

**Remarks by Chairman James H. Quello**  
**Before the**  
**Broadcasting & Cable Seventh Annual Interface Conference**  
**Washington, DC - November 9, 1993**

**Thank you.**

**You expected maybe Reed Hundt -- Sorry, you got me -- again. I want you to know that both you and I are disappointed. Reed has been held on the sidelines long enough. It is time for him to enter the so-called FCC "peaceful valley" on "M" St, the full service rest haven for beleaguered appointees. So, Reed, I'll pray for you -- both before and after you come to the Commission. I think you will appreciate it.**

**Actually, I feel that during the past 10 months I have served my time at hard labor and now deserve to be paroled, hopefully, for good conduct.**



Dick, I appreciate the generous comments and the reference to my "pre-posthumous" awards, but one of the few benefits of age is that it generates a becoming sense of your own self-unimportance. I'm reminded of the audience reaction to my comments at my fourth swearing-in ceremony -- I said I was gratified with the widespread support for my reappointment because I had been at the FCC long enough to have voted against each one of you at least once. The audience, mostly unruly lawyers and regulatory malcontents, yelled "twice." I bet now with cable implementation, finsyn, PCS allocations, LEO proposals, auctions, telco-cable acquisitions and dozens of other contentious decisions, they would shout "thrice" or maybe "four times!"

It is true that the past ten months was the most hectic period in my 19 plus years at the FCC. Fate and legislation ordained that period to be a productive period with enactment of an unprecedented number of significant items. At this stage in life I appreciate all the personal kudos, but remember the numerous accomplishments were those of the three man Quello-Barrett-Duggan Commission not those of the FCC Chairman alone. The FCC Chief Executive Officer in the final analysis is only one vote.

**Also, we are all indebted to the FCC Bureau Chiefs and staff that racked up hours of overtime at army rates (0) to meet almost impossible deadlines.**

**Among the more critical issues we decided 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 Lifting the outdated restrictions on network financial interest and syndication -- the first time the FCC had a unanimous vote.**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 warning about TV excesses in glamorized, explicit violence and sex and urging self-restraints under threat of regulation or legislation. I warned in a speech last March, "I once heard a word to the wise is superfluous."**

4. **Recommending and supporting telco entry into cable and vice versa (The Inouye-Danforth and Boucher-Oxley Bills) (The Bell Atlantic court decision, forerunner of many more) paving the way for two competitive 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; Paramount-Nynex-Viacom; Bell South-Prime Cable; Southwest Bell-Hauser; and possibly a Bell Company and ComCast) have the positive potential of acting to expedite the initiation of competitive super electronic highways envisioned by the Clinton administration with multi-channel, multi-faceted service to the public. The key active word here is competitive service and reasonable safeguards against cross subsidy. 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 could bring better service and reasonably competitive pricing to consumers and reduce need for complex cable 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 my personal opinion, the plus of this merger outweigh the minus as long as there is viable competition in each market.**

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

**This issue may well be finally decided by legal changes generated by courts and Congress. We are already seeing many other telco court challenges, as I predicted, similar to the Bell Atlantic court case which held cable-telco restrictions to be unconstitutional.**

- 5. A 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.**

**Another significant item with attractive added employment and manufacturing potential is our little LEO proposal at our last meeting. The important Big LEO NPRM for service standards and proposed allocation scheme is scheduled for the December meeting.**

**We also approved over 350 items by circulation during the past ten months.**

**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 preliminary results of the survey of rate decreases and increases were announced at the October 21st Commission meeting. The next step is a final report with results of a widespread inquiry on whether or not rate increases complied with FCC rate freezes and benchmarks, resulted in negative option billing 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.**

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



**We are mailing out about 30 letters of inquiry with investigatory overtones to cable companies this week. These letters were from Mayors, township or state officials that identified a potential problem or contained allegations that require an explanation.**

**Also, as you may have read, we are extending the cable rate freeze until February 15 to provide franchise authorities and subscribers an opportunity to become more familiar with cable rate regulations. Incidentally, it will also provide more time to stabilize cable rates.**

**We will soon announce plans to conduct informational cable seminars for local and state officials and cable operators in six cities. The FCC Cable Division will coordinate with the FCC Field Operations Bureau.**

**The informational cable seminars are planned for two days. They will be conducted in the FCC regional offices in Boston, Atlanta, Chicago, Kansas City, San Francisco and Seattle. Initial plans are to meet the first day with local and state franchise authorities and congressional and state legislative staffs. The second day will be devoted to meetings with cable operators and broadcasters. More cities may be added if warranted.**

**The exchange of information at these cable seminars will be useful in identifying problems and in offering practical solutions based on cable legislation and regulation.**

**On another subject, my brief opinion of the proposed Paramount and Time Warner fifth and sixth networks is: (1) More and, hopefully, better program selections for more consumers; (2) Developing a full network will be a slow and evolutionary process; (3) Necessarily a hybrid network of O and O stations, a few remaining independents and cable; (4) Efficient vertical integration of programming production and distribution; and (5) Another compelling argument for promptly releasing the three major networks from any remaining outdated Fin/Syn restrictions.**

**I believe the most important challenge facing the Commission in the next five years is to assure that our policies do not erode one of our nation's most valuable asset: universal free local broadcast service for all Americans.**

**Television, the most influential and pervasive of all media, is essential to a well informed citizenry and electorate in a democracy. I believe stations licensed by the government must have guaranteed access to the public they are licensed to serve. No monopoly or semi-monopoly transmission pipeline should have the power to prevent or obstruct that service, particularly when it becomes a competitor in advertising sales of stations that support free TV.**

**I believe the same principle of assuring universal free TV is applicable to freeing the three major networks from restrictions promulgated in 1970 during the long past era of network dominance. The Commission voted 3-1 back in 1983 to free networks from the outdated restrictions. I was the lone dissenter at that time because I thought the networks still had dominant market power. As you know, I have since changed my vote and my earnest convictions with the advent of so many diverse programming alternatives of 56 to the upcoming 500 cable channels,**

**I hope I'm still around to see the happy day when effective competition among multi-channel super electronic highways replace the need for government regulation.**

**In summary, industry, the communications bar and government must work together to implement advanced technology and to maintain and increase our communications leadership so that Americans remain the best informed, most gainfully employed and best served people in the world.**

**Thanks to all of you and to all my FCC associates for being such an important part of this challenging and exciting life. Best wishes to all of you for personal fulfillment in the exciting great years ahead!**

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