

REMARKS BY
FCC COMMISSIONER JAMES H. QUELLO
AT
THE AMERICAN NEWSPAPER PUBLISHERS ASSOCIATION CONFERENCE
VISTA HOTEL
WASHINGTON, D.C.
OCTOBER 9, 1985

I'M DELIGHTED THAT THE DISTINGUISHED FORMER FCC CHAIRMAN AND NOW A LEADING LEGAL PRACTITIONER PROVIDED ME WITH THIS OPPORTUNITY TO INFORMALLY EXCHANGE VIEWPOINTS WITH THIS PRESTIGIOUS ANPA GROUP.

AND, I ESPECIALLY APPRECIATE THE GRACIOUS INTRODUCTION. IN FACT, I APPRECIATE ANY GRACIOUS INTRODUCTION FROM ANY UNREGULATED ENTITY. YOU SEE, MANY OF MY INTRODUCTIONS SEEM FORMULATED FOR THE PURPOSE OF TESTING A SPEAKER'S TOLERANCE FOR HUMOR.

IN ONE OF MY RECENT SPEECHES TITLED "FCC -- FROM CRISIS TO CRISIS," THE MC, AN OLD FRIEND JADED AND BORED BY YEARS OF CLOSE ASSOCIATION WITH ME, INTRODUCED ME SAYING "THE CRISIS SITUATION HAS BECOME SO PERVASIVE AT THE FCC, IT HAS CAUSED OUR SPEAKER TODAY MANY A SLEEPLESS AFTERNOON." OF COURSE, HE WASN'T FROM A REGULATED INDUSTRY.

ANOTHER TOASTMASTER WITH A LIGHT SMIRK INTRODUCED ME AT MY "INSIDE VIEW OF REGULATORY WASHINGTON" SPEECH WITH "AND NOW HERE IS THE DOPE FROM WASHINGTON, JIM QUELLO." HE WAS FROM A REGULATED INDUSTRY, TOO, BUT HIS LICENSE HAD JUST BEEN RENEWED FOR SEVEN YEARS!

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ANOTHER AND FORMER BROADCAST EXECUTIVE, STERLING "RED" QUINLAN SENT ME A COPY OF HIS LATEST BOOK LAST SUMMER TITLED "HOW YOU TOO CAN BECOME AN EXEMPLARY H.A." IT WAS INSCRIBED TO "JIM QUELLO WHO HAS ALWAYS BEEN ONE OF US. REJOICE! WE SHALL YET OVERCOME! --- RED" -- E.H.A. IS A WELL ESTABLISHED CATEGORY IN WASHINGTON AND I FEEL PERFECTLY AT HOME HERE.

MY SENSE OF HUMOR SEEMS DESTINED TO BE TESTED EVEN IN MY OWN OFFICE. LAST MONTH, I WORE A SILK TIE MY WIFE BROUGHT ME FROM CHINA -- WITH A DESIGN OF A BEAUTIFUL HAND PAINTED PANDA. A LONGTIME ASSOCIATE REMARKED IT WAS A VERY DISTINCTIVE TIE, "BUT PANDAS ARE WIDELY KNOWN TO MATE ONLY ONCE A YEAR --- DO YOU WONDER WHY YOUR WIFE GAVE IT TO YOU?"

YOU DO FIND THAT A TOLERANT, ALL-ENCOMPASSING SENSE OF HUMOR IS A DEFINITE PLUS AT THE FCC. IN FACT, A LAID-BACK POSITIVE OUTLOOK WITH A SENSE OF SELF-UNIMPORTANCE IS PARTICULARLY HELPFUL IN YOUR DIALOGUE WITH CONGRESS AT OVERSIGHT HEARINGS. AT OVERSIGHT ONE SIDE OR THE OTHER CRITIQUES OUR TRADITIONAL DISMAL PERFORMANCE AND REMIND US "REMEMBER, YOU ARE AN INDEPENDENT GOVERNMENT AGENCY, INDEPENDENT OF THE EXECUTIVE BRANCH, NOT CONGRESS. YOU ARE AN ARM OF CONGRESS." THIS PRESENTS QUITE A PARADOX BECAUSE WE ARE APPOINTED BY THE PRESIDENT -- WHO IS STRONGLY IDENTIFIED WITH THE EXECUTIVE BRANCH.

HOWEVER, WE DON'T ALWAYS FEEL LIKE RODNEY DANGERFIELD. THERE ARE OCCASIONAL MOMENTS THAT DEMONSTRATE THE IMPORTANCE OF HAVING A COMMISSION VOTE. (CITE ITALY EXPERIENCE.)

ANYWAY, SO MUCH HAS HAPPENED SINCE I SPOKE TO YOU 10 YEARS AGO. THERE HAVE BEEN TWO NATIONAL ELECTIONS, A MIND BOGGLING TELECOMMUNICATIONS EXPLOSION AND TWO REAPPOINTMENTS FOR ME TO THE FCC WITH MY CURRENT TERM EXPIRING JUNE 30, 1991. WHEN CHAIRMAN BARRY GOLDWATER ASKED ME AT CONFIRMATION IF I WERE WILLING TO SERVE MY FULL TERM, I SAID "YES SIR, IF GOD IS WILLING, I'M WILLING."

NOW TO THE MAIN SUBJECT ON HAND -- I'M JUST BRIMMING WITH VIEWS AND STORIES ABOUT CONTROVERSIAL REGULATORY ISSUES THAT I WANT TO SHARE WITH YOU. THERE'S BEEN A PRODUCTIVE EVOLUTION FROM OVERREGULATION, TO DEREGULATION, TO UNREGULATION, TO MARKETPLACE SELF REGULATION WITH AN OCCASIONAL COUNTER-PRODUCTIVE LAPSE INTO REGULATORY ANARCHY. I'M GLAD I WAS AROUND TO PARTICIPATE IN THE LONG OVERDUE DEREGULATORY TRANSITION AND ALSO TO REGISTER AN OCCASIONAL DISSENT WHEN OUR ACTIONS STRIKE ME AS COUNTERPRODUCTIVE.

I'LL LIST THE FOREMOST CURRENT CRISIS ISSUES THAT IMPACT PUBLISHING AND THE TELECOMMUNICATIONS INDUSTRY.

THEN, I'LL START THE DIALOGUE BY ASKING MYSELF A FEW SELF-IMPOSED PRESS CONFERENCE QUESTIONS. I'LL THEN ANSWER ANY QUESTIONS YOU MAY HAVE REGARDING THE SUBJECTS LISTED BELOW. YOU CAN EXPECT A FRANK BOTTOM LINE OPINION OR A STATUS UPDATE DEPENDING ON THE LEGAL SENSITIVITY OF THE ISSUE.

THE MOST CONTENTIOUS RECENT ISSUES ARE: THE MEDIA MANIA -- MERGERS AND HOSTILE TAKEOVERS; FULL FIRST AMENDMENT FREEDOMS FOR BROADCASTING -- REPEAL OF THE FAIRNESS DOCTRINE AND EQUAL

TIME PROVISION OF SECTION 315; BROADCAST DEREGULATION; PUBLIC BROADCASTING V FOR U SWAPS; ADVERTISING AUTHORIZATIONS FOR PUBLIC BROADCASTING; MULTIPLE OWNERSHIP RULES AND CROSS OWNERSHIP RESTRICTIONS; CABLE MUST CARRY AND COPYRIGHT; BEER-WINE ADVERTISING BAN; TELEPHONE RESTRUCTURING AND RATES; PROBLEMS OF THE ADVERSARIAL PRESS; SPECTRUM ALLOCATION AND SHARING, ETC.

EACH OF THE ABOVE SUBJECTS COULD MERIT A FULL SPEECH IN ITSELF.

I'LL START OUT BY ANTICIPATING A QUESTION ON A CURRENT SUBJECT THAT IMPACTS SO MANY PEOPLE IN PUBLISHING AND BROADCASTING -- TAKEOVERS AND MERGERS.

THE QUESTION COULD WELL BE "WHY THE SUDDEN EXPLOSIVE SURGE IN THE URGE TO MERGE IN BROADCAST STOCKS? WHAT PART DOES THE FCC PLAY IN THE TAKEOVERS? WHAT IS THE BASIS OF YOUR LONE DISSENT IN THE TRUSTEE CONCEPT? **(AD LIB MERGER DATA)**

I HAVE DIFFICULTY IN RECONCILING THE TRUSTEE CONCEPT IN UNFRIENDLY TAKEOVERS AS A MARK OF NEUTRALITY. I GIVE IT AN A+ AS A CREATIVE LEGAL MACHINATION TO ATTAIN AN EDGE FOR A CLIENT IN A HOSTILE TAKEOVER. BUT IF OUR OBJECTIVE IS TO BE NEITHER SWORD OR SHIELD IN TAKEOVERS, WHY THE LEGALLY REQUIRED LONG FORM 315 OR 314 IN FRIENDLY TAKEOVERS WHILE IN A HOSTILE TAKEOVER THE PROCESS IS EXPEDITED BY THE TRUSTEE CONCEPT. (CITE JACK KENT COOKE RESULT.)

BRIEFLY DISCUSS: ABC-CAPITAL CITIES
 TURNER-CBS
 KKR-STORER
 MURDOCH-METROMEDIA
 COOKE-MULTIMEDIA
 TRIBUNE-KTLA
 COX, TAFT AND WESTINGHOUSE ANTI-TAKEOVER
 MOVES
 FAIRNESS DOCTRINE; FCC INQUIRY FINDINGS
 AND RECOMMENDATIONS.

IF TIME PERMITS: HAS UNREGULATION BENEFITTED THE PUBLIC AS WELL AS INDUSTRY?

IN THE PAST FEW YEARS, THE FCC HAS DONE MORE THAN ANY FCC IN HISTORY TO GET GOVERNMENT OFF INDUSTRIES' BACKS. I THINK IT HAS WORKED WELL FOR THE AMERICAN PUBLIC AS WELL AS FOR THE INDUSTRY. THE OVERALL RESULT WAS MASSIVE ELIMINATION OF UNNECESSARY PAPERWORK, SUBSTANTIAL SAVINGS OF MAN HOURS AND MONEY FOR BOTH GOVERNMENT AND INDUSTRY. IMPORTANTLY, IT ACCORDED BROADCASTERS FREEDOM TO PROVIDE PROGRAMS FOR PUBLIC ACCEPTANCE RATHER THAN GOVERNMENT COMPLIANCE. IN SHORT, THE GENERAL PUBLIC ITSELF DETERMINED THE PUBLIC INTEREST REQUIREMENTS. (GIVE EXAMPLES IF TIME PERMITS.)

NEWSPAPER CROSS OWNERSHIP: NEWSPAPERS ARE FREE TO APPLY FOR WAIVER IF THEY CAN DEVELOP A CONVINCING CASE THAT DIVESTITURE WOULD LESSEN DIVERSITY OF MEDIA AVAILABLE TO THE PUBLIC. (CITE WASHINGTON, BOSTON AND PHILADELPHIA NEWSPAPERS GOING OUT OF BUSINESS DUE TO DIVESTING TV STATIONS.) PERHAPS ANPA MAY BE

INTERESTED IN PROVIDING PERSUASIVE FACTS THAT COULD LEAD TO A PROPOSED RULEMAKING, BUT THE BURDEN OF PROOF WOULD BE HEAVY. CROSS OWNERSHIP OF NEWSPAPERS AND CABLE IS PERMITTED BY STATUTE -- CABLE ACT OF 1984.

A WORD ABOUT MY OPERATING PHILOSOPHY. . .MY GENERAL APPROACH TO COMMUNICATIONS POLICY IS PRO-COMPETITIVE. I BELIEVE MARKETPLACE SOLUTIONS FOR RADIO, TV AND ADVERTISING ARE IN MOST CASES BETTER THAN REGULATORY ONES. I SUPPORTED THE CURRENT EFFORTS TO DISCARD EXCESS REGULATORY BAGGAGE. IT IS FREQUENTLY TOO EASY FOR REGULATION TO ACQUIRE A LIFE OF ITS OWN AND TO CONTINUE WHEN THE NEED HAS PASSED. HOWEVER, I WILL QUESTION ANY DEREGULATORY ACTION THAT MIGHT ULTIMATELY REDUCE THE QUALITY OF TELECOMMUNICATIONS SERVICES AVAILABLE TO THE PUBLIC. IN PARTICULAR, OUR AGENCY MUST GUARD AGAINST ELEVATING ADMINISTRATIVE CONVENIENCE TO A POINT THAT JEOPARDIZES OUR ABILITY TO ENSURE PROPER TECHNICAL STANDARDS AND OPERATIONS. ALSO, I BELIEVE THAT WITH DEREGULATION COMES ADDED RESPONSIBILITY TO STRONGLY MONITOR THE TELECOMMUNICATIONS ENVIRONMENT TO ENSURE QUALITY OF SERVICE IN THE PUBLIC INTEREST.

I DO BELIEVE GOVERNMENT REGULATION IS BEST CONDUCTED IN A SPIRIT OF MUTUAL COOPERATION WITH REGULATED INDUSTRIES. I BELIEVE PROGRESS CAN BEST BE ACHIEVED WITH A CONSTRUCTIVE GOVERNMENT ATTITUDE THAT PROVIDES INCENTIVES FOR INNOVATION, GROWTH AND IMPROVEMENT IN SERVICE AND PRODUCTS FOR THE PUBLIC. WE SHOULD RESERVE ADVERSARY PROCEEDINGS FOR MAJOR UNRESOLVED DISAGREEMENTS OR EGREGIOUS VIOLATIONS. IN RETURN, WE SHOULD

EXPECT THAT TELECOMMUNICATIONS COMPANIES, BECAUSE OF THEIR GREAT IMPACT ON THE AMERICAN WAY OF LIFE, MAINTAIN A STRONG SENSE OF SOCIAL CONSCIOUSNESS.

BROADCAST LICENSEES, AND FOR THAT MATTER, ALL BUSINESSES AND CORPORATIONS, HAVE INHERENT RESPONSIBILITIES AS PUBLIC TRUSTEES. IN AMERICA, ALL CORPORATIONS EXIST BY THE WILL OF THE PEOPLE. IT BEHOOVES ALL CORPORATIONS, ACTING IN THEIR OWN SELF-INTERESTS, TO CONDUCT THEMSELVES WITH A KEEN SENSE OF SOCIAL PURPOSE, NOT ONLY ECONOMIC PURPOSE. I BELIEVE THE FREE ENTERPRISE OR CORPORATE SYSTEM WORKS IN AMERICA, BUT SOMEONE ONCE TOLD ME AND I KEEP REMINDING MYSELF THAT IT WAS NOT ORDAINED BY GOD . . . IN A DEMOCRACY, ANY ECONOMIC OR SOCIAL SYSTEM CAN BE LEGALLY ALTERED BY THE PEOPLE AT THE POLLS. SO, THE PEOPLE HAVE A RIGHT TO EXPECT REASONABLE BENEFITS, FAIR TREATMENT AND EQUITABLE DISTRIBUTION OF WEALTH FOR THE PUBLIC GOOD. THE GREAT MAJORITY OF AMERICAN TELECOMMUNICATIONS AND BROADCASTING CORPORATIONS HAVE REASONABLY FULFILLED MOST EXPECTATIONS BY PROVIDING THE AMERICAN PEOPLE WITH THE BEST COMMUNICATIONS SERVICES IN THE WORLD AND ITS EMPLOYEES WITH A HIGH STANDARD OF LIVING. ONE OF OUR HIGHEST GOVERNMENT PRIORITIES MUST BE TO PRESERVE AMERICA'S MARKETS AND OUR PREEMINENT POSITION IN WORLD COMMUNICATIONS TO ASSURE HEALTHY, PROGRESSIVE INDUSTRIES WITH GAINFULLY EMPLOYED AMERICANS.

OVERALL, IT'S A CHALLENGING, FASCINATING TIME TO BE AT THE FEDERAL COMMUNICATIONS COMMISSION. CONGRESS, THE FCC, THE PUBLIC, BROADCASTING AND PUBLISHING MUST ALL WORK TOGETHER TO

MAINTAIN AND INCREASE OUR COMMUNICATIONS LEADERSHIP SO THAT
AMERICANS REMAIN THE BEST INFORMED AND BEST SERVED PEOPLE IN THE
WORLD.