there is a particularly big focus or desire to try to create that situation.

I think that I understand the fears of the broadcasters on this point, but I think that they don't have that much to worry about, at least at the moment or in the short term. I think that it would require a whole lot more to happen before I thought that there was any kind of imminent possibility of that coming into being like that.

MR. DONALDSON: I was going to say --- that if we have occasion to speak again next year, of course, this could be the dominant theme.

Alright. Let's go on to some fun. The Real Slim Shady. I did a piece with Carson Daley about two years ago. I got onto this when Eminem first brought it out. Those lyrics are terrible. You fine a radio station for playing all of the lyrics, but then you want to fine a station, although it didn't come to pass, when it cleans it up and edits it. How can you justify that?

CHAIRMAN POWELL: "We didn't;" that little part you slipped in at the end.

MR. DONALDSON: "You didn't," I said.

CHAIRMAN POWELL: Although "you didn't" is the answer. Indecency questions are the most difficult, most subjective, most dangerous kinds of decisions that the Commission is forced to make, and I would emphasize "forced to make." There is a statute, whether we like it or not, that bans indecency between certain hours. That term is defined.

Oh, by the way, even though I'm a big First Amendment advocate, the Courts have sustained the provision as constitutional, and I don't have any choice but to be faithful to my duty and the application of that provision when people petition and complain that it's a violation of federal law.

We're in this business, whether you want to debate whether we should or not, and we are purposely very, very careful and cautious and conservative about our judgments there because we're concerned about the First Amendment implications of our intrusion.

I think the process worked exactly like it was supposed to in that context. There was an initial determination by the Bureau that there was a possible violation of the indecency provision. It's important to emphasize that what they do is they propose through a notice of apparent, --- and the apparent word is very important --- apparent liability. Then the company, the station, has an opportunity to respond.

The station did respond, and the full Commission found that the response was compelling, and no fine issued. That's the way the system is supposed to work, and I think the fact that we were faithful to our statutory duty, entertained complaints, processed them pursuant to our process and reached, in my opinion, quite strongly, the right result shows to me that it can work right, and it did work right in that case.

MR. DONALDSON: I just want to ask one more. I mean, the law is the law. I think everybody understands that. Like the late Potter Stewart said, "you know it when you see it." The law does not define what word or what image, and it seems to a lot of us that things have gotten laxer and laxer and laxer. Do you share that opinion?

CHAIRMAN POWELL: Laxer in what way?

MR. DONALDSON: In the way that almost anything goes now. I mean, I'm sort of shocked that you took action against The Real Slim Shady.

CHAIRMAN POWELL: I don't know which way you're coming at this problem, but is it laxer and laxer?

You know, the Supreme Court of the United States has struggled as much as anyone with how do you define something that is inherently a question of everything from personal taste to your own level or sense of morality and values in a country that is more diverse and more varied in its viewpoints, and that cherishes that variety. Even the Court's obscenity jurisprudence suggests that it's contextual. It

depends on the standards of that community. The notion that the United States is one single community in terms of its mores and what it finds offensive is not true. It's very difficult.

MR. DONALDSON: Excuse me. Would you just judge a complaint then against the community from which it came?

CHAIRMAN POWELL: We do take into consideration the context of the filing and where it was played and the context in which it was provided. But look, there is no way if you ever believe that a government --- and you can take the view that it shouldn't --- but if you ever believe that a government is supposed to have anything to do with this content in this way, there is no possible way to eliminate some subjective judgments by the authority that you empower to do that.

We can define it until we're blue in the face, and we do. It has specific things we look for --- patently offensive, designed to titillate, all these fun words we like to write down. But the bottom line is at the end of the day you're asking somebody to review the material and say we believe on this standard that it's offensive.

Immediately my e-mail will light up, and there will be people outraged that you thought something was okay and just as outraged that you thought it wasn't. I think that is just a reflection of the diversity in society and their differences of viewpoints.

Every time something sort of salacious or edgy comes on television, we hear very strongly from very different viewpoints about it. But, the same community taught me that we're supposed to be a place of a marketplace of ideas, antagonist voices, unpopular viewpoints and unpopular images and that our society is strong enough and robust enough to sustain that, and that rather than stamping it out under the boot of a government authority, we can adapt and tolerate it.

I thought that's what America was about and the First Amendment was about, and so I always am nervous when it is propounded that even though certain segments of the population really like something, we should still stop it because we know better.

MR. DONALDSON: You see, you've just eloquently defined where I was coming from, both sides --- against the middle. Alright. Let's go on.

The Court of Appeals in the District of Columbia threw out the Commission's equal employment rules. You are propounding new ones, I understand. What do you think you'll come up with, a job by job look at employment in the industry?

CHAIRMAN POWELL: No. I think it's pending. I'm not sure what will be the final result. But, the first thing we're trying to achieve is rules that will be judicially sustainable and not run afoul of the Constitution or the Fourteenth Amendment in the context of the review.

We have much guidance from the Court on how to do that. I actually think it's not that remarkably difficult. This is not a case where there are sort of half baked in the way that they're

describing what the parameters are. I think there are very strongly worded viewpoints about what the offensive aspects of our rules were.

I think that we never intended for these rules to be particularly intrusive or particularly aggressive by historical and affirmative action standards or anything like that. But we do have, I think, and I think I speak for a majority of the Commission, a view that there is room for rules that are not offensive to the Constitution, that are minimally burdensome on the industry, but do promote some objectives that we think are important to licensees.

You know, I would challenge this community, because I've heard a lot of opposition to them, and sometimes I really shake my head and I don't understand. This is a community that are the most articulate spokesmen about the value of the public trust, the value of the public interest. I think there is nothing more in the public interest than being firmly committed to removing the legacies of discrimination.

I think that we are sensitive to burdensomeness and unnecessary paperwork and all those kinds of things. But at the end of the day there's a value here that's somewhat bigger than that, bigger than the simple efficiency story, and I think that this industry would do itself proud, in exhibiting its own leadership, to engage --- and I think that they've started to do that, by the way, thank you to this association --- and to get behind them and find a way that works. Because I think that these are values that are important to public trustees and licenses of the public spectrum.

MR. DONALDSON: I want to spend the rest of our time going back to your opening statement and looking at the industry.

You once shocked a lot of people when you were quoted as saying that you foresaw the day when over the air telecasting would even disappear because of the technology, because of the advances there. Talk about those bumps in the road that you see.

CHAIRMAN POWELL: I'm glad you brought that up because I think sometimes that's misinterpreted as “you don't love us.”

MR. DONALDSON: I wonder why?

CHAIRMAN POWELL: First of all, we don't love anybody, ---

MR. DONALDSON: Jane and the boys will be sorry to hear that.

CHAIRMAN POWELL: Well, they count. But, in a way I think it's a challenge more than it's a sort of disrespect. There are very serious, fundamental, foundational changes taking place in communication. They are taking place for everyone, and it is, in my opinion, one of those great historical moments of truth where you will get on this train in the right way or it will run over you.

I think that my perspective on that is that it is the digital technology revolution, and every industry that's under our portfolio has been given a little slice of what it will take to prosper in that

revolution, whether you be a wireless carrier, telephone carriers trying to provide advanced broadband services over DSL, wireless carriers seeking spectrum for advanced broadband services through handsets and wireless local networks, or whether it be cable companies attempting to provide digital and broadband services. Every one of them is in the midst of this revolution and migration, and every one of them has been given or has earned a little piece of what it will take.

The real estate for this industry is digital television transition, in my opinion, and I think that one of the reasons we're getting behind in leading it is I believe that how bright the future of the industry is has to do with how creative they are in employing that resource to be competitive and be of high value in the marketplace of the next century in which consumers will have different kinds of expectations about the technology.

I give a speech sometimes and talk about the three acts of media. Act one, in my opinion, which some people called the golden era of television driven by the technology broadcast to many. We all sit down at the same hour and watch Walter Cronkite, and we share that as a community.

In many ways that prospered preeminently for a while. And then came cable and the disrupting influence of more diversity through multi-channel provision of services, ever more parochial interests being programmed to. I think there was a chapter in which consumers were beginning to aggregate their interests around limited kinds of programming. So if you're Lowry and you really love fishing, there are channels that you can do nothing but watch that all day long. Why, I don't know, but you can. You can in America today watch bass fishing shows for 24 hours on some medium.

I think what the internet and digital is introducing is penultimate diversity, individual tailored programmed interest. As I say in the speech, you know the lexicon. My Yahoo. My Amazon. My Everything. The threats of TIVO are a reflection of consumers exploring individualized program choices for them, not even their family necessarily, not their neighbors, not their community.

That is a challenge to a medium whose hallmark is one to many. But I don't think that it's an insurmountable one. I think it's one in which creative use of digital television and digital spectrum are going to provide a valuable alternative to consumers. But I think if we're not creative --- that it's just sort of pretty picture TV showing the same fare the same way --- I think it will be challenging to be competitive with other services that are going to offer more flexibility than that.

So, I would interpret what I say as watching the factual trends and pointing to them as warning signs and then taking it as a challenge of what this industry will wrestle with.

MR. DONALDSON: It seems to me you're saying we have to program --- and what we are, are programmers --- in one way or another differently, or at least in a way that recognizes that people will pick and choose for themselves rather than sit down.

So, let me ask you this question about the body politic in the news and information field. Tonight people will still watch Peter Jennings' World News Tonight, or any of the other great broadcasts. They might be very interested in the first story, but not the second story, but they're going

to stay for the third story. They'll get some of the second story.

If under what you foresee we all just make our individual choices, we will not watch the second story at all, but there may be information there that in the years ahead we wish we had. Any problem? Is it dumbing down?

CHAIRMAN POWELL: First of all, is there anything anyone can do about that? History does move on, and people do change their approaches to things and information. I mean, the family of today operates in a very different way than the family of 300 years ago --- where we are at certain times.

I think what's happening is that the proliferation of complex society means that more things compete for an individual's attention, but a human being still is a human being and only has 24 hours in a day. Human beings still have to take their children to their seemingly hundreds of activities. Distances still take time. There are these sort-of fundamental limitations. But there are these ever increasing complex demands for our time and our attention, and so it's about coming out of the noise to grab somebody.

I think what consumers in their frustrated lives are saying is I have to have some command because of my complex time and my complex schedule to fit things in that are conducive to my lifestyle, and that is relatively dynamic. While you might love for me to just always sit down and watch all the stories of Peter Jennings, my son has piano at 7:00, and I'm in the minivan at that hour, period.

Now, you could say well, they're just gone. Or we can, say, put something in that car. Put something on that belt loop or in that purse to keep the news coming in those moments of people's transition. I think what's going to happen is it's going to be very hard for us to find a clean way to put our hands around the way the space looks because it will be more dynamic.

People might get the second story, Sam, but they might watch the first story on TV and pick up parts of the second story on their RIM device as they're heading out to the store, or they will hear a little bit about it in the teaser and will come home late at night and go on your website and get the rest of the story.

But, I think that it will be much more dynamic. People will access news and information in many more dynamic ways. It will be very, very hard to fix on where they're getting their key sources of information.

The other thing I want to say --- and this is in defense of my fellow Americans --- I don't buy any of this stuff that Americans have dumbed down, they don't pay attention, they don't know news. I have watched in my adult life now some of the most important historical events in the history of this country, the most contested Presidential election ever. I have learned more about the electoral college, litigation in the Supreme Court, politics, voting machines, ballots, punch ballots than I ever learned in any school that I ever went to, and that was brought to me by the media. And it was brought to me through interesting programs of a dynamic nature and I think that the country tuned in. I think even the young people who we wrote off, including my children, paid attention, found ways to pay attention and

involved themselves in a major news event.

So my feeling at some level is when they need to be, and when they have to be, Americans are ready and willing and able to engage in the events of the day and make their preferences informed and known to their legislatures and they did that in the election, they did that in the crisis of 9/11 and I think that it's one of the blessings of America is when you're ready to tune out you can. And, so maybe they don't watch your second story; you better find a more compelling way to give it to them.

MR. DONALDSON: On election night you learned ---. I will pass your advice on to Peter when I see him.

CHAIRMAN POWELL: Okay.

MR. DONALDSON: Of course on election night you learned several different things depending on which moment of the evening you were watching, but I think we'll overcome that. Is this when we're talking about the children, are we talking about something that's generational? Kids today know so many things that I don't know today, and yet they don't know some things. I know who Joseph Stalin was. I ask interns who come from bright colleges and half of them don't know. Does it matter that they don't know?

CHAIRMAN POWELL: I think it matters. But you know the current generation always assumes that the change is going on in the other generation because they're different than the way we access things, meaning that they're worse or more problematic. I think if you went back in any period in history, in the 50s or the 60s, they're all worrying about the younger generation and the way they do things, and the world didn't come to an end when they rose into adulthood. The interesting thing is, if you get to the world of pervasive information, a lot does change. Your interns don't know about Stalin, but 5 minutes later they'll come back with you with more about Stalin than you ever could have when you were their age. Because, they'll go to Google and they'll have more on Stalin in 5 minutes than it would have taken me weeks in the library to figure out. I don't know what the impacts are going to be, but my children think everything is found by Google. We don't own any *World Book* --- When I was a kid it was a big day when my parents bought *The World Book Encyclopedia* and I sat over in the living room and we pulled them down and looked things up. We don't do anything like that in our house any more. Jeff, what's this? "Let me go find out." And its got graphics and pictures and moving video clips and they think that's wonderful.

MR. DONALDSON: And they do things; we were talking about it and I love the story and I think the people here this morning would love to hear it, when you went in and found your sons looking at the ceiling.

CHAIRMAN POWELL: Yeah, they do that sometime.

MR. DONALDSON: But, what were they actually doing?

CHAIRMAN POWELL: You know, I was telling Sam the story, my children fascinated me the other

day because they were laying on a bed looking at the ceiling and I walked in and said, "What are you doing?" And he said, "I'm watching a movie." I said, "What. What do mean watching a movie?" And he said, "Oh, I'm watching, *Meet the Parents*." And I said, "Well, how are you doing that?" He said, "Well, I've memorized a couple of movies." And I said, "No, you haven't" and he starts to do the movie. I do not exaggerate, I let him go for 35 minutes, he had every single line of the movie. And so I said, "Well can your brother do that yet?" He said, "But he likes television episodes better. He's memorized 7 episodes of, *SpongeBob Squarepants."* So I said, "Brian, do you really?" and he said, "Oh yeah," and he does a whole episode. And then my son says something that was telling to me because I was just blown away by not only their memory capacity, --- by the way if you think TIVO's a threat, this is a real problem --- but also by the fact that these kids just can watch it once and than don't ever have to. And my son said something to me. The older one said, "You know, Dad I can do that with things that I hear or see. I can't do it off paper." You know that was extraordinarily telling to me about the way we try to teach him where he struggles every night with those books and that paper because that's our generation's way of teaching a child, but these children are growing up in a media environment and an entertainment and visual and audio environment, that means that they are actually absorbing information in a very different way. And I don't know if that's good or bad. Part of me worries that they don't have the patience and the discipline to work the world's great problems and the books that are valuable. On the other hand, I don't know where they get this brilliant visual dimensional processing. Have you watched your child play a Playstation 2 game? I don't understand how they can keep track of the millions of variations that are going on. There's something different going on there in their media rich digital environment and as you and I said, I don't know whether that mind will be more capable of solving the cure to cancer or not. But, I know that they have eyes that see things that go over my head and my generation.

MR. DONALDSON: Okay, final question here. You've been in the office now, what a year and 3 or 4 months?

CHAIRMAN POWELL: Is that all?

MR. DONALDSON: You've come from the Mercedes divide through ---

CHAIRMAN POWELL: You know, you told me that you wouldn't say that again.

MR. DONALDSON: I said I wouldn't ask it, I didn't say I wouldn't say it. You have to pay attention sir --- from the Mercedes divide through the Real Slim Shady to the point where the kids are playing movies in their minds. Do you like your job?

CHAIRMAN POWELL: I love my job. We should all love our jobs. There's a quote I'm trying to remember --- *"There's nothing better than to be involved in the great moments of ones day."* And all of us are involved in the great moments of our day. This is one of the great socio-economic revolutions of history. And it's not corny to say it is the successor to the Industrial Revolution. It is the digital information revolution and all of us have a front row seat to watch and be involved in it and when I'm older and my kids run Sony and cure cancer --- they're at work staring, watching. You know, we're going to see the fruits of what we do. We see them every day. I mean, I've been there 5 years

and I'm still amazed at how many things I see that when I first started we were just talking about. And they're now real and they're out there and I think in another 20 years, 30 years, I'm going to look back --- we're going to look back --- and say, "Look at how much the world has changed as a consequence of what we did or tried to do and what everyone in this room does and tries to do. So, I am blessed and thankful and privileged to have it and I enjoy it greatly.

MR. DONALDSON: Thank you, Chairman Powell.