

Remarks by Commissioner James H. Quello

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Telecommunications Policy Conference

"The Role of the FCC in the 21st Century"

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I'm always delighted to come back to Michigan, my home state, and to Detroit and suburbs, my career home town.

I was born and raised in Laurium, Michigan, population about 3,000 some 600 miles north of Detroit. I dislike sounding disloyal, but I have to admit that it is a better place to be from than in. However, Laurium did provide me late in life with friendly access to President Reagan. You see Laurium was the home of George Gipp, "The Gipper," the most famous role played by then actor, Ronald Reagan. My older brother attended Calumet high school with George Gipp and I remember him when I was 5 years old starring in local baseball, not football. In addition, my wife's father, M. H. "Dad" Butler, former U of D coach and Detroit Parks-Recreation Commissioner, was Knute Rockne's first coach -- Rock was initially a track star. Coach Rockne, also played an important role in actor Reagan's most notable movie. My wife, Mary, wishes she had the white oil cloth on the Butler kitchen table back in the early 1920s. Knute would stay at the Butler home in Corvallis when he conducted summer football clinics at Oregon State University where Dad was a coach. He would scribble football plays on the white kitchen oil cloth. It would make quite a collector's item today and it was an interesting anecdote to repeat in the White House.

I have no similar family anecdotes to intrigue President Bush, but we did play tennis several times in local round-robins. He reappointed me for a five year term last June and I'm duly grateful. He is a warm, concerned human being who has the endearing quality of never looking over your shoulder to see if someone more important is coming.

As an old World War II combat infantry veteran, I wholeheartedly supported his leadership in the Mideast use of force. President Bush, a distinguished combat pilot, impressed me with a memorable statement "You can't have the land of the free without the home of the brave." I repeated that statement several times in speeches before and during the conflict.

I received two of my rare standing ovations when I ended the speeches with "Please forgive this unabashedly patriotic Thunderbird veteran for allotting the highest priority to our present wartime commitment and for lauding citizen support of our efforts. Our cause is just. With superior fighting men and technology, dedicated, appreciative allies, strong support from a patriotic home front, we will win the war and hasten the longed-for peace. We will prove to the world and to ourselves that America, the land of the free, is truly the home of the brave!"

My claim to fame in Detroit is that I'm the manager who first put J. P. McCarthy on morning drive time on station WJR. I remember the warning from the President of the Goodwill Stations when years ago I proposed placing him in the key program spot on WJR, the dominant radio station in the state. He warned-- "There are two things on trial here Mr. Q -- your judgment and his talent." So, I was grateful to J. P., and now, as an FCC Commissioner, I'm proud of him. He has been No. 1 in the greater Detroit area for over 27 years without resorting to sleaze.

I'm also pleased to be back here in John Dingell country. As most of you know, he is the distinguished Chairman of the House Commerce and Energy Committee. Detroit, Michigan and America have benefited from a longtime Dingell tradition in Congress. I used to call on John's Dad in 1948 to 1950. John replaced his Dad in 1955.

Also, there is an exceptionally well qualified Michigan state senator, Chris Dingell his son, in the line of succession. Chris will probably have to wait. With Big John's widespread national leadership and with an overload of important, contentious issues, I would guess he is too involved and too influential to consider retirement anytime soon -- which is good news for Detroit industry and job-holders.

The Detroit area also has a dedicated, effective new national communications leader in the fight against excessive sex and violence on TV and radio. Mrs. John (Terry) Rakolta, a civic leader, of Bloomfield Hills, is president of Americans for Responsible TV. Her groups promotes family values on TV through concerned, and sometimes outraged, citizen action rather than urging government intrusion through legislation or regulation. She is particularly concerned with the negative effect some TV programs have on children.

Mrs. Rakolta recently told me "We believe if broadcasters can invoke First Amendment rights to flood the airwaves with sex and violence accessible to children, then we should be able to exercise our own First Amendment rights to oppose the significant role TV, the most pervasive and influential medium, is playing in de-sensitizing society to violence, rape, murder and sexual promiscuity." Co-ordinating with other groups, she estimates

she can now call on 5 million concerned citizens for advertising or program boycotts.

There are many other notable or colorful Detroit friends, but it is time to direct my comments to the announced subject of my speech "The Role of the Federal Communications Commission in the 21st Century."

Overall, I believe the Commission's highest priority in the next ten years will be the orderly, practical implementation of the advanced technological services of fiber optics, telecomputing, DBS, HDTV, cellular and personal communications services. Advanced technology often outstrips society's ability to integrate it into our already complex, sometimes expensive communications systems. The rate and extent of technological development will be influenced by consumer acceptance and affordability, along with spectrum compression techniques, commercial practicalities, legislative and regulatory actions and by the service's beneficial contribution to overall public interest.

Because of the vital importance of an informed electorate in a democracy and the pervasive power of TV, I believe the preservation and enhancement of free universal broadcast service whether over-the-air or by fiber will continue to be the mainspring of American mass communications in the 21st century.

With fiber optics, DBS and compression techniques, transmission modes and channels will multiply. Consumers will be flooded with channel availability and program choices. I believe what is offered in terms of broadcast programming, information and education is more important than how it is delivered. Delivery systems require orderly prioritized spectrum allocations and interference control and thus continued regulations. But the trend will continue away from program content control. So the year 2002 will see broadcasting substantially deregulated, but necessarily subject to anti-trust, EEO and indecency-obscenity, civil and criminal statutes.

In their regulatory deliberations on broadcast and phone services, Commissioners should apply the simple principle of trying to provide the best service to the most people at the most reasonable, practical cost.

Also, I believe we can maximize progress and efficiency in telecommunications by the government and industries working together in a constructive spirit of mutual cooperation. In this spirit we assure America's continued leadership in telecommunications on land, sea and air.

I can only speculate about what advanced technology will be actually available to consumers in the year 2002. As I'm already a fugitive from the longevity law of averages, I have the advantage of probably not being around in 2002 to gloat, explain or apologize. As a Catholic, I can look up from my niche in purgatory to see how much I missed the mark or marvel at how many consumers enjoy the new advancements or reject the technologies as too expensive or too complicated and time consuming.

First, I think in the year 2002, the implementation of the Negroponte switch will be well on the way. This is not a device one buys in a hardware store. It is a concept of Dr. Nicholas Negroponte of MIT predicting that most services now provided by wire will be provided over the air and vice versa. For example, distribution of phone voice and data, traditionally products of wired telecommunications networks, will be delivered via radio spectrum due to advancements in mobile communications technology. On the other hand, TV programming now offered over the air will be primarily delivered to the home by fiber optics.

I believe by the year 2002 telephone/cable cross-ownership rules will have been abolished and restrictions on phone provision of all information services will have been lifted. Phone companies will be competing with cable in providing video and information services and cable will be competing with phone companies in providing personal communications, phone and cellular services. Even today, TCI is offering voice and data services to large businesses as a competing access provider and local carrier. As of this date, we have authorized over 30 experimental PCS licenses to cable companies. Phone companies will be relieved of some of today's inequities compared to cable -- phone companies are now subject to price/or earnings regulation and they are required to provide access to their network on a nondiscriminatory basis as common carriers. On the other hand, cable rates are largely unregulated, cable's investment decisions are not constrained by regulation and access is controlled by the cable operator. Cable also has congressionally mandated access to broadcast programming and legally mandated access to utility poles and conduits. Federal policy also encourages rather than constrains cable's entry into voice services.

To its credit, cable has provided the American consumer with many additional popular program services. I am personally a cable fan. I like CNN, TNT, ESPN, American Movie Classics, Arts and Entertainment, Discovery and C-Span. I am not yet a pay-per-view fan. Nevertheless, cable is a monopoly service in most communities and it requires subscription at a fee.

I believe competition will benefit the public in terms of rates and service. I also believe that current cable companies with expanded services, including personal communications and phone services, will not only survive, but thrive as an attractive cash flow vehicle in a competitive marketplace.

So 2002 will see active open competition of fiber optic cable and phone companies with 150 to 300 channels providing video programs, personal communications services, telecomputing, interactive services, data processing and pay per view on demand. Fiber transmission will also provide many more additional radio channels into the home. Without enough access to programming, a phone company will probably acquire or joint venture with studios including present Japanese owned studios.

DBS will be a formidable competitor of fiber optic transmission in delivering nationwide TV and radio programming in the home. Movie studios and producers will buy or joint venture with DBS operators. In radio, satellite systems (DBS or DAB) will possess the awesome power of a single licensee with multiple channels reaching every radio receiver in the nation! Such an allocation could threaten localism, the mainspring of radio service today. DBS might require an entire restructuring of radio in America. Manufacturers could benefit from the future requirement of DBS radio receivers.

Radio's mounting competitive problems are highlighted in the March 30 issue of Forbes Magazine in an article titled "The HBO of Radio?" The article reports that International Cablecasting Technologies is selling a premium cable service called Digital Music Express to subscribers at 146 cable systems. It is called DMX and offers cable subscribers 30 channels of digital quality finely targeted music programs for \$10.00 a month.

Through PCS and cellular, phone services will be available on a person-to-person basis in addition to station-to-station. Every individual will have the availability (perhaps not yet the affordability) of a small portable phone in a suit pocket for person-to-person phone service.

Viewing of the big three networks will further decline due to the growth of other or new networks, like Fox, Paramount, TCI, Time Warner and the Ted Turner complex. Pay per view available on demand via expanded cable or phone services in the home will also take a share of audience from all networks. However, the big three or four will continue to be an important factor with ability to place programs on affiliates or cable systems. Also, they will be completely free to syndicate programs which will provide another valuable revenue stream.



CNN will be the dominant national and international news network with 30 to 40 bureaus worldwide providing simultaneous multi-lingual translations. For example, CNN will probably have an Israeli channel with Israeli news and, if necessary, Hebrew translation and the same with Russia, Japan and other countries. C-Span will have 6 to 10 channels reporting international government parliamentary hearings and debates with multi-lingual translations.

The TV and radio services will continue to be regulated to assure universal free or lifeline service into the home. The average American will still be able to see and hear news, public affairs, major sports play-offs, the World Series, the Super Bowl, the Olympics, basketball and hockey without a pay-per-view tab -- thanks to Congressional insistence. Cable and phone fiber service rates will be somewhat deregulated but will continue to be regulated by price caps to assure reasonable access by the American public.

HDTV will be challenged or possibly replaced by 3-D stereophonic TV pictures and virtual reality phenomena.

DAB radio in 2002 will provide interference free reception and greatly improved sound. AM radio will be the primary beneficiary because DAB will equalize AM and FM services. Broadcasters who have pioneered radio or have large investments will be accorded priority in providing DAB service. DAB is likely to be delivered by satellite as well as terrestrial means.

The potential number of new technologies and increased channels on the horizon is mind boggling. The scientific geniuses who are creating more and more wonders of advanced technology may not have the time or administrative experience to integrate them into society. This will involve co-operative efforts of industry executives and government officials.

Newspapers will be more and more replaced by printed facsimile or some printed advance technology directly into the home. The 1960 facsimile predictions of Lee Hills, former Detroit Free Press publisher and former Chairman of Knight-Ridder, will become a reality. There will always be a continuing need for reporters, columnists, editors and news analyzers. Also, there will be a continuing demand for printed news and advertising. Electronic classified ads and yellow pages will be established and offer rapid updating and changes.

The "global village" with TV and multi-lingual translations as an international common denominator will become a reality. It will result in better mutual understanding among nations and vigorous exchange of viewpoints. Hopefully, disputes will be settled by international debate and consensus votes rather than armed conflict.

With the increased channels made possible by digital compression many other new services will be available--educational subjects for academic credit, teachers on demand, medical, financial and real estate channels, and all kinds of new services generated by human imagination, initiative and entrepreneurship.

On a more personal communications-related note, Time magazine's prestigious award to Ted Turner as "Man of the Year" emphasizes the increased universal recognition accorded to communications developments. He was selected by Time for his innovative contributions to international communications. Colorful Ted will continue to be the leading international TV leader -- I predict he will be enjoying his health and prominent communications role too much to ever consider retirement.

Looking further and more speculatively into the crystal ball for 2002, I see Jay Rockefeller as President of the United States and wife, Sharon, as a most popular active First Lady. I'd enjoy giving other 2002 crystal ball guesstimates but the risk outweighs the rewards. In fact, they may have already.

Now back to communications reality, TV broadcasting will more and more become an adjunct of companies controlling cable or telco fiber optics into the home or of DBS.

Government will continue to require a public interest responsibility for TV and radio because of its powerful pervasive influence on the American way of life. This means some continued regulatory oversight. Regulators must assure that new technologies are available to the American public in a timely affordable manner. If necessary, the FCC should recommend legislation to Congress or interpret and implement legislation to assure reasonable service to the public along with progress and expansion opportunities for the industries.

The FCC should foster competition, but also appreciate that more is not always better or universally affordable. We must allocate spectrum for new technologies, encourage the deployment of more advanced technologies, protect against interference and protect ratepayers from predatory pricing or cross subsidies.

Overall, it is a challenging time to be at the FCC and face the exciting oncoming developments for the 21st Century. This is a period of revolutionary growth, contentious developments and technological advancements in all fields of communications. The best is still to come! Again, the FCC's challenge will be the orderly, practical implementation of advanced technology services of telecomputers, fiber optics, data processing, DBS, DAB and HDTV. We must deal, too, with the positive implications of increasing globalization.

The most important challenge facing the Commission in this decade of communications plenty is to assure that our policies do not erode one of our democracies most valuable institutions: universal free television service available to all the public. Congress is dedicated to this all-encompassing principle that best serves public interest and so is the FCC.

It is also vitally important that government and industry work together in a friendly spirit of mutual cooperation. In this spirit we can best implement advanced technology, encourage innovation and investment and maintain our communications leadership. Our goal must constantly be to have Americans the best informed, the most gainfully employed and best served people in the world.

At my age, an active tennis playing senior citizen -- (I have been observing my 59th birthday for 18 years at the FCC) all I want is what you want -- a decent effective government in a strongly socially progressive America with liberty, justice and employment for all.

I want to share with you a final message by author Samuel Ullman on aging that I find inspiring.

" . . . In the center of your heart and my heart there is a wireless station; so long as it receives messages of beauty, hope, cheer, courage and power . . . so long are you young. When the aerials are down, and your spirit is covered with snows of cynicism and the ice of pessimism, then you are grown old, even at 20, but as long as your aerials are up, to catch waves of optimism, there is hope you may die young . . . . (at an advanced age) "

As for me, I plan to live to 100 or die trying.

Thanks for your indulgence and for being such an attentive audience. Best wishes to all of you for professional and personal fulfillment in the exciting, expanding, communications world ahead.

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