

**Remarks by Chairman James H. Quello
Communications Forum
Richmond, VA - October 18, 1993**

I was honored to be invited to be your forum speaker by our distinguished Senator Chuck Robb. As an old World War II combat vet, I respect and obey distinguished Marine officers, especially one who presented me at my last friendly confirmation hearing.

Senator Chuck may not be aware of this but we share a sort of Marine brotherhood bond. Although I wasn't officially a Marine, I belonged to two amphibious infantry divisions and ended up making 7 amphibious landings in Africa, Sicily, Italy, France, and assault crossings of the Rhine and Danube. I have somewhat of an advantage over the Senator because I am much older and my combat exploits get more heroic with every passing year.

In fact, I am the most senior FCC Commissioner in history in age, FCC service and personal areas that will remain off-the-record.

However, it is always nice to see that senior citizenship still generates some respect in this calloused world, especially now that I have reached a final stage of life. As I see it, the three stages of life are (1) youth, (2) age, and (3) "You look great!" Well, I feel reasonably great. I'm lucky my physiology has not caught up to my chronology -- My body has not yet rejected me. I play tennis twice a week and still claim to retain 75% of my marbles (still a good local norm in Washington). But with most of a normal life span behind me, I don't make a practice of buying too many green bananas.

Speaking of senior citizenship, I want to once more remind the Grey Panthers and the AARP that President Clinton appointed a citizen in his golden years -- make that platinum years, to an important active post. With the support of the communications leadership in Congress, Senator Chuck Robb and my FCC colleagues, I am doing my best to assure that our actions represent the best interest of the public and fair reasonable treatment of the communications industries that serve that public.

In fact the past nine months of my interim chairmanship and the Quello-Barrett-Duggan Commission developed into the most hectic period in my nineteen plus years at the FCC with enactment of an unprecedented number of significant items.

Among the critical issues were:

- 1. The implementation and enforcement of regulations for the complex Cable Act.**
- 2. Lifting the outdated restrictions on network financial interest and syndication -- the first time the FCC had a unanimous vote.**
- 3. Forcefully and repeatedly opposing TV excesses in glamorized, explicit violence and sex and supporting legislative restraints proposed by Democratic leaders.**
- 4. Recommending and supporting telco entry into cable and vice versa (The Inouye-Danforth and Boucher-Oxley Bills) and paying the way for two broadband super electronic highways of the future with a mind boggling array of new services.**

I have commented that the recent rash of mergers, acquisitions and joint ventures (viz: Bell Atlantic-TCI; US West-Time Warner; Nynex-Viacom; Bell South-Prime Cable; Southwest Bell-Hauser) have the positive potential of acting to expedite the initiation of competitive super electronic highways with multi-channel, multi-faceted service to the public. a The key active word here is competitive service.

The government and the public cannot tolerate a super marketplace monopoly, a sole provider of phone, video, paging, interactive, data processing and a dazzling array of other services made possible by a broadband fiber optic service.

I characterized the Bell Atlantic purchase of TCI as the most momentous deal of the decade. Despite its positive potential to expedite the advent of electronic superhighways, the merits of this transaction cannot be determined before a detailed review of facts. The FCC will have to examine compliance with telco-cable cross ownership and video dialtone rules.

In addition other aspects of this transaction will be subject to review, by other regulatory bodies and probably the Justice Department.

This issue may well be finally decided by legal changes generated by courts and Congress. We can expect many other court challenges similar to the Bell Atlantic case which held cable-telco restrictions to be unconstitutional.

5. **The fifth and most significant item was expediting the allocation of spectrum and initiation of service for personal communications service (PCS). I consider this the most momentous FCC decision in recent history with great impact on future advanced communications and increased gainful employment, an estimated 300,000 jobs, for Americans. PCS is an exciting new service that will change the way Americans and people of the world will communications with each other.**

The most challenging and resource-intensive item in my nineteen plus years at the FCC was the implementation of the complex 1992 Cable Act.

The basic objectives of the 1992 Act were admirable. It provided reasonable rates and better service for consumers, program access for competitors, equity for broadcasters to help preserve universal free TV and reasonable rate of return for cable operators.

With mixed reports of rates going up or down, we launched a survey of the top 25 cable systems to ascertain the true facts and to determine if cable rate adjustments would be necessary. The survey is still being analyzed.

I believe it is a matter of fairness and legal and administrative correctness for government to objectively survey which actions, if any, represent culpable evasions of Congressional intent or which rate increases, though unwelcome, were legally permissible. It is vital that the FCC gather accurate information on the effect of our rules, and upon serious evaluation, make necessary adjustments.

If all complaints of creative pricing and rate increases prove true, the cable industry is again open to the charge of being the monopolistic evil empire of the telecommunications world. However, that contention is now in the process of being either proven or dispelled. The FCC will not be placed in the position of issuing the verdict first and holding the trial afterward. Nevertheless, we won't hesitate to take corrective action if warranted.

There is little doubt that the cable industry has an economic stake in discrediting the Congressional Act they vehemently and unsuccessfully opposed. They are a formidable opponent. They bring the best of bright high priced legal talent and aggressive, successful, battle-hardened executives to the continuing battle over cable rates and service. Customer service has perceptively improved under regulation.

I used to joke that if you wanted beautiful uninterrupted music, all you had to do was call your unfriendly cable company and ask for customer service. That seems to be corrected now by much more friendly and responsive cable operators. I believe and hope that overall cable rates will experience similar improvement.

While we want to eliminate monopoly price abuse, we must not overreach and destroy the cable industry's incentive to invest in advanced telecommunications. Cable, too, needs capital formation to be an important player in the administration's future plan for a national information infrastructure. Cable is destined to become one of at least two competing broadband super electronic multi-channel highways -- It will bring video, phone, data, computerization, interactive and a vast array of services to the American home.

There are many more facts and comments on cable, but I want to leave some time for your questions.

We want to pledge to the public that the FCC will work with Congress to resolve rate problems and to assure that the Cable Television Protection and Competition Act of 1992 remains true to its name.

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