

Remarks by Chairman James H. Quello

Before the

Long Island Coalition for Fair Broadcasting, Inc.

Long Island, NY - October 22, 1993

It is a pleasure to appear before you this year, the year of my interim but active -- even hectic Chairmanship

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 Lifting the outdated restrictions on network financial interest and syndication -- the first time the FCC had a unanimous vote.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 paving 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. 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. But competition between two or more broadband electronic superhighways with competition from DBS and eventually a nationwide wireless communications service would benefit consumers and reduce need for regulation.

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. Bell Atlantic has appropriately volunteered to divest itself of TCI cable in the Bell Atlantic service areas.

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 telco court challenges similar to the Bell Atlantic court 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 communicate 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 initial results of the survey of rate decreases and increases were announced at yesterday's Commission meeting. A press release is attached. The next step is a widespread inquiry with investigatory overtones on whether or not rate increases complied with FCC rate freezes and benchmarks or constituted an evasion of rules and what enforcement actions, if warranted, must be taken.

If complaints of creative pricing and rate violations prove true, the cable industry is again open to the charge of being the monopolistic evil empire of the telecommunications world. 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.

However, we want to pledge to the public that the FCC will work with Congress to resolve rate problems, promulgate reasonably competitive rates and assure that the Cable Television Protection and Competition Act of 1992 remains true to its name.

There are many more facts and comments on cable, but I want to leave some time for discussion of your principal subject today - fair broadcasting and programming in the public interest.

There is an undeniable public outcry today against excessive, brutal violence and graphic sex on TV. A copy of my testimony submitted this week to the Senate Commerce Committee hearing chaired by Senator Fritz Hollings is attached.

I think we can best have a productive dialogue by my answering the program questions foremost in your mind. So, I'm now open to hostile questions or if you like, I'll anticipate one for openers.

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