

MSU ALUMNI MAGAZINE ARTICLE BY COMMISSIONER JAMES H. QUELLO

October 18, 1996

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I'm gratified, too, that performing my duties in accordance with my reappointment slogan of "Delusions of Adequacy and 75% of My Marbles -- A Good Norm in Washington!" has found such charitable widespread acceptance in the form of a variety of awards. But among them all, the MSU awards I have received, the honorary Doctor of Humanities degree and two outstanding alumni awards, the most recent from the MSU Alumni Club of Washington, DC this fall, are of special significance to me.

It is customary at award time to graciously credit everyone who played a role in your achievements from office boy to chief executives to distant relatives. There is one all-important not distant relative who merits some kind of special recognition in this article. It is my fellow Spartan, best-loved friend and wife, Mary (Butler), Class of '36. Last September 14th, we observed, maybe even celebrated, our 59th wedding anniversary. We were married way back in the days when you said "I do" rather than "I did." The fact that I lasted 59 years is a rousing testimonial to her sense of humor.

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First (and it better be foremost!) Mary accepted my SAE fraternity pin at Michigan State. We have many pleasant memories of our college days together. Second, it is gratifying to be recognized as an outstanding alumnus awardee instead of an average student who spent more time working on the college newspaper and radio station than in the classroom. Third, both Mary and I are beneficiaries of such remarkable MSU growth and progress over the past 60 years that we are now graduates of a prestigious university rather than a small college, of a Big Ten school rather than an underdog independent. We are especially proud of MSU's continued growth and progress under the superb leadership of President Peter McPherson.

So I was especially pleased with this latest meaningful MSU award, and I'd like to think that our former great MSU President, Dr. John Hannah, up there somewhere, is pleased too.

And that's enough for personal biographical data, as fascinating as it may be -- to me. It is time to give readers an insight into the functioning and current deliberations of the FCC.

Our principal regulatory charge at the FCC is to assure that communications companies serve the overall "public interest," a term that is most frequently applied to broadcasting but also to other communications entities like telephones, satellites, and cable television systems.

One of the most basic questions is, "How do you define the 'public interest'?" First, the Congress enacted the Communications Act in 1934 and required licensees to operate their broadcast stations in the public interest. The phrase was deliberately vague so that the Congress and FCC could flexibly interpret and apply it to the many facets of broadcast regulation as they developed. Over the years, I have asked legal experts at the FCC for definitions of the "public interest," and these have varied according to individual philosophy and theory. Actually, I believe the late Walter Lippman defined it best in practical terms (albeit with no legal authentication). He said "The 'public interest' is what men would do if they thought clearly, decided rationally, and acted disinterestedly." This definition provides both a goal worth striving for and an objective which nobody is wise enough to attain.

In the final analysis, the term "public interest" serves as a general overall guide. It is subject to varied interpretations and for that reason it's a source of perennial uncertainty to the regulated industries. I once defined it, in perhaps oversimplistic terms, as it applied to the telephone and cable industry: "The best service to the most people at the most reasonable cost." Of course, the key word is "reasonable."

Other questions invariably include: "What is the biggest problem for an FCC Commissioner? And what is the regulatory power of the FCC?" The regulatory power of the FCC has been overestimated, challenged, debated and damned.

The function and jurisdiction of the FCC as an independent regulatory agency has been defined and guided by the Constitution and by our governing statute, the Communications Act of 1934. Under the Communications Act, the FCC was established as an "arm of Congress." Simply put, that means that Congress has given the FCC broad statutory guidelines, like the "public interest" standard, to guide our action, but effectively relies on the expertise of the five FCC Commissioners to fill in the blanks; that is, to write the detailed rules that will form the regulatory framework that applies to the telecommunications industry.

This obviously gives the FCC power that far exceeds its relatively diminutive size. (Can you believe that an agency numbering fewer than 2500 people is responsible for regulating the telephone, television, radio, satellite and wireless industries that account for almost 10 percent of the Gross National Product?)

For this reason, William F. Buckley, Jr. once stated that the FCC Chairman and Commissioners wield greater economic power than all the courts put together. Although that somewhat overstates FCC power -- after all, appellate courts do review our decisions -- the impact and ramifications of some of our decisions are awesome.

As the ultimate counterbalance, the Senate and the House exercise what is called "oversight" authority and thereby make certain that all regulatory agencies maintain a becoming humility. The numerous inquiries from oversight and special study or investigatory committees are a regulatory fact of life. The questioning is ethical, intense and detailed. In fact, I've humorously said that it would be only a matter of time before Commissioners would be called upon to respond to the following question in an oversight inquiry: "Is there anything known only to you that could possibly be used to embarrass, discredit, or impeach you? Please state, and remember you are under oath."

My good friend, Chairman John Dingell, the distinguished Democrat communications leader in the House, gave me fair advance warning. When I was first nominated to be an FCC Commissioner, he said, "What do you want the damn job for? You will be beat up by Congress and overruled in the court." We do get beat up by Congress from time to time, but fortunately most of our decisions are sustained in court.

The biggest problem facing Commissioners? Well, believe it or not, I'd say it's decisionmaking. As I mentioned before, our decisions can have tremendous impact on the industries we regulate and on the public at large. Industry lobbying at the FCC is, predictably, intense. After all, most telecommunications companies are big, and therefore even our comparatively minor decisions often involve millions of dollars to the affected parties. Arguments, pro and con, are complex, detailed and expertly presented. You listen, read, deliberate, soul-search and agonize. You even wish you could flip a coin in some cases.

I'm not a lawyer, so my approach to regulation and decisionmaking is more journalistic than legalistic. My bottom line is the basic, and difficult, search for truth. For me, however, the first and foremost consideration is, which action best serves the overall public interest? Where do reason and justice predominate? Which viewpoint or action scores the most points legally, ethically and morally?

Finally, however, it happens -- the day comes when the reading, listening, analyzing and agonizing are over and you have to come to some decision. Promptly after a Commission decision, three things happen:

First, the losing parties immediately accuse the Commission of not serving the public interest. (Translation: Because you haven't served their private economic interests or adopted their proposals, you haven't served the public interest.) Your motives are frequently impugned and your judgment criticized. Needless to say, self-serving impugning of FCC motives is counter-productive and usually resented.

Second, the losing parties damn you in Congress, in the press, and among friends and organizations sympathetic to their cause or viewpoints.

Third, the FCC decision is appealed in court. This, of course, is a perfectly legal and ethical recourse. I never consider it a personal affront for industries to exercise their full legal options, as I would do in their place; in fact, I often tell attorneys, please skip to this step and spare us the first two steps!

My service at the hectic-paced FCC has been the most fascinating and productive experience of my professional career. It has been a privilege to actively participate in the massive transformation in telecommunications from 1974 to 1996. The basic TV and radio services of the 1970s have been dramatically changed by the multi-channel, multi-faceted communications world of today. Today, we have a superabundance of services available to the public -- an increased number of free over-the-air radio and TV stations, cable systems, direct-broadcast satellite TV, low-power TV, multichannel microwave TV, the Internet and, soon, broadband voice, data and video services provided by local telephone companies.

Even more dramatic changes are on the horizon. Broadcast television, an analog service since its inception in the 1930s, is in the process of changing to a digital transmission format. This change from analog to digital TV technology will have a profound impact on the way all of us use television. It will, for example, allow for even more over-the-air TV channels due to signal compression, while at the same time upgrading the picture to 35 mm quality and the sound to CD-stereo quality. Perhaps more important, however, is the fact that a digital television can also accommodate both telephony and computer uses. Therefore, in the not-too-distant future, you will be able to use your TV not just to watch your favorite TV show, but to interact with it: you

will be able, for example, to choose your camera angle, change the plot as it unfolds, and, in your spare time, use your TV as you would your PC and your telephone.

Exciting? You bet it is. With these dramatic advances in technology, communications are destined to play an even more important role in influencing the lifestyle and the social and cultural development of America.

In recognition of these technological changes, Congress overhauled the 1934 Communications Act last year. The landmark Telecommunications Act of 1996 reduced radio and TV regulation, allowed for increased multiple ownership of broadcast properties and, most important, broke down the barriers to competition in the provision of local telephone service. The legislative and regulatory goal of the 1996 Act is better service and more reasonable competitive pricing for the public.

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The orderly, compatible implementation of telecommunications technology is now underway and will require the best of our dedicated staff's expertise and the Commissioners' judgment.

I believe government should encourage industries to achieve our goals by working with industry in a progressive spirit of mutual cooperation to encourage growth and innovation with minimal regulatory intrusion. In this regard, it is significant to note that President Clinton has cited "reduced regulation" as one of the mainstays of his presidency and of his re-election platform.

Long range, our continued world leadership in telecommunications as well as efficient reasonable service to American consumers is at stake. I believe the Congress, the administration and the FCC are equal to the challenge.

-FCC-

TELECOMMUNICATIONS TODAY

A VIEW FROM THE COMMISH

By James Quello, '35



After serving 21 years as FCC commissioner, the author analyzes some of the main forces that are shaping today's telecommunications industry.

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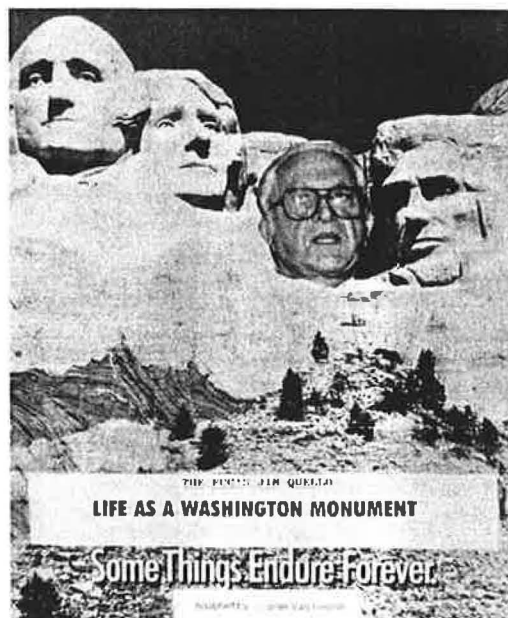
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No need to worry—Teddy Roosevelt's place in Mount Rushmore is safe. This mock photo montage was created by Quello's friends at the FCC as a tribute to his lengthy tenure, which began 21 years ago during the Richard Nixon presidency.

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JAMES QUELLO



DEAN OF THE FCC

James Quello, '35, is often called the "Dean of the FCC." One colleague calls him "the George Washington of the FCC—first in war, first in peace, and first in the hearts of his fellow commissioners."

He was named a commissioner of the Federal Communications Commission in 1974, and has since been reappointed and confirmed four times. His tenure has extended over six presidencies, from Nixon's to Clinton's. No one in America has played a more pivotal role these past two decades in helping shape the massive changes in the world of mass communications.

Quello was born in Laurium, Michigan, in 1914. Both he and his wife, Mary, '36, graduated from MSU, and currently live in Alexandria, VA. He served in the Army during World War II for five years—33 months overseas in Africa, Sicily, Italy, France and Germany. He survived six amphibious landings, and earned numerous decorations.

"Jim Quello's record of valor in World War II combat against the Nazis, including an elite SS contingent, served to condition him for 22 years of battling at the Commission," says Abbott Washburn, a fellow FCC commissioner (1974–82).

He rose to fame in Michigan while serving as general station manager of Detroit's WJR radio. During that tenure, he found time to serve on the Detroit Housing and Urban Renewal Commission for 21 years—appointed by four different mayors. He also received bipartisan support as Trustee of the Michigan Veterans Trust Fund for 22 years.

As a station manager, he made enough of an impact to earn a national reputation. The Michigan Association of Broadcasters once introduced him as "a cross between Damon Runyan and the Godfather" and called him "Trumanesque" for his forthright, down to earth approach. He served as a former president of the MAB and has won its top honor, the Lifetime Achievement Award. He has also won the Distinguished Service Award from the National Association of Broadcasters—the highest national honor.

Indeed, his induction into the Radio Hall of Fame this year came after having won just about every telecommunications award and honor. At last count, he has received 32 awards—"my pre-posthumous awards," he quips—that take three single-spaced pages to cite.

"When you become venerable," says Quello, "you get credit for virtues you never possessed."

But the tributes given Quello by colleagues at a recent luncheon in Washington DC prove that enough people believe he possesses plenty of virtues.

"Commissioner Quello is one of the best policy makers, if not the best, in Washington," says David L. Donovan, a colleague. "He is blessed with the gifts of sound judgment, eternal youth and an intuitive sense of what is right." Adds Mark S. Fowler, "Jim Quello has performed a seldom achieved feat of Washington alchemy: turning experience into wisdom."

Sums up Henry M. Rivera, "Commissioner Quello is one of those unusual people possessed of an endless supply of both common sense and consideration for other people; it is an admirable combination that is the essence of great men."