

REMARKS BY COMMISSIONER JAMES H. QUELLO
BEFORE THE
ARIZONA BROADCASTERS ASSOCIATION ANNUAL CONVENTION
SCOTTSDALE, ARIZONA - NOVEMBER 10, 1989

1. A NEW CHAIRMAN AND TWO OTHER NEW COMMISSIONERS INTRODUCES A NEW ERA IN THE REGULATION OF TELECOMMUNICATIONS. YOU'VE BEEN INVOLVED OVER THESE PAST TWO DECADES IN SEVERAL OF THESE TRANSITIONS. DO YOU NOTE ANY PARTICULAR DIFFERENCES IN THIS INFLUX OF NEW REGULATORS?

A. IN MY SIXTEEN YEARS AT THE COMMISSION, I HAVE SEEN SEVERAL TRANSITIONS. EACH NEW CHAIRMAN ESTABLISHES HIS OWN AGENDA. I BELIEVE THAT WITH CHAIRMAN SIKES AND THE NEW COMMISSIONERS, SHERRIE MARSHALL AND ANDREW BARRETT, YOU WILL SEE A COMMISSION MORE CONCERNED NOT ONLY WITH THE MARKETPLACE BUT ALSO WITH THE OPPORTUNITIES OF IMPROVING THE EFFICIENCY OF THE COMMISSION'S OPERATIONS. THE TRAINS WILL RUN ON TIME! EVERY DELAY IN PROCESSING APPLICATIONS RESULTS IN FURTHER DELAYS IN SERVICES AVAILABLE TO THE PUBLIC.

ON ANOTHER NOTE, I BELIEVE THAT CHAIRMAN SIKES AND THE NEW COMMISSION WILL BE ABLE TO WORK COOPERATIVELY WITH CONGRESS TO BETTER SERVE THE PUBLIC INTEREST.

LOOKING BACK TO ALL THE COMMISSIONERS I HAVE HAD THE PLEASURE TO SERVE WITH, I RECOGNIZE THAT EACH BROUGHT TO THE COMMISSION UNIQUE TALENTS AND ABILITIES. I AM LOOKING FORWARD TO WORKING WITH CHAIRMAN SIKES AND COMMISSIONERS MARSHALL AND BARRETT.

2. SINCE THE MID-SEVENTIES, THE PRIMARY THEME OF FCC ACTION SEEMS TO HAVE BEEN DEREGULATION: LET THE MARKETPLACE RULE -- MORE IS BETTER. DOES THE FUTURE, IN YOUR OPINION, HOLD THE SAME PROSPECT?

A. AS I HAVE SAID ON MANY OCCASIONS, THERE IS A DISTINCTION BETWEEN DEREGULATION AND ANARCHY. WHILE I HAVE BEEN A PROPONENT OF MANY OF THE DEREGULATORY EFFORTS MADE BY PAST CHAIRMEN, I HAVE DIFFERED WITH THEM WHEN I THOUGHT THEIR DEREGULATORY EFFORTS BORDERED ON ANARCHY. FOR

EXAMPLE, I BELIEVE THE COMMISSION WENT TOO FAR IN THE AREA ~~eliminating~~ OFF MUST CARRY *and highly leveraged roadside takeovers*

I OPPOSE THE PHILOSOPHY THAT MORE IS ALWAYS BETTER. MORE IS NOT ALWAYS BETTER. I DO BELIEVE THAT THERE IS SUCH A THING AS RUINOUS COMPETITION RESULTING IN LOSS OF SERVICE TO COMMUNITIES. *affecting economic viability of broadcaster* WITH RESPECT TO THE NEW COMMISSION, THE MARKETPLACE APPROACH WILL CONTINUE TO BE THE OVERALL DIRECTIVE, HOWEVER, I THINK THE NEW COMMISSIONERS DO HAVE A SENSE OF REALITY ABOUT TELECOMMUNICATION BUSINESSES. THEREFORE, I DO NOT BELIEVE THAT YOU WILL SEE DEREGULATION SIMPLY FOR THE SAKE OF DEREGULATION. I BELIEVE THAT DEREGULATION WILL CONTINUE, BUT ONLY IN THOSE AREAS THAT WILL TRULY BENEFIT THE AMERICAN PUBLIC.

(COULD ADD OPPOSITION TO 3-YEAR RULE HERE.)

3. IN THE NEAR TERM, WHICH ISSUES RELATED TO BROADCASTING WILL RECEIVE CLOSEST ATTENTION FROM THE COMMISSION?

A. ON NOVEMBER 16TH, THE COMMISSION WILL CONDUCT AN EN BANC HEARING ON AM RADIO. THIS HEARING IS DESIGNED TO AUGMENT THE ONGOING PROCEEDINGS EXAMINING THE TECHNICAL PROBLEMS WITH AM RADIO. AS YOU KNOW, THE COMMISSION HAS BEEN VERY CONCERNED ABOUT THE QUALITY OF AM RADIO SIGNALS AND IS ATTEMPTING AN OVERALL REVIEW OF THE AM SERVICE. HOPEFULLY, THIS REVIEW AND INPUT FROM THE PUBLIC AND BROADCASTERS WILL ALLOW THE COMMISSION TO REMEDY SOME OF THE PROBLEMS CURRENTLY PLAGUING AM RADIO SERVICE. *In short, we want to do all we logically can to keep AM radio.*

THE TELCO-CABLE DEBATE IS ANOTHER ISSUE THAT INVOLVES BROADCASTING. *ramifications* I TOOK THE UNUSUAL STEP TO EXPRESS MY CONCERNS PUBLICALLY MIDSTREAM IN THE COURSE OF THE COMMISSION'S INQUIRY. I WANT THE TELCO/CABLE DEBATE TO ADDRESS THE ROLE OF BROADCASTING. PERSONALLY, I DO NOT BELIEVE THE TELCO/CABLE ISSUE WILL BE RESOLVED IN THE NEAR *universal* FUTURE; HOWEVER, I DO BELIEVE IT IS IMPORTANT THAT FREE OVER-THE-AIR BROADCASTING IS NOT EXCLUDED FROM ANY OF THE DISCUSSIONS AND DEBATES THAT WILL BE OCCURRING BETWEEN THE TELEPHONE COMPANIES AND THE CABLE INDUSTRY. IN THE EVENT THAT TELEPHONE COMPANIES ARE ABLE TO PROVIDE VIDEO PROGRAMMING, I WOULD LIKE TO SEE LOCAL OVER-THE-AIR BROADCAST SIGNALS CARRIED AS PART OF THE TELEPHONE SYSTEM'S BASIC SERVICE. PERHAPS LOCAL BROADCAST SIGNALS CARRIED BY THE TELEPHONE COMPANY WOULD HAVE THE SAME STATUS AS LIFELINE OR UNIVERSAL TELEPHONE SERVICE.

4. ARIZONA RADIO STATIONS RENEW THEIR FCC LICENSE IN 1990. WHAT ARE THE TWO OR THREE MOST IMPORTANT AREAS REVIEWED BY THE FCC IN DETERMINING A STATION'S RENEWAL QUALIFICATIONS?

A. IT IS IMPORTANT TO RECOGNIZE THAT THE FCC IS SIGNIFICANTLY INCREASING ITS EEO ENFORCEMENT. EVERY RENEWAL APPLICATION IS REVIEWED FOR EEO COMPLIANCE. BROADCAST STATIONS ARE REQUIRED TO UTILIZE AN EEO PLAN IN TERMS OF MINORITY REFERRAL SOURCES FOR EVERY JOB POSITION THAT BECOMES AVAILABLE. IT SHOULD BE NOTED THAT THE COMMISSION HAS IMPOSED SIGNIFICANT SANCTIONS ON SEVERAL FACILITIES. KYFC-TV IN KANSAS CITY, MO, RECEIVED A \$10,000 FORFEITURE AND SHORT-TERM RENEWAL. PENALTIES WERE ALSO IMPOSED ON WGBR IN GOLDSBORO, NC; WDAR IN DARLINGTON, NC; AND WSBY IN SALISBURY, NC.

THE COMMISSION IS NOW FOCUSING ON LICENSEE EFFORTS RATHER THAN JUST PARITY NUMBERS IN REVIEWING THE BROADCASTER'S EEO PROGRAM. ONCE AGAIN, EVERY STATION WILL BE SUBJECT TO EEO REVIEW AT RENEWAL TIME REGARDLESS OF THE LICENSEE'S EMPLOYMENT PROFILE.

UNDER THE COMMISSION'S OLD RULES, ONLY THOSE BROADCAST STATIONS BELOW PARITY WERE REVIEWED. COMPLIANCE WITH STATISTICAL PARITY, IN OTHER WORDS, WILL NOT BE ENOUGH. THE FCC'S EEO REVIEW WILL FOCUS ON BROADCASTER'S EFFORTS IN RECRUITING AND HIRING MINORITIES. WHERE THERE HAS BEEN A LACK OF EFFORT, THE COMMISSION MAY CHOOSE TO PLACE A STATION ON A REPORTING CONDITION, ASSESS FORFEITURES OR EVEN GRANT ONLY A SHORT-TERM RENEWAL.

STATION RENEWAL QUALIF.

THE COMMISSION WILL ALSO EXAMINE COMPLIANCE WITH ITS ^{important} ~~complaints~~ ^{complaints} TECHNICAL AND REPORTING RULES, AS WELL AS ISSUE RESPONSIVE PROGRAMMING. CERTAINLY WE WILL EXAMINE PETITIONS TO DENY AND COMPLAINTS LODGED AGAINST THE BROADCAST LICENSEE.

AGAIN, IF THERE IS ONE THING THAT I COULD STRESS IN THIS LICENSE RENEWAL PERIOD, IT IS THE EEO EFFORTS OF BROADCAST LICENSEES.

5. "INDECENCY" IN BROADCAST CONTENT HAS THE FCC, THE PUBLIC, THE BROADCAST INDUSTRY, THE CONGRESS AND COURTS ON A MERRY-GO-ROUND OF CONFLICT AND CONFUSION. GIVE YOUR ASSESSMENT OF THIS COMPLICATED ISSUE.

A. YOU ARE CORRECT IN YOUR ASSESSMENT OF THE ISSUE OF INDECENCY. IT IS A VERY COMPLICATED ISSUE. FIRST, IT SHOULD BE UNDERSTOOD BY ALL LISTENERS THAT THE LAW PROHIBITS THE BROADCAST OF OBSCENE OR INDECENT LANGUAGE. AND SPECIFICALLY, THE COMMUNICATIONS ACT REQUIRES THE COMMISSION TO ENFORCE THE U.S. CRIMINAL CODE PROHIBITING THE BROADCAST OF OBSCENE AND INDECENT LANGUAGE. SO, FUNDAMENTALLY THE COMMISSION IS ONLY ENFORCING THE U.S. CRIMINAL CODE REGARDING OBSCENE AND INDECENT LANGUAGE.

OVER THE PAST FEW YEARS, THE COMMISSION HAS RECEIVED A NUMBER OF COMPLAINTS AGAINST THE "SHOCK JOCKS" TYPICALLY BEING AIRED ON DRIVE-TIME RADIO; AND ALSO AGAINST PROGRAMMING THAT MANY THOUGHT UNSUITABLE FOR A YOUNGER BROADCAST AUDIENCE. IN RESPONSE TO THESE COMPLAINTS AND OPERATING WITHIN OUR AUTHORITY, THE COMMISSION HAS AND WILL CONTINUE TO CRACK DOWN ON THE BROADCAST OF OBSCENE OR INDECENT LANGUAGE.

THE COMMISSION HAS LEGALLY DEFINED INDECENCY AS REFERRING TO LANGUAGE OR MATERIAL THAT DEPICTS OR DESCRIBES, IN TERMS PATENTLY OFFENSIVE AS MEASURED BY CONTEMPORARY COMMUNITY STANDARDS FOR THE BROADCAST MEDIUM, SEXUAL OR EXCRETORY ACTIVITIES OR ORGANS.

THE UNDERLYING PURPOSE OF SUCH LAWS AND RULES IS TO SEPARATE CHILDREN FROM PROGRAM CONTENT CONTAINING OBSCENE OR INDECENT LANGUAGE.

THE COURTS HAVE UPHELD THIS DEFINITION OF INDECENCY. HOWEVER, WE HAVE BEEN FRUSTRATED IN OUR ATTEMPTS TO ENFORCE THE STATUTE, ESPECIALLY AT NIGHT. IN 1987, THE COMMISSION HELD THAT INDECENT PROGRAMMING COULD NOT BE BROADCAST BEFORE 12 MIDNIGHT. PRIOR TO THIS DECISION, BROADCASTERS COULD PRESENT SUCH MATERIAL AFTER 10 PM.

THE COURT HELD THAT THE COMMISSION LACKED SUFFICIENT EVIDENCE TO SUPPORT ITS POSITION. IT UPHELD OUR ENFORCEMENT ONLY DURING THE DAYTIME HOURS.

DURING THIS TIME, CONGRESS STEPPED IN AND ENACTED A 24 HOUR BAN ON INDECENT BROADCASTS. HOWEVER, ENFORCEMENT OF THE 24 HOUR BAN WAS STAYED BY THE COURTS.

LAST MONTH THE COMMISSION INITIATED A NOTICE OF INQUIRY TO SOLICIT COMMENT ON WHETHER THERE IS EVIDENCE TO SUPPORT A 24 HOUR BAN. THE INFORMATION GLEANED FROM THIS INQUIRY WILL FACILITATE OUR ENFORCEMENT EFFORTS.

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BECAUSE OF THE COURT CASES, THE COMMISSION MAY ONLY TAKE ACTION AGAINST INDECENT BROADCASTS AIRED BEFORE 8 PM. THIS TIME PERIOD MAY CHANGE DEPENDING ON THE FACTS PRESENTED IN THE NOTICE OF INQUIRY. THUS, WHILE OUR DEFINITION OF WHAT IS INDECENT HAS BEEN UPHELD, THE TIMES DURING WHICH WE CAN ENFORCE THE STATUTE WILL NOT BE RESOLVED UNTIL THE COURTS ACT. UNTIL THAT TIME, WE WILL USE OUR 8 PM CUTOFF.

CHAIRMAN SIKES STARTED HIS TENURE AS CHAIRMAN WITH A STRONG EMPHASIS ON ENFORCING THE RULES PERTAINING TO OBSCENE AND INDECENT LANGUAGE APPEARING IN PROGRAMMING. I CAN ONLY PREDICT THAT THE COMMISSION WILL CONTINUE ITS ENFORCEMENT OF INDECENCY RULES AND THAT WE WILL BE EXAMINING CAREFULLY THE COMMENTS THAT ARE FILED IN RESPONSE TO THE NOTICE OF INQUIRY WE JUST ISSUED.

FOR THE RECORD, I HAVE BEEN A STRONG, AGGRESSIVE SUPPORTER OF INCREASED ENFORCEMENT IN THIS AREA. I SEE THE CRITICAL ISSUE NOW BEFORE THE COMMISSION IS WHETHER IT CAN COMPLETELY BAN INDECENT SPEECH OR SIMPLY CHANNEL IT TO HOURS WHEN CHILDREN ARE NOT IN THE AUDIENCE.

6. OVER-THE-AIR FREE TV AND CABLE TV ARE CHEWING SEVERAL BONES OF CONTENTION. MAY WE HAVE YOUR THOUGHTS ABOUT COMPULSORY LICENSE, SYNDICATED EXCLUSIVITY, AND MUST CARRY?

A. I WOULD LIKE TO REVERSE THE ORDER OF ISSUES AND FIRST ADDRESS MUST CARRY. I HAVE BEEN A CHAMPION OF MUST CARRY RULES AND WOULD CLEARLY SUPPORT A REINSTITUTION IN SOME FORM. I RECOGNIZE THAT SENATOR INOUE IS CONSIDERING LEGISLATION TO REIMPOSE THE MUST CARRY RULES, AND I CONGRATULATE HIM ON HIS LEADERSHIP ON THIS ISSUE. SINCE THE COMMISSION HAS FAILED TWICE IN THE COURT OF APPEALS, I BELIEVE THAT THE MOST APPROPRIATE ROUTE WOULD BE TO HAVE CONGRESS ADOPT LEGISLATION IN THIS AREA. I BELIEVE THE COMMISSION FAILED TO EMPHASIZE THE GOVERNMENT'S INTEREST IN ASSURING LICENSEES ACCESS TO THEIR COMMUNITY OF LICENSE. BROADCASTERS HAVE THE RESPONSIBILITY TO SERVE THEIR LOCAL COMMUNITIES. BY FAILING TO STRESS THE IMPORTANCE OF LOCALISM, I FEEL THE FCC DID NOT PRESENT ITS BEST ARGUMENT TO SUPPORT MUST CARRY RULES. CONGRESS IS IN A POSITION TO CLEARLY ARTICULATE THE SUBSTANTIAL GOVERNMENT INTEREST IN ADOPTING SOME FORM OF MUST CARRY REGULATION. PERHAPS MOST IMPORTANTLY, CONGRESS HAS THE FREEDOM TO JUSTIFY MUST CARRY RULES ON OTHER PUBLIC POLICY GROUNDS, SUCH AS LINKING MUST CARRY TO THE ABILITY OF CABLE COMPANIES TO USE THE COMPULSORY LICENSE. I THINK IT IS IMPORTANT TO NOTE THAT IN BOTH THE QUINCY AND CENTURY COURT CASES DEFEATING MUST CARRY, THE COURT EXPRESSLY STATED THE MUST CARRY RULES PER SE WERE NOT UNCONSTITUTIONAL. I BELIEVE THAT CONGRESS CAN DRAFT LEGISLATION THAT WILL PASS CONSTITUTIONAL MUSTER.

QUESTION 6

A LOT HAS HAPPENED SINCE CONGRESS PASSED THE CABLE ACT OF 1984. AT THAT TIME, THE MUST CARRY RULES WERE IN EFFECT. SINCE THE ELIMINATION OF MUST CARRY, CABLE OPERATORS HAVE TREMENDOUS POWER OVER THE LOCAL BROADCASTER. FOR EXAMPLE, THEY CAN REPOSITION THE BROADCASTER DURING CRITICAL SWEEP RATING MONTHS RESULTING IN LOCAL BROADCASTERS ADVERTISING RATE CARD BEING HARMED. ADDITIONALLY, CABLE SYSTEMS ARE AGGRESSIVELY SELLING ADVERTISING. AND NOW, WE SEE PROGRAMMING PACKAGES IN THE FORMAT OF A BROADCAST CHANNEL BEING OFFERED ON CABLE SYSTEMS. BROADCASTING, UNLIKE CABLE, HAS A RESPONSIBILITY TO THE COMMUNITY. THEY ARE REQUIRED TO PROVIDE ISSUE RESPONSIVE PROGRAMMING AND UNDER THE COMMUNICATIONS ACT, SERVE THE INTERESTS AND NEEDS OF THE LOCAL COMMUNITY.

REGARDING COMPULSORY LICENSE, I VOTED TO RECOMMEND TO CONGRESS THAT THEY ABOLISH CABLE'S COMPULSORY LICENSE FOR DISTANT BROADCAST SIGNALS. MAINTAINING THE COMPULSORY LICENSE FOR LOCAL SIGNALS WOULD SERVE AS AN INCENTIVE FOR CABLE OPERATORS TO CARRY LOCAL BROADCAST SIGNALS. IT SHOULD BE UNDERSTOOD THAT THE FCC CAN NOT CHANGE THE COMPULSORY LICENSE, IT CAN ONLY MAKE RECOMMENDATIONS TO CONGRESS. I BELIEVE THAT IN AN ENVIRONMENT WITHOUT MUST CARRY, THERE IS NO REASON TO RETAIN THE COMPULSORY LICENSE IN ITS CURRENT FORM. IF CABLE WANTS THE COMPULSORY LICENSE, THEN IT SHOULD BE BASED ON THE CARRIAGE OF ALL LOCAL BROADCAST SIGNALS.

SYNDICATED EXCLUSIVITY -- I WAS THE ONLY COMMISSIONER WHO VOTED TO RETAIN SYNDICATED EXCLUSIVITY, WHEN THE COMMISSION VOTED TO ELIMINATE THE SYNDEX RULES IN 1980. CONSISTENT WITH MY EARLIER DECISION, I VOTED TO ADOPT NEW SYNDICATED EXCLUSIVITY RULES IN MAY 1988. THIS ALLOWS BROADCASTERS TO ENTER INTO EXCLUSIVE CONTRACTS AND PREVENT CABLE OPERATORS FROM IMPORTING THE SAME PROGRAM FROM A DISTANT BROADCAST SIGNAL. TO GET EXCLUSIVITY, YOU MUST HAVE SPECIFIC LANGUAGE IN YOUR PROGRAMMING CONTRACT STATING THAT YOU HAVE OBTAINED EXCLUSIVITY AGAINST THE IMPORTATION OF DISTANT SIGNALS. FURTHERMORE, BROADCASTERS DO NOT HAVE TO BE CARRIED ON A CABLE SYSTEM IN ORDER TO ASSERT EXCLUSIVITY RIGHTS. LICENSEES MUST NOTIFY CABLE SYSTEMS AT THE TIME THEY ENTER INTO THE PROGRAM CONTRACT, BUT IN NO EVENT LESS THAN 60 DAYS PRIOR TO THE BROADCAST, THAT THEY DO ANTICIPATE EXERCISING EXCLUSIVE RIGHTS. SYNDICATED EXCLUSIVITY EXTENDS ONLY TO CABLE SYSTEMS LOCATED WITHIN 35 MILES OF A BROADCAST STATION.

PERSONALLY, I BELIEVE THE COMMISSION SHOULD HAVE MADE ALL EXISTING CONTRACTS EXCLUSIVE WITHOUT HAVING TO CONTAIN SPECIFIC LANGUAGE ON EXCLUSIVITY. IN 1980, WHEN THE COMMISSION ELIMINATED SYNDICATED EXCLUSIVITY, WE CHANGED ALL EXISTING CONTRACTS BY ESSENTIALLY NULLIFYING THE EXCLUSIVITY AGREEMENT.

QUESTION 6

I WOULD LIKE TO SAY THAT AT THE HEART OF THESE THREE SEPARATE MATTERS IS THE ISSUE OF CONTROL OVER BROADCAST LICENSEES EXERCISED BY CABLE OPERATORS. OVER 80% OF CABLE VIEWING IS OF BROADCAST STATIONS. IT IS NO SECRET THAT BROADCASTING IS AN ESSENTIAL COMPONENT TO ANY CABLE SYSTEM'S OPERATIONS. YET THE CABLE OPERATOR HAS SIGNIFICANT CONTROL OVER WHAT SIGNALS ARE NOW CARRIED ON A CABLE SYSTEM. BY IMPORTING DISTANT SIGNALS, CABLE OPERATORS CAN DIMINISH THE AUDIENCE FOR THE LOCAL BROADCASTER'S AIRING OF THE SAME PROGRAM. BY REINSTITUTING THE SYNDICATED EXCLUSIVITY RULES, WE HOPE THAT WE ARE PROVIDING AN OPPORTUNITY FOR LOCAL BROADCASTERS TO EXERCISE THE RIGHTS TO EXCLUSIVE PROGRAMMING ARRANGEMENTS. NEEDLESS TO SAY, I BELIEVE THERE IS A RELATIONSHIP BETWEEN COMPULSORY LICENSE AND MUST CARRY. I WOULD HOPE, AS I HAVE STATED OVER AND OVER AGAIN, THAT MUST CARRY RULES WILL BE REINSTITUTED.

7. WE BROADCASTERS SHOT OURSELVES IN THE FOOT IN 1980 WHEN SOME AM LICENSEES PROTESTED THE FCC'S SPECIFYING MAGNAVOX AS THE AM RADIO STEREO SYSTEM OF CHOICE OVER FOUR OTHER RESEARCHED SYSTEMS. DO YOU THINK WE HAVE FIRED ANY SALVOS AT OURSELVES IN THE RECENT PAST?

A. FIRST, I WOULD LIKE TO COMPLIMENT YOU ON RECOGNIZING THE FACT THAT IT WAS THE AM LICENSEES THEMSELVES RATHER THAN THE COMMISSION WHO VOTED AGAINST ADOPTING THE MAGNAVOX AM STEREO SYSTEM. UNFORTUNATELY, OVER THE YEARS THE COMMISSION HAS BEEN CRITICIZED FOR FAILING TO ADOPT A SINGLE AM STEREO STANDARD. I, AND MANY OTHERS, BELIEVE THAT IF THE COMMISSION WOULD HAVE ADOPTED A SINGLE STANDARD FOR AM STEREO THAT AM STEREO WOULD BE COMMON PLACE IN TODAY'S HOMES AND AUTOMOBILES.

CONSISTENT WITH THE ISSUES OF ESTABLISHING STANDARDS IN AM STEREO IS THE ISSUE OF ESTABLISHING A STANDARD FOR HIGH DEFINITION TELEVISION. THE COMMISSION IS ON RECORD FOR ENCOURAGING THE DEVELOPMENT OF A SINGLE HIGH DEFINITION OR ADVANCED TELEVISION STANDARD. CURRENTLY, THERE IS AN ADVISORY COMMITTEE CHAIRED BY FORMER FCC CHAIRMAN RICHARD WILEY THAT IS BRINGING TOGETHER EXPERTS IN BROADCASTING, CABLE, DBS AND SCHOLARS TO ADDRESS THE ISSUE OF ADVANCED TELEVISION SYSTEMS. IT IS MY UNDERSTANDING THAT THIS ADVISORY COMMITTEE IS WORKING TOWARD THE GOAL OF ESTABLISHING A SINGLE STANDARD. CERTAINLY BROADCASTERS WILL HAVE THE OPPORTUNITY TO REJECT ANY DECISION MADE BY THE

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COMMISSION WITH RESPECT TO DEVELOPING OR ADOPTING A SINGLE
STANDARD FOR AN ADVANCED TELEVISION SYSTEM. I WOULD ENCOURAGE
ALL LICENSEES HOWEVER TO REMEMBER VERY CLEARLY WHAT HAPPENED IN
THE CASE OF AM STEREO.

8. CRYSTAL-BALLING THE 21ST CENTURY IS THE THEME OF OUR CONVENTION. WE HOPE YOU'LL JOIN OUR PARADE OF STAR-GAZERS BY CONJECTURING ABOUT THIS NEXT DECADE AND BEYOND. FOR INSTANCE, WHAT DO YOU SEE FOR HIGH DEFINITION TELEVISION AND DIRECT BROADCAST BY SATELLITE?

A. I DEFINITELY SEE HIGH DEFINITION TELEVISION OR AN ADVANCED TELEVISION SYSTEM FUNCTIONING IN THE NEXT CENTURY. COMPETITION FROM NONBROADCAST SERVICES IN THE QUALITY OF VIDEO TRANSMISSIONS WILL FORCE BROADCASTERS TO PROVIDE SIMILAR QUALITY SERVICE. SO, I DO SEE AN IMPROVED VIDEO SIGNAL BEING DEVELOPED AND PURCHASED BY THE CONSUMING PUBLIC.

REGARDING DIRECT BROADCAST SATELLITE, I BELIEVE THAT THE SUCCESS OF DBS WILL DEPEND UPON TWO ESSENTIAL FACTORS, COST AND PROGRAMMING. DBS WILL HAVE TO BE COMPETITIVELY PRICED COMPARED WITH CABLE SYSTEMS AND ALSO HAVE ACCESS TO A VARIETY OF PROGRAMMING DESIRED BY THE PUBLIC.

I SEE SOME OTHER EXCITING THINGS ON THE HORIZON FOR BROADCAST SERVICES. THE 1990s, I PREDICT, WILL BE A MAJOR THRESHOLD DECADE FOR MOBILE COMMUNICATIONS WITHIN THE UNITED STATES. TYPICALLY, WE THINK OF MOBILE COMMUNICATIONS AS CELLULAR PHONE OR BUSINESS RADIOS TYPICALLY USED BY DELIVERY SERVICES. TIMES HAVE CHANGED AND NOW WE ARE GOING TO HAVE MOBILE SERVICES DELIVERED VIA SATELLITE. SUCH TECHNOLOGY IS ALREADY AVAILABLE AND THERE ARE MAJOR LONG-HAUL TRUCKING CARRIERS WHO SUBSCRIBE TO SUCH SATELLITE SERVICES. IN THE

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MID 1990S WE WILL SEE A NEW SET OF SATELLITES LAUNCHED THAT WILL HAVE TREMENDOUS CAPABILITIES OF PROVIDING VOICE AND VIDEO SERVICE TO AUTOMOBILES, PLANES AND TRAINS. I KNOW THAT THERE ARE THOSE ALREADY CONSIDERING THE POSSIBILITY OF PROVIDING AUDIO AND VIDEO SERVICES TO THE MOBILE PUBLIC. FOR EXAMPLE, I KNOW THAT JAPAN IS ALREADY EXPERIMENTING WITH TELEVISION SETS LOCATED AT YOUR SEAT ON AIRCRAFTS. I PREDICT THAT IT WILL NOT BE TOO LONG BEFORE TRAINS, AND BUSES JOIN THE AIRLINE INDUSTRY IN ALLOWING PASSENGERS TO VIEW TELEVISION OR VIDEO PROGRAMMING AT THEIR SEATS. I BELIEVE THAT THE MOBILE PUBLIC WILL BE THE GREATEST GROWTH AREA FOR BROADCAST SERVICES; HOWEVER, THIS WILL BE A HIGHLY COMPETITIVE AREA AS VIDEO AND VOICE SERVICES WILL BE OFFERED VIA SATELLITE TO COMPETE WITH THE TERRESTRIAL MODE OF PROVIDING SIMILAR SERVICES.

9. IN THE 21ST CENTURY, WILL THE TELEPHONE COMPANIES BE IN DIRECT COMPETITION WITH BROADCAST LICENSES AND/OR CABLE TV COMPANIES?

A. NO DOUBT IN THE 21ST CENTURY THERE WILL BE COMPETITION BETWEEN TELEPHONE COMPANIES AND CABLE COMPANIES FOR THE PROVISION OF VIDEO AND VOICE SERVICES. BROADCASTING SHOULD PLAY A PARTNERSHIP ROLE WITH BOTH TELEPHONE COMPANIES AND CABLE SYSTEMS. CERTAINLY UNDER A MUST CARRY REGIME, BROADCASTERS AND CABLE OPERATORS WILL WORK TOGETHER TO ASSURE THAT CABLE SUBSCRIBERS HAVE ACCESS TO BROADCAST SIGNALS. AS I HAVE ARGUED PREVIOUSLY, I AM VERY CONCERNED THAT TELEPHONE INDUSTRY IN THEIR EFFORTS TO GAIN ACCESS TO VIDEO SERVICES CONSIDER AS A BASIC SERVICE THE LOCAL BROADCAST SIGNALS. LOGIC WOULD DICTATE THAT IF TELEPHONE COMPANIES HAVE THE OPPORTUNITY TO PROVIDE VIDEO PROGRAMMING SERVICES, THEN CABLE SYSTEMS SHOULD BE ALLOWED TO PROVIDE VOICE MESSAGING SERVICES. UNDER THIS SCENARIO, COMPETITION WILL OCCUR. I AM NOT SURE WHEN THE DAY WILL COME WHEN THERE WILL BE ONE WIRE ENTERING THE HOME PROVIDING BOTH VOICE AND VIDEO SERVICES. BUT WHEN THAT DAY DOES COME, I WOULD HOPE THAT THE CONSUMING PUBLIC HAS THE OPPORTUNITY TO CHOOSE WHOSE WIRE IT IS THEY ARE ALLOWING INTO THEIR HOME. IN THIS CONTEXT I WOULD HOPE THAT COMPETITION WOULD EMERGE BECAUSE IN THIS ENVIRONMENT THE CONSUMERS WOULD BENEFIT BY REDUCED COST OF BOTH VOICE AND VIDEO SERVICE.

10. DO YOU SEE ANY NEED FOR AN OVERALL OVERHAUL OF THE COMMUNICATIONS ACT OF 1934?

Future laws with installation of fiber optics

A. RIGHT NOW I DO NOT NECESSARILY SEE A NEED FOR AN OVERALL OVERHAUL OF THE 1934 COMMUNICATIONS ACT. KEEP IN MIND THAT THIS ACT HAS BEEN AMENDED SEVERAL TIMES SINCE 1934. WHAT I DO SEE EMERGING IS THE DEVELOPMENT OF TECHNOLOGIES THAT WOULD FORCE CONGRESS TO REEXAMINE ASPECTS OF THE 1934 ACT. I BELIEVE THE TELCO/CABLE ISSUE IS ONE SUCH MATTER THAT MAY FORCE CONGRESS TO REEXAMINE ELEMENTS OF THE 1934 ACT. OVERALL, I THINK IT WILL BE THE TECHNOLOGICAL DEVELOPMENTS THAT WILL REQUIRE REVISIONS TO THE 1934 ACT AND, IT MAY REACH A POINT WHEN THE ACT ITSELF MAY HAVE TO BE SIGNIFICANTLY REWRITTEN.

11. DURING YOUR DISTINGUISHED AND EXTENSIVE CAREER OF SERVICE AS AN FCC COMMISSIONER, WHAT ARE THE MOST SIGNIFICANT ACTIONS TAKEN BY THE COMMISSION IN THE BROADCAST ARENA?

A. THAT IS A TOUGHY. I GUESS I WOULD SAY THAT STRIKING DOWN THE MUST CARRY RULES WAS PERHAPS THE MOST SIGNIFICANT DEVELOPMENT IN THE BROADCAST ARENA. THE ELIMINATION OF THE MUST CARRY RULES CHANGED THE FUNDAMENTAL ECONOMIC STRUCTURE OF THE BROADCAST AND CABLE INDUSTRIES. CABLE, ONCE CONSIDERED AN ANCILLARY SERVICE, IS NOW AN ECONOMIC POWER COMPETING WITH OVER-THE-AIR BROADCASTING -- COMPETING WITHOUT THE PUBLIC INTEREST REQUIREMENTS CURRENTLY IMPOSED

UPON BROADCASTERS..

a vitally important area was Commission action eliminating abuse of process in our comparative renewal process & market reduction since in

I WOULD ALSO SAY THE COMMISSION'S ELIMINATION OF THE FAIRNESS DOCTRINE WAS ANOTHER SIGNIFICANT ACTION. BY ELIMINATING THE FAIRNESS DOCTRINE, THE COMMISSION HAS RAISED BROADCASTERS' FIRST AMENDMENT RIGHTS TO A NEW LEVEL. I RECOGNIZE THAT THE COMMISSION'S ACTIONS TO ELIMINATE THE FAIRNESS DOCTRINE HAS CREATED CONTROVERSY IN CONGRESS. THE CONGRESSIONAL INTEREST IN THE FAIRNESS DOCTRINE HAS BLOCKED MOVEMENT ON OTHER SIGNIFICANT PIECES OF LEGISLATION THAT WOULD BENEFIT BROADCASTERS, SUCH AS MUST CARRY AND LICENSE RENEWAL REFORM. SOME MAY ARGUE THAT THE FAIRNESS DOCTRINE DOES NOT SUBSTANTIALLY AFFECT THE BROADCASTER'S BOTTOM LINE, WHEREAS OTHER LEGISLATION PERTAINING TO MUST CARRY AND RENEWAL REFORM WOULD AFFECT THE LICENSEE'S BOTTOM LINE. WE'LL SEE HOW CONGRESS AND THE PRESIDENT HANDLE THIS MATTER.

THE THIRD AREA WOULD BE TV AND RADIO DEREGULATION. I BELIEVE THESE TWO SIGNIFICANT ACTIONS ELIMINATED MUCH OF THE UNNECESSARY PAPERWORK THE COMMISSION IMPOSED ON ITS LICENSEES. I BELIEVE BOTH OF THESE ACTIONS MADE SIGNIFICANT INROADS TO REMOVE THE GOVERNMENT FROM THE DAILY BUSINESS OPERATIONS OF BROADCAST LICENSEES.

I WILL ADMIT THAT THERE ARE AREAS WHERE I FEEL THE COMMISSION HAS GONE TOO FAR. SPECIFICALLY, I OPPOSED THE ELIMINATION OF THE THREE YEAR RULE -- THE RULE THAT REQUIRED LICENSEES TO KEEP THEIR STATIONS FOR A PERIOD OF NO LESS THAN THREE YEARS. SINCE ELIMINATING THAT RULE, WE HAVE SEEN BROADCAST PROPERTIES LEVERAGED AND SOME OF THESE LEVERAGED DEALS HAVE COLLAPSED. I BELIEVE THAT BROADCASTERS SHOULD BE LICENSED TO SERVE THE PUBLIC INTEREST RATHER THAN HAVING AS THEIR FOREMOST CONCERN SERVICING THE DEBT THAT THEY HAVE ACQUIRED TO OBTAIN A LICENSE. I HAVE NOT EMBRACED THE PHILOSOPHY THAT MORE IS ALWAYS BETTER.

BEFORE I LEAVE, I WOULD JUST LIKE TO SAY THAT I BELIEVE THAT OVER THE LAST 16 YEARS BROADCASTERS HAVE FARED WELL.

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GENERALLY, I HAVE SUPPORTED THE DEREGULATORY EFFORTS OF THE FCC. AS I HAVE POINTED OUT, THERE ARE TIMES WHEN I HAVE DIFFERED WITH THE MAJORITY ON ISSUES AFFECTING BROADCASTERS. I BELIEVE BROADCASTERS CONTINUE TO PROVIDE AN IMPORTANT SERVICE PARTICULARLY IN A FUNCTIONING DEMOCRACY. YOU HAVE BEEN RESPONSIVE TO THE NEED FOR INFORMATION AS WE HAVE SEEN RECENTLY WITH THE NATURAL DISASTERS THAT HAVE AFFECTED MANY AMERICANS. BROADCASTERS INFORM THE PUBLIC OF NEWS AFFECTING THEIR COMMUNITIES, STATES AND THE NATION. I ENCOURAGE ALL BROADCASTERS IN ARIZONA TO CONTINUE THEIR OUTSTANDING EFFORTS IN SERVING THEIR VIEWING AND LISTENING PUBLIC.