be conducted outside of Bosnia—in Croatia or Slovenia, for example.

Madam President, administration officials should quit fighting amongst themselves and begin real consultations with the Congress, consultations based on the facts and not on wild accusations or unrealistic scenarios. It is time to take sides—with the victims of this aggression. It is also high time for America to exercise leadership and end its participation in this international failure.

VEETO OF RECSISIONS BILL

Mr. DOLE. Madam President, I will just say that on the rescissions veto by the President today, it is highly regrettable President Clinton chose a bill cutting spending for the first veto. The $16.4 billion rescissions bill would have provided for $9 billion—9 billion, a lot of money in real savings—an important downpayment in getting our country’s financial house in order.

The President made a serious mistake in judgment in vetoing this measure. It would have provided funding to the Federal Emergency Management Agency for disaster relief, to Oklahoma for reconstruction, and debt relief for Jordan to support the peace process, money for California.

Speaker GINGRICH and I have previously said we met the administration more than halfway. The President asked for Jordan debt relief, we met his request. The President asked for FEMA funds for disaster relief in 40 States, and we met his request. The President threatened to veto if striker replacement language was included in the bill, we took it out. We left AIDS funding, breast cancer screening, childhood immunization, Head Start, and other programs untouched, and still we came up with $9 billion in net real savings.

We, in the Congress, held up our end of the bargain, but President Clinton missed a valuable opportunity—a golden opportunity—to join us cutting spending.

Now, with three-quarters of the fiscal year almost gone, we are losing the opportunity to enact real savings this year. In the face of the budget deficit that mortgages our children’s future, we in the Congress will proceed to pass a budget that puts us on the path to balance by the year 2002. We owe it to our children, and we owe it to our grandchildren.

For the sake of generations to come, it is time for the President to stop being an obstacle in the road and join us in our responsibility to secure our Nation’s economic future.

THE TELECOMMUNICATIONS COMPETITION AND DEREGULATION ACT

Mr. LOT T. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of calendar No. 45, S. 652, the telecommunications bill.

The PRESIDING OFFICER (Mr. BENNETT). The bill will be stated by title. The legislative clerk read as follows: A bill (S. 652) to provide for a pro-competitive, deregulatory national policy framework designed to accelerate rapidly private-sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. PRESSLER. Mr. President, I rise to begin Senate floor consideration of S. 652—the comprehensive communications bill which the Committee on Commerce, Science, and Transportation overwhelmingly approved late last month on a vote of 17 to 2—The Telecommunications Competition and Deregulation Act of 1995.

The future of America’s economy and society is inextricably linked to the universe of telecommunications and computer technology. Telecommunications and computer technology is a potent force for progress and freedom, more powerful than Gutenberg’s invention of the printing press five centuries ago, or Bell’s telephone and Marconi’s radio in the last century.

This force has helped us reach today’s historic turning point in America.

The telecommunications and computer technology of 21st-Century America will be hair-thin strands of glass and fiber below; the magical crackling of stratospheric spectrum above; and the orbit of satellites 23,000 miles beyond. With personal computers interconnected, telephones untethered, televisions and radios reinvented, and other devices yet to be invented bringng digitized information to life, the telecommunications and computer technology unleashed by S. 652 will forever change our economy and society.

At stake is our ability to compete and win in an international information marketplace estimated to be over $3 trillion by the close of the decade. The information industry already constitutes one-seventh of our economy, and is growing.

As chairman of the Committee on Commerce, Science, and Transportation, the core of my agenda is to promote creativity in telecommunications and computer technology by rolling back the cost and reach of government. Costly big-government laws designed for another era restrain telecommunications and computer technology from realizing its full potential. My top priority this year is to modernize and liberalize communications law through passage of the bill before us today, S. 652: Telecommunications Competition and Deregulation Act of 1995.

A. THE ADVENT OF TELECOMMUNICATIONS REGULATIONS

Most telecommunications policy and regulation in America is based upon the New Deal era Communications Act of 1934. The 1934 Act incorporated the premise that telephone services were a natural monopoly, whereby only a single firm could provide better services at a lower cost than a number of competing suppliers. Federal government control over spectrum and services was justified on a scarcity theory. Neither theory for big government regulation holds true today, if it ever did.

The 1934 Act was intended to ensure that AT&T and other monoplies telephone companies did not abuse their monopoly power. However, regulatory protection from competition also ensured that AT&T would remain a government-sanctioned monopoly. In exchange for this government-sanctioned monopoly, AT&T was to provide universal service. AT&T retained its government-sanctioned monopoly until antitrust enforcement broke up the Bell System and transferred the monopoly over local services to the Bell Operating Companies.

The Communications Act has become the cornerstone of communications law in the United States. The 1934 Act established the Federal Communications Commission, and granted it regulatory jurisdiction over communications by wire, radio, telephone, and cable within the United States. The Act also charged the Federal Communications Commission with the responsibility of maintaining, for all the people of the United States, a rapid, efficient, Nationwide, and worldwide wire and radio communications service with adequate facilities and reasonable charges.

Prior to 1934, communications regulation had come under the jurisdiction of three separate Federal agencies. Radio stations were licensed and regulated by the Federal Radio Commission; the Interstate Commerce Commission had jurisdiction over telephone, telegraph, and wireless common carriers, and the General Post Office had certain jurisdiction over the companies that provided these services. As the number of communications providers in the United States grew, Congress determined that a commission with unified jurisdiction would serve the American people more effectively.

The 1934 Communications Act combined the powers that the Interstate Commerce Commission and the Federal Radio Commission then exercised over communications with a single, independent Federal agency.

The Communications Act of 1934 was based, in part, on the Interstate Commerce Act of 1888. For example, the requirement for approval of construction or extension of lines for railroads was taken directly from the ICC Act. Prior to 1934, wire communications were regulated by the same set of laws that regulated the railroads. Radio communications were regulated under the 1927 Federal Radio Act. The Federal Communications Commission was created to oversee both the wireline communications and radio communications.
The telecommunications industry today is a dynamic and innovative industry, with new technology being introduced on a daily basis. The telecommunications industry, however, is regulated under a set of laws that are antiquated and preclude the introduction of competition into many segments of the industry. These laws did not contemplate the development of fiber optics, the microchip, digital compression, and the explosion of wireless services. It is time to revise and amend the 1934 act to fit the new and future competitive telecommunications industry.

B. THE MODIFICATION OF FINAL JUDGMENT

Since 1984, the Bell operating companies have been restricted from entering various lines of businesses as a result of the consent decree entered into in the antitrust case, United States versus Western Electric.

The consent decree, commonly referred to as the modification of final judgment, or the MFJ, places the U.S. District Court of the District of Columbia and Judge Harold Greene as the administrator of the decree, and establishes a procedure by which the Bell operating companies can obtain waivers from the decree’s restrictions.

Recent years have seen a proliferation of legislative and judicial action to change the provisions of the original consent decree that divested American Telephone and Telegraph of its local exchange service and created the regional Bell operating companies. Currently prohibited from providing long distance service, manufacturing telecommunications equipment, and, up until July 1991, providing information services, the Bell operating companies and many others long advocated open entry into these new lines of business, contending that such action would invigorate the telecommunications marketplace.

In opposition, certain consumer organizations, electronic publishers, long distance carriers, the Justice Department, and other industry groups over the past few years have opposed entry on the grounds that the courts should administer an antitrust consent decree and that the Bell operating companies face little or no competition in their core business of providing local telephone service, they should not be permitted to enter competitive lines of business.

During the past 10 years a number of waivers have been granted, but the process has slowed in recent years. More fundamentally, the judicial process is necessarily limited; the district courts constitutional role is simply to apply the law as administered to handle cases that come before them, not to make in-depth policy decisions about how communications law and the communications and computer industry should develop.

Moreover, given the vulnerability of the telephone industry to selective, cherry-picking competition, it is likely that the limited nature of today’s competition will have a significant effect on the industry’s revenues in general, and on local telephone rates in particular.

Consequently, although the consent decree served a useful purpose initially, it no longer serves the public interest at this dynamic time in the evolution of the United States telecommunications industry. In place of a process that subjects the communications industry to the terms of a consent decree entered 12 years ago and administered by a single district court, the Congress will reassert its proper policy role and administer a new Federal policy designed to promote competition, innovation, and protect consumers.

Prior to the implementation of the MFJ in 1984, as noted previously, AT&T was the monopoly telecommunications provider in the United States. AT&T’s Long Lines Department provided long distance telephone service to virtually everyone in the country. AT&T maintained ownership of the 22 Bell operating companies, which provided local telephone service on a monopoly basis to approximately 85 percent of the population.

In addition, AT&T owned Western Electric, which manufactured almost all the equipment needed for the operation of the telephone network. AT&T also owned Bell Telephone Laboratories, Bell Labs, which conducted the most extensive research involving high technologies and telecommunications of any industrial research center in the world.

The roots of the MFJ go back over 100 years. In 1882, Bell Telephone, the predecessor of AT&T, designated Western Electric Co. as the exclusive manufacturer of its patented telecommunications equipment. By early 1900’s Bell Telephone maintained a majority interest in Western Electric; by 1925 it had 100 percent ownership of the company.

By that same year, Bell Telephone established Bell Telephone Laboratories to conduct its research and development. The Bell system's rapid expansion triggered interest from the Department of Justice and the Interstate Commerce Commission—which then had jurisdiction over interstate telephone service—for possible antitrust violations.

Following other antitrust action, in 1974, the Department of Justice filed an antitrust suit against AT&T. The suit claimed that AT&T misused its Bell system monopoly of the local exchange network to restrict competition in the manufacturing of telecommunications equipment, and in the market for interchange service through refusal to provide the rights with interconnection to the local networks and, therefore, access to end customers. After years of litigation, the case was settled in 1982 with entry of a modification of final judgment by Judge Harold Greene, which was negotiated by AT&T and the Justice Department.

The debate about the proper role of the Bell operating companies in the communications industry has often overshadowed the larger question of which government bodies should be establishing national telecommunications policy. Courts make rulings, as they should, solely on the narrow questions confronting them. Consequently, courts do not and cannot endow that broader concerns about sound economic goals are fully considered.

As a result of these concerns, which have been fueled by a period of globalization and intense international competition in the telecommunications industry, I believe, and the committee believes that we in Congress as the expert in the oversight of the telecommunications industry, should have authority to manage these issues in order to develop telecommunications policy in a coordinated manner.

At this juncture in the evolution of the communications industry the Congress should be the locus of authority on questions involving telecommunications competition and consumer protection. We have the ability to see a more complete spectrum of issues, as compared to the narrow view of discrete issues which a court and the Department of Justice necessarily takes in the context of litigation.

Moreover, we can consider broad policy goals in establishing and administering telecommunications policy.

C. REGULATORY LAG

While America is still the world’s leader in information technology, we are no longer in the position of being unchallenged. Historically we were an economic and technological Gulliver standing astride a world of competitive Lilliputians. But that’s just not true anymore. America—especially we in the American legislative and regulatory system—must respond and respond now.

At a minimum, government should try to avoid doing harm. Unfortunately, government and regulators have a rather sorry history of slowing the introduction of new technologies and competition. The examples of this regulatory lag are numerous and all too common. Regulatory lag means we don’t get investment stimulus that competition and new service can spur and, more importantly, the public is denied new service and product options.

1. Competition in customer premises equipment:

   Competition and open entry first came to telecommunications with respect to customer premises equipment (CPE). This competition, however, was initially resisted by the FCC. For many years, AT&T prohibited customers or anyone else from connecting any equipment to its telephone network or to telephones themselves that AT&T did not supply. Bell tariffs forbade all foreign attachments—meaning equipment
not provided by Bell itself. Unfortunately, regulators endorsed this anti-competitive practice for almost 70 years.

Through prodigious investments in the Federal courts, the commission eventually allowed device-deemed not injurious to the telephone network to be connected to the network. This was only after the courts conferred on subscribers the right to use their telephones in a way that had private benefits without being publicly detrimental.

It took the Commission more than a decade to extend the new law to include equipment that was connected electronically, not just physically, to the network. The Commission limited restrictions on interconnection to protecting the network from harm. The details of equipment interconnection were not fully implemented until the commission adopted part 68 of its rules in 1975, nearly 20 years after the original court determination so that carriers themselves would be free to compete on equal terms in the open market.

2. Competition in long distance services:

The commission was equally slow in authorizing interexchange—or long distance—competition. In the 1940s, long distance service was provided exclusively over wires, and the same basic economics that seemed to preclude competition in local service applied equally to long distance service. The development of microwave and satellite technologies radically changed that picture, making competition both practical and inevitable. The first few, faltering steps in the direction of a competitive marketplace, were taken by the commission in 1959 but it wasn’t until 1980 that the commission formally adopted an open entry policy for all interstate services.

Competitive in the interexchange market developed slowly as the commission gradually and incrementally responded to changes in market pressures, technology, and consumer demand for new carriers and long distance services. Microwave relay technology, developed by Bell Laboratories during World War II, prompted the beginning of IXC competition by offering a viable, less expensive alternative to AT&T’s existing wireline facilities for transmitting long distance communications.

The commission first permitted entry of non-AT&T services for provision of private services. In 1959, the FCC, finding a need for private services and foreseeing no risk of harm to established services, authorized certain private companies to provide microwave services and to establish private microwave networks for their own internal use. Although described as a narrowly limited decision, the decision in 1959 led to the development of a flood of applications from private organizations seeking authorization to establish private microwave long-distance networks. It also brought pressure for entry into other fields.

MCI applied to the FCC for authority to provide private, non-switched communications service between St. Louis and Chicago. This service still did not involve interconnection with AT&T’s public switched service. The commission approved MCI’s limited point-to-point system, saying it was designed to meet the interoffice and interplant communications needs of small businesses. Again, however, the decision was narrow.

The commission was concerned about permitting unregulated carriers to engage in cream-skimming, and it generally adhered strongly to the philosophy that the public network should remain a regulated monopoly. Nonetheless, it permitted a deluge of applications seeking authorization of similar microwave facilities, reflecting a public demand for competitive alternatives.

A few years later, the commission formalized a policy of allowing entry of carriers into the Private line or Specialized Common Carrier (SCC) field to provide alternatives to certain interstate transmission services traditionally offered only by the telephone company. The commission did not, however, define the scope of services it was opening up to competition, a matter that would prove troublesome as pressures for increased competition rose.

Although each time emphasizing the limited nature of its decision, the commission had, over the course of 2 decades, continued to approve the entry of new providers of telephone services, albeit at times reluctantly and with prodding by the courts, and only in provision of private line services.

When it came to permitting direct competition with AT&T’s public switched long distance service, the Commission’s reluctance hardened. MCI had eventually obtained approval for its private line offerings, but when it later proposed new switched service in direct competition with AT&T’s MTS services, the FCC refused approval.

In doing so, the Commission reiterated that its Specialized Common Carrier decision was meant to allow entry only into private line service and not into direct competition with the public network. The Court of Appeals, however, reversed the commission’s failure to approve MCI’s proposed offering, rejecting the commission’s argument that its Specialized Common Carrier decision authorized only private line services.

After Execunet I, the commission still refused to order AT&T to interconnect with MCI. The Court of Appeals, in Execunet II, then explicitly rejected the commission’s claim that the lack of a broad decision to permit competition in the long distance market and that such competition necessarily required AT&T to provide physical interconnection to the public network.

The Execunet decisions opened virtually all interstate IXC markets to competition. In response to this new judicially imposed reality, the FCC lowered entry barriers, eliminated tariff restrictions prohibiting resale and sharing of bulk rate circuits, and directed AT&T to permit the resale and sharing of these circuits by competitors.

During this same era, the commission approved on a case-by-case basis packet-switched communications network offerings that introduced value-added networks which resold data processing functions through basic private line circuits, and unlimited resale and shared use of private line services and facilities. Tariff restrictions against the resale and shared use of public switched long distance services were removed in 1980. Since this time, the FCC has strongly supported the growth of competition.

The resultant competition has had well documented public benefits of great scale and scope.

3. Enhanced Services:

The MFJ Consent Decree’s information services restriction required the Bell Companies to take the first steps for the provision of voice answering services, electronic mail, videotext, electronic versions of Yellow Pages directories, E911 emergency service, and directory assistance services provided to customers of nonassociated independent telephone companies.

The restriction on the provision of voice mail services was lifted in the late 1980s. In the first 2 years of RBOC participation, the voice mail equipment market grew threefold and prices declined dramatically. Between 1988 (when the RBOCs were permitted entry) and 1989, the market for voice mail services grew by 40 percent, with total revenues rising from $452 million to $655 million.

Prices have also fallen. For example, telephone companies today charge as little as $5 per month for its residential voice messaging service. Similar services in 1987 cost 2 to 10 times more. Output has risen. The U.S. market for voice mail and voice response equipment increased from $300 million in 1988 to over $900 million in 1989. The number of voice message mailboxes increased from 5.3 million in 1987 to 7.7 million in 1988 and $6 million in 1989.

4. Spectrum Allocation:

The introduction of both FM radio and television was significantly delayed by years of FCC equivocation over which bands would be assigned to which uses. Equally egregious delays preceded the introduction of cellular telephone service.

FM Radio. FM radio technology was invented in 1933, but did not receive widespread use until the 1960s. Lack of FCC support contributed to the limited popularity. One glaring example occurred in 1945. By 1945, 500,000 FM receivers had been built, but were all rendered useless when the FCC decided to
move FM channels to a different spectrum band. FM languished for so long that the inventor of FM eventually committed suicide in despair.

TV. The modern television was developed in the 1930s and exhibited by RCA in 1940. In the 1960s, the FCC took 2 more years to adopt initial standards. It was then discovered that channel allocation was inadequate, and the FCC froze all applications for TV licenses for 4 years, until 1962. In the year after the freeze alone, the number of stations tripled. It took 3 years before regulations for UHF/VHF frequencies were finalized.

Cellular. In 1947 Bell Labs developed the concept of cellular communications and by 1962 AT&T had developed an experimental cellular system. It took another 15 years for regulation to catch up with the new technology; in 1977 the FCC finally granted Illinois Bell's application to construct a developmental cellular system in Chicago. The years to finalize the boundaries of cellular service areas. The delay cost the cellular industry an estimated $86 billion.

Out of Region Competition by Bell Companies:

The Department of Justice, with the concurrence of Judge Greene, originally held that the MFJ consent decree forbade the RBOCs from providing services outside their own regions. The D.C. Circuit however overruled them both and found that the RBOCs are not restricted to providing service only within their home territories; they are free to offer intralegional services anywhere in the country. The RBOCs now compete heavily against one another in cellular service. The provision of other local services, however, is impeded by the interexchange restriction, which the Department and the decree court have so far refused to lift even outside the service areas of the individual RBOCs.

Bell Company Manufacturing:

In June 1991, outages in 5 states and the District of Columbia forced Bell Atlantic and other Bell companies to work closely with a switch manufacturer to determine the cause of the outages and prevent their recurrence. The Department of Justice told Bell Atlantic that, notwithstanding the emergency, Bell Atlantic could not work with the manufacturer without a waiver of the decree's manufacturing restriction. On July 9, 1991, Judge Greene ordered a hearing with Bell Atlantic, the Department of Justice, AT&T, and MCI and granted the waiver on July 10, 1991.

Digital Networks:

The FCC—at the behest of broadcasters—crippled and almost killed cable television, by means of a number of regulatory restrictions such as anti-siphoning rules. The commission's stated justification for these restricting convenes was that it did not want to jeopardize the basic structure of over-the-air television.

Video Dialtone:

By defining video dialtone service as common carriage, not broadcast, the FCC has successfully preempted a raft of State cable regulation and franchise fees. It has also subjected these services to a raft of regulations. Telephone companies have been allowed to provide basic platform that delivers video programming and basic adjunct services to end users, under Federal, common-carrier tariff.

Video dialtone providers must offer sufficient capacity to serve multiple video programmers; they must make provision for increased programmer demand for transmission services over time; and they must offer their basic platform services on a nondiscriminatory basis. The dialtone advertising is misleading; the video connections are strictly between the telco central office and customers. But the number of programs offered from a video dialtone server can be expanded indefinitely. The commission recommended that the waiver process be removed. The provision of uninterrupted cellular service between Washington and New York. Judge Greene finally granted the waiver on July 10, 1991, almost two-and-a-half years after it was filed and the Cecil County waiver was not approved until 1991, nearly 5 years after it was first sought.

There are more than 200 MFJ waivers that Judge Greene has ruled on. These waiver requests first go to the Department of Justice, and then move to Judge Greene. Unfortunately, the waiver process is also very time consuming. The average age of an RBOC waiver request pending before the Department of Justice is about 2½ years old.

Once the Justice Department passes the waiver on to Judge Greene, it takes approximately 2 years before Judge Greene rules on it. This has made the average waiver process more than 4½ years to work its way through the system.

D. THE NEW COMPETITIVE LANDSCAPE

The competitive landscape is changing and, if Congress does not act to overhaul the telecommunications legal landscape, consumers will once again be denied benefits of competition and new technology. Wireless services have exploded since the Bell System breakup. Wireless counted less than 100,000 customers at that time. Today, there are more than 25 million cellular subscribers. Additionally, companies just spent more than $7.7 billion for the major trading area PCS licenses. There is obviously a market for more wireless communications. Cable has more than doubled its subscriber base since the MFJ.

For local telephone services, States such as New York, Illinois, and California, have been leading the way in opening the local market to competition. Competitive access providers did not even exist at the time of the MFJ. Today, CAP's are in 72 cities, and have built 133 competing networks. Rapid changes in technology have broken the natural monopoly Congress based the 1934 act on. Competition is still slow to fully develop in some areas, and in some markets.
History teaches us that, under existing law, the FCC and the courts have not been able to respond to market and technology changes in an expeditious manner. This delay prevents the consumer from gaining the benefits of competing approaches, such as lower rates, better services, and deployment of new and better technologies.

The courts, FCC and Justice Department have been micro-managing the growth of competition in the telecommunications industry. The only way the committee believes it is incumbent upon Congress to exercise its rightful authority in this area, and pass legislation that will open the entire telecommunications industry to full competition. Without legislation, it may be years, or decades, before America sees the benefits of a truly open and competitive telecommunications industry.

Meanwhile our foreign competitors are moving ahead aggressively. In Great Britain, cable-telco competition is growing rapidly. The major cable players in the UK are, in fact, American telco and cable companies. Prices for telephony provided over cable lines are 10 to 15 percent lower than that provided over British Telecoms network. Meanwhile in the United States by contrast, the combination of the 1984 cable-telco prohibition and entry barriers into the local telephone market prevent such competition from developing.

In Japan the government is providing interest free loans to cover 30 percent of the investment for Japan's broadband optical fiber network. Also planned are favorable tax measures for optical fiber and related investments.

Meanwhile in the United States when American companies say they'll invest their own money in new networks, the government at both the Federal and State level visits endless regulatory hassle on the proponents.

E. Importance of Telecommunications to Economic Growth

At the heart of our actions in the 104th Congress is private sector economic growth and private sector jobs through less Government regulation. To achieve our goal, we need increased capital investment.

Telecommunications is an especially important sector to spur investment because it provides a big multiplier effect. The Japanese Government has estimated that for each dollar of new telecommunications capital investment you get 3 dollars' worth of economic growth—a real telecom kicker.

America's edge has always been our grasp of technology. Today, telecommunications and computers are at the cutting edge. Americans today have the broadest choice and best prices for these information economy products and services in the world.

For instance, 98 percent of American homes have television and radio, 94 percent have telephones, 91 percent have VCRs, 65 percent have CD-ROM sales are flourishing.

The Internet and computer on-line services are reaching millions of Americans. DBS has been successfully launched. In 1991, cable operators were already offering video and audio programming services.

A vibrant new wireless communications industry is growing with cellular—25 million subscribers—and paging—20 million users—soon to be joined by Enhanced Specialized Mobile Radio, Global Satellite, and Personal Communications Services.

First, digitization and industry convergence meet—Regulatory apartheid—Telecommunications policy in America, under the 1934 Communications Act, has long been based on the notion that information transmitted over wires could be easily distinguished from information transmitted over the air. Different regulatory regimes were erected around these distinctions between the media no longer make sense.

This scheme might best be described as "regulatory apartheid"—each technology had its own native homeland. These once separate and distinct technologies have now begun sharing each other. As Congress' Office of Technology Assessment stated in a recent study: "A movie, phone call, letter, or magazine article may be sent digitally via phone line, coaxial cable, fiber-optic cable, microwave, satellite, the broadcast air, or a physical storage medium such as tape or disk."

The same technological phenomenon that is sweeping the computer industry during the 1980's is now sweeping the telecommunications industry—we can learn valuable lessons from the experience in the computer industry.

Second, computers and phones:

By the early 1980's, AT&T and IBM were two of the largest and more powerful companies in the world. On January 8, 1982, the Federal Government chose two different destinies for the two mammoth companies. The Government agreed to dismiss its case against IBM; by contrast, AT&T would be divested, freed from all antitrust quarantines and so permitted to enter the computer business.

At the time, Intel was already over a decade old. Apple was growing fast. And IBM had just introduced a brand-new machine, based on an Intel microprocessor. Big Blue's new machine—its personal computer—was small and beige. Three weeks after the break-up of AT&T was complete, in January 1984, Steve Jobs stepped out on the podium at the annual stockholders' meeting of Apple Computer and unveiled the Macintosh.

The impact of unfettered competition has devastated IBM. The only thriving parts of its hardware business today are at the bottom end, where Big Blue's small beige machines have been opened, standardized, and widely copied from the day they were introduced. Between 1985 and 1992, IBM shed 100,000 employees. IBM's stock, worth $176 a share in 1987, collapsed to $52 by year's end. In 1992, if you had invested $2,500 in IBM in June 1984, you would announce "The End of IBM's Overshadowing Role." "IBM's problems," the Times noted, "are due to its failure to realize that its slow business, frame mainframe computers, had been supplanted by cheap, still worked, and faster networked workstations." In a desperate scramble for survival, IBM is breaking itself into autonomous units and spinning off some of its more successful divisions. IBM itself is only one of many first-tier vendors of PCs today, with a market share of 8 percent.

The impact on the computer industry, however, has been intense competition spawning rapid technological advancement. A 50-cent 8086 chip in 1982—featuring Intel's 8086 running at 25 MHz—had the processing power of a $250,000 minicomputer in the mid-1980's, and a million-dollar mainframe of the 1970's. Five years later, that same $5,000 PC is capable of operations characteristic of a third new generation on the horizon. Systems with more than twice the processing power of that 1990 system—using Intel's 486DX-2/66 chip—are available for under $1,500, and Intel runs advertising campaigns encouraging these chips to upgrade to newer ones. Systems with more than twice the processing power of that system—featuring Intel's 120 MHz Pentium chip—are now available, most for under $5,000. Intel is currently promising faster and faster iterations of its Pentium chips—running at 133 and 150 MHz—before it re-releases commercial versions of its next-generation P6, which promises to move the price-performance curve astonishingly farther out than today. The computing industry has been captured by the grip of Moore's Law, which holds that the number of transistors that can be placed on a microchip—a rough estimator of the power of the chip—doubles every 18 months.

The upshot is that consumers can purchase systems with four times the power of the 1980's mainframes at one-fiftieth of the price. Put another way, systems today have over 200 times the value of systems in 1984. By contrast, long-distance and voice telephony calls have only twice the value of long-distance calls in 1984. Had price-performance gains of the same magnitude occurred in the long-distance market since 1984, the results would have been equally stunning. For example, in 1984, a 10 minute call at day rates between New York and Los Angeles cost a little less than $5, today it costs $2.50. Had competition and technological advances developed in the long-distance market as they have in the computer market, that same call would cost less than 3 cents. Alternatively, a 10 minute call from New York to Japan—cost roughly $17 in 1984 and $14 today. Had long-distance

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service advanced as rapidly as the personal computer industry, that call would cost less than 9 cents.

Third. Lessons learned:

Yet as the United States stands at this crossroads—the dawn of a new era in high technology, entertainment, information and telecommunications—America continues to operate under an antiquated regulatory regime. Our current regulatory scheme in America simply does not take many dramatic technological changes into account.

Progress is being stymied by a morass of regulatory barriers which balkanize the telecommunications industry into protective enclaves. We need to devise a new national policy framework—a new regulatory paradigm for telecommunications—which accommodates and accelerates technological change and innovation.

The very same digitization phenomenon supports the prospect of competition by telephone companies and against telephone companies, by cable companies and against cable companies, by long distance companies and against long distance companies. Incumbents on opposite sides of the traditional regulatory apartheid scheme have quite different views about which kind of competition should come first.

The same came to be seen as it goes with digitization and convergence, the private sector cannot be expected to wait. Indeed, the multifaceted deals and alliances of the last several years indicates that industry is not waiting.

Look at a short list of some of these deals:

US West/Time Warner. The world's largest entertainment company, and second ranking cable company, teaming up with the RBOC for the western United States.

AT&T/McCaw. The biggest long distance and equipment maker joining with the biggest cellular carrier. That came on the heels of AT&T acquiring one of the biggest computer companies—NCR.

Sprint/Cable Alliance. The third largest long distance company—and only company with local, long distance and wireless capability—joining cable's TCI, Comcast, Cox, and Continental to form an alliance to provide a nationwide wireless communications service—and the prospect for joining Sprint's broadband long distance lines with cable's high capacity local facilities.

Microsoft. There has been an almost endless series of strategic alliances being struck between Microsoft, the world's largest computer software company, and companies in numerous information and communications businesses for the purpose of delivering interactive services.

HDTV Grand Alliance. The companies teaming up to bring HDTV to America include AT&T—the largest telecom equipment maker—General Instrument—the largest cable TV equipment maker—and Phillips—the world's largest TV set maker.

In addition, layered on top of these and many other deals and alliances is the globalization phenomenon—a breakdown of geographic barriers; all the RBOC's have foreign investments; British Telecom and MCI in partnership; Sprint planning the same with France Telecommunications; Deutsche Telekom; AT&T also working with Singapore Telecom, Cable & Wireless's Hong Kong Telephone, and the Netherlands Telecom.

We can no longer keep trying to fit everything into the old traditional regulatory boxes—unless we want to incur unacceptable economic costs, competitiveness losses, and deny American consumers access to the latest products and services.

Since becoming chairman of the committee I have been actively working with leaders in the telecommunications and information industry to reform this outmoded and antiquated, regulatory apartheid system in order to make the most of information, data, telecommunications and entertainment services available for America.

It is time for American policymakers to meet this new challenge much the way an earlier generation responded to Sputnik. The response must be rooted in the American tradition of free enterprise, de-regulation, competition, and open markets—to let technology follow or create new markets, rather than government mind and stunting developments in telecommunications and information technology.

By reforming U.S. telecommunications policy we in Congress have an unparalleled opportunity to unleash a digital, multimedia technology revolution in America. By freeing American technological know-how, we can provide Americans with immediate access to and manipulation of a bounty of entertainment, information, education, and health care applications and services.

Passing S. 652, The Telecommunications Competition and Deregulation Act of 1995, will have profound implications for America's economic and social welfare well into the 21st Century.

Fourth. Universal service:

An additional, but often overlooked, reason for immediately moving forward with S. 652 and telecommunications regulatory reform concerns the protection afforded the consumer at the center of American communications policy—maintaining universal voice telephone service at reasonable and affordable prices.

The explicit subsidies—those of known magnitude and direction—can and should be maintained. These are the “Universal Service Fund,” the “Link-Up America” program, and others the FCC made part of the overall access charge system.

The shadow subsidies are much more at risk. The present scheme cannot be maintained when new technology is changing so rapidly and customers are provided with an ever-increasing buffet of choices. This implicit subsidy scheme must be reformed and fixed. We cannot afford to wait any longer to start that reform process.

F. WHAT S. 652 DOES: CHIEF REFORM FEATURES

First. Universal telephone service:

The very same digitization phenomenon supports the prospect of competitive local telephone service by cable companies, long distance companies, electric companies, and other entities.

Upon enactment the legislation pre-empts all State and local barriers to competition with the telephone companies. In addition it requires local exchange carriers [LEC’s] having market power to negotiate, in good faith, interconnection agreements for access to unbundled network features and functions at reasonable and non-discriminatory rates. This would allow other parties to provide competitive local telephone service through interconnection with the LEC’s facilities.

The bill establishes minimum standards relating to types of interconnection that a LEC with market power must agree to provide if requested, including: unbundled access to network functions and services, unbundled access to facilities and information, necessary for transmission, routing, and interoperability of both carriers’ networks, interconnection at any logically feasible point, access to poles, ducts, conduits and rights-of-way, telephone number portability, and local dialing parity.

As an assurance that the parties negotiate in good faith, either party may ask the State to arbitrate any differences, and the State must review and approve any interconnection agreement.

The bill requires that a Bell company use a separate subsidiary to provide certain information services, equipment manufacturing, in-region interLATA services authorized by the FCC.

In addition a Bell company may not market a subsidiary’s service until the Bell company is authorized by the FCC to provide in-region interLATA services.
S. 652 also ensures that regulations applicable to the telecommunications industry remain current and necessary in light of changes in the industry. First, the legislation permits the FCC to forbear from regulating carriers whenever it determines that an entity is not required to be regulated under the 1996 act. This will allow the FCC to reduce the regulatory burdens on a carrier when competition develops, or when the FCC determines that relaxed regulation is in the public interest. Second, the bill requires a Federal-State joint board to periodically review the universal service policies. Third, the FCC, with respect to its regulations under the 1994 act, and a Federal-State joint board with respect to State regulations, are required in odd-numbered years beginning in 1997 to review all regulations issued under the act or State laws applicable to telecommunications services. The FCC and joint board are to determine whether any such regulation is no longer in the public interest as a result of competition. They may modify the foreign ownership restrictions of section 310 of the 1934 act, if the FCC determines that the applicable foreign government provides equivalent market opportunities to U.S. citizens and entities.

The bill also requires that equipment manufacturer and telecommunications service providers ensure that telecommunications equipment and services are accessible and usable by individuals with disabilities, if readily achievable, a standard found in the Americans with Disabilities Act.

Third, Long distance relief for the Bell companies:

The Telecommunications Competition and Deregulation Act of 1995 establishes a process under which the regional Bell companies may apply to the FCC to engage in long distance or interLATA market. Since the 1984 breakup of AT&T, the Bell companies have been prohibited from providing services between geographical areas known as LATA's, [Local Access and Transport Areas]. The legislation reasserts congressional authority over Bell company provision of long distance and restores the FCC authority to set communications policy over these issues. The Attorney General has a consulting role.

The reported bill requires Bell local companies and other LEC's having market power to open and unbundle their local networks, to increase the likelihood that competition will develop for local telephone service. It also sets forth a competitive checklist of unbundling and interconnection requirements.

If a Bell company satisfies the competitive checklist, the FCC is authorized to permit the Bell company to provide interLATA services originating in areas served by the Bell company. If the FCC also finds that Bell company provision of such interLATA service is in the public interest. Out-of-region interLATA services may be provided by Bell companies upon enactment.

S. 652 allows the Bell companies to provide interLATA services in connection with the provision of certain other services immediately, with safeguards that the public interest will be served. The Bell companies cannot use this authority to provide otherwise prohibited interLATA services. For example the reported bill requires a Bell company to lease facilities from existing long distance companies if it uses interLATA service in the provision of other telecommunications services and certain information services.

Finally, the bill requires a Bell company providing in-region interLATA service authorized by the FCC to use a separate subsidiary for such services.

Fourth, Manufacturing authority for the Bell companies:

The judicial consent decree that governed the breakup of AT&T in 1984, the MFJ, also prohibited the Bell companies from manufacturing telecommunications equipment. The AT&T breakup itself, the globalization of the communications equipment market, the concentration of equipment suppliers, the increasing foreign penetration of the U.S. market, and the continued dispersion of consumer telecoms have greatly diminished any potential market power of the Bell companies over the equipment market.

The bill permits a Bell company to engage in manufacturing of telecommunications equipment since the FCC authorizes the Bell company to provide interLATA services. A Bell company can engage in equipment research and design activities upon enactment.

In conducting its manufacturing activities, a Bell company must comply with the following safeguards:

A separate manufacturing affiliate. Requirements for establishing standards and certifying equipment. Protection from unfair competition—any Bell company—must make its equipment available to other telephone companies without discrimination or self-preference as to price delivery, terms, or conditions.

Fifth, Cable competition, video dialtone and direct-to-home satellite services:

The bill permits telephone companies to compete against local cable companies upon enactment, although until 1 year after enactment the FCC would be required to approve Bell company plans to construct facilities for common carrier video dialtone operations. The bill also removes at enactment all State or local barriers to cable companies providing telecommunications services, without additional franchise requirements.

The reported bill does not require telephone companies to obtain a local franchise for video services as long as they employ a video dialtone system that is broadcast on a common carrier basis, that is, open to all programmers. If a telephone company provides service over a cable system—that is, a system not open to all programmers—the telephone company will be treated as a cable operator under title VI of the 1934 act.

Whether a telephone company uses a video dialtone network or a cable system, it must comply with the same must-carry requirements for local broadcast stations that currently apply to cable companies. A separate subsidiary is not required for a Bell company carrying or providing video programming. The FCC may require a Bell company to cease operating in this capacity if the company provides nondiscriminatory access and does not cross-subsidize its video operations.

The bill maintains rate regulation for the basic tier of programming where the cable operator does not face effective competition—defined as the provision of video services by a local telephone company or 15 percent penetration by another multichannel video provider. The bill minimizes regulation of expanded tier services.

Specifically the bill eliminates the ability of a single subscriber to initiate at the FCC a rate complaint proceeding concerning expanded tier services. In addition, the FCC may only find rates for expanded tier service unreasonable, and subject to regulation, if the rates substantially exceed the national average rates for comparable cable programming services.

States may impose sales taxes on direct-to-home satellite services that provide services to subscribers in the State. The right of State and local authorities to impose other taxes on direct-to-home satellite services is limited by the bill.

Sixth, Entry by registered utilities into telecommunications:

Under current law, gas and electric utility holding companies that are not registered may provide telecommunications services to consumers. There does not appear to be sufficient justification to continue to preclude registered utility holding companies from providing this same service.

The bill provides that affiliates of registered public utility holding companies may engage in the provision of telecommunications services, notwithstanding the Public Utility Holding Company Act of 1935. The affiliate engaged in providing telecommunications must keep separate books and records, and the States are authorized to require independent audits on an annual basis.

Seventh, Alarm services:

The bill prohibits a Bell company from providing alarm monitoring services. Beginning 3 years after enactment, a Bell company may provide such services if it has received authorization from the FCC to provide in-region interLATA service. The bill requires the FCC to establish rules governing Bell company provision of alarm monitoring services. A Bell company that was in the alarm service business as of December 31, 1994 is allowed to continue providing that service, as long as certain conditions are met.
Eighth: Spectrum flexibility and regulatory reform for broadcasters:

If the FCC permits a broadcast television licensee to provide advanced television services, the bill requires the FCC to adopt rules to permit such broadcasters flexibility to use the advanced television spectrum for ancillary and supplementary services, if the licensee provides to the public at least one free advanced television program service. The FCC is authorized to collect an annual fee from the broadcaster if the broadcaster offers ancillary or supplementary services for a fee to subscribers.

A single broadcast licensee is permitted to reach 35 percent of the national audience, up from the current 25 percent. Moreover, the FCC is required to review all of its ownership rules biennially. Broadcast license terms are lengthened for television licenses from 5 to 10 years and for radio licenses from 7 to 10 years. Finally, new broadcast license renewal procedures are established.

Ninth. Obscenity and other wrongful uses of telecommunications:

The decency provisions in the reported bill modernize the protections in the 1934 act against obscene, lewd, indecent, and harassing use of a telephone. The decency provisions increase the penalties for obscene, harassing, and wrongful utilization of telecommunications facilities, protect families from uninvited cable programming which is unsuitable for children, and give cable operators authority to refuse to transmit programs or portions of programs on public or leased access channels which contain obscenity, indecency, or nudity.

The bill provides defenses to companies that merely provide transmission services, navigational tools for the Internet, or intermediate storage for customers moving material from one location to another. It also allows an on-line service to defend itself in court by showing a good-faith effort to lock out users and to provide warnings about adult material before it is downloaded.

G. THE DEREGULATORY NATURE OF S. 852

Ronald Reagan once joked—in the midst of a debate over the budget—that the only reason Our Lord was able to create the World in 6 days was that he didn’t have to contend with the embedded base.

I have been wrestling with the communications issues since I came to Congress. We all have. This has become the congressional equivalent of Chairman Mao’s famous “Long March.”

Nothing in the field is easy. We are dealing with basic services—telephone, TV, and cable TV—that touch virtually every American family. We are dealing with massive investment—more than half a trillion dollars. We are dealing with industries which provide almost two million American jobs. We are dealing with high-tech enterprises that are critical to the future of the American economy, and our global competitiveness.

The stakes are high for everyone. And it is the sheer number of issues and concerns that accounts for the complexity of any legislation.

First, a paradigm shift. But let me talk briefly about some of the major steps forward which are envisioned in this bill.

When the former head of the National Telecommunications & Information Administration testified before the Senate, he commented that, “Every-thing in the world is compared to what.”

Well, virtually all of the bills which the Senate or the House has dealt with over the past generation took the concept of regulated monopoly as a given. Whether we are talking about Congressman Lionel Van Deerlin’s bill, H.R. 1315 in the House in the 1970’s; or Senator Packwood’s effort back in 1961—S. 852: All of these bills assumed that monopoly, like the poor, would always be with us.

Second. A paradigm shift:

My bill changes that. Instead of conceding that concern, this bill:

Removes the barriers to competition in all communications markets—local exchange, long distance, wireless, cable, and manufacturing.

It establishes a process that will require continuing regulation for rules and regulations each 2 years. Every 2 years, in other words, all the rules and regulations will be on the table. If they don’t make sense, there is a process established to terminate them.

It restores full responsibility to Congress and the FCC for regulating communications. Under the bill that the House passed last spring, for example, you would have still had a substantial, continuing involvement in communications policy on the part of the Justice Department and federal courts.

This bill brings the troops home.

Third. Genuinely deregulatory:

I understand the concerns that some of my colleagues have raised. Senator McCain has raised the question of whether this bill is deregulatory enough. Senator Packwood has asked if we could not speed up the transition to full, unrestricted competition. These are valid concerns.

But let me highlight some of the regulatory steps which this bill makes possible now.

First, it will make it possible for the FCC immediately to forebear from economically regulating each and every competitive long-distance operator. The federal courts have ruled that the FCC cannot deregulate. This bill solves that problem and makes deregulation legal and desirable.

Second, this bill envisions removing a whole chunk of unnecessary cable television programming. We leave the power to control basic service charges, until local video markets are more competitive. But the authority to regulate the nonbasic services, the expanded tiers, is peeled back. That represents a major step toward deregulation and more reliance on competitive markets.

Third, this bill contains a competitive checklist for determining Bell Co. interests, primarily by prohibiting markets like long distance and manufacturing. After Bell companies satisfy all the requirements, the FCC must, in effect, certify compliance by making a public interest determination.

Fifth. Safeguarding core values:

This bill is aggressively deregulatory. It seeks to achieve genuine, long-term reductions in the level and intensity of Federal, State and local governmental involvement in telecommunications.

But this bill is also responsibly deregulatory. When it comes to maintaining universal access to telecommunications services, for instance, it does that. It establishes a process that will make sure that rural and
small-town America doesn't get left in the lurch. This bill also maintains significant Federal oversight. Telecommunications, remember, isn't like trucking, or railroads, or airline transportation. The market growth we are talking about here are marketed and consumed directly by the public.

This bill seeks to advance core values. I know that the Exon Amendment—which places limits on obscene and indecent broadcasts in all media—has sparked controversy. All that amendment actually does is apply to computer communications the same guidelines and limitations which already apply to telephone communications.

Sixth. Further responsibility: This bill also recognizes the fact that deregulation is always a gradual, transitional process—and that Congress has the responsibility to stay involved.

All that good legislation is only one facet of the overall deregulatory process. Other requirements are careful scrutiny of budgets, of appointments to the FCC and other agencies, and effective Congressional oversight. No one should try to fool themselves into believing that we can get away on the cheap. We can't.

If we are serious about deregulating this marketplace and—more importantly—expanding the range of competitive choices available to the American public, Congress is going to have to stay a central player.

Seventh. Summary of affirmative aspects:

Let me summarize, then, what I see as very positive, affirmative aspects of this bill:

First, it dispenses with the old government-sanctioned monopoly model and replaces it with a process of open access which will lead to more competition across-the-board, in every part of the competition business. It flattens all regulatory barriers to market entry in all telecommunications markets. The more open access takes hold, the less other government intervention is needed to protect competition. Open access is the principle establishing a fair method to move local phone monopolies and the oligopolistic long distance industry into full competition with one another. Completion of the steps on the pro-competitive checklist—both the local distance firms and the local telephone companies confidence that neither side is gaming the system.

Second, it eliminates a number of unnecessary rules and regulations now—by giving the FCC the discretion to forebear from regulating competitive communications services, by removing unneeded, high-tier, cable price controls.

Third, it establishes a process for conducting an ongoing, bottom-to-basement review of all regulations on a 2 year cycle.

Fourth, it seeks to create an environment that is more conducive to more new services and more competitors—by allowing broadcasters and cable operators, for instance, greater competitive flexibility, and giving local and long distance phone companies more chances to compete as well.

Fifth, it terminates the involvement of the Justice Department and the Federal courts in the making of national telecommunications policy.

Sixth, the bill emphasizes effective competition while also safeguarding core values, such as universal service access and limitations on indecency; and,

Finally, it maintains the responsibility of Congress to continue to work through the budget, oversight, and confirmation processes to move this critical sector toward full competition and deregulation.

H. BENEFITS OF S. 652

In General. Competition and deregulation in telecommunications as a result of the Pressler Bill means

Lower prices for local, cellular, and long distance telephone service, and lower cable television prices, too.

More and less costly business and consumer electronics to make U.S. business more competitive and American citizens better informed.

Expanded customer options, as business is spurred to bring new technology to the marketplace faster. In addition to more choices for long distance, cellular, broadcast, and other services where competition already exists, competition and choice in local phone and cable services will be introduced.

High technology jobs with a future for more Americans, economic growth, and continued U.S. leadership in this critical field. The President's Council of Economic Advisors estimates that deregulating telecommunications laws will create 1.4 million new jobs in the services sector of the economy alone by the year 2003.

In a Bell Company funded study, WEFA concluded that telecommunications deregulation would cause the U.S. economy to grow 0.5 percent faster on average over the next 10 years, creating 3.4 million new jobs by the year 2005, and generating a cumulative increase of $1.8 trillion in real GDP. Finally, George Gilder has estimated $2 trillion in additional economic activity with the Pressler Bill.

More exports of high-value products, and greater success on the part of U.S.-based telecommunications equipment companies, and some $30 billion, or 50 percent of computer equipment $29.2 billion, companies as they leverage their domestic gains to make more sales overseas.

In Media. Competition and deregulation in electronic media including broadcasting, cable, and satellite services means:

More Networks and Channels. In the early 1970s, there were three national TV networks and virtually no cable TV networks. Today, there are 110 national TV networks, plus 10,000 cable TV systems serving 65 percent of American homes—90 percent of these homes—have the cable option—by DBS now offering digital service to millions more. The average American family now has access to some 30 video channel choices. Much more is on the way if the Pressler Bill is enacted into law.

More News and Public Affairs. Cable deregulation—spurred by satellite communications deregulation—made more news and public affairs programming available. CNN, C-SPAN, and ESPN are prime examples. Local all news channels and local C-SPAN-oriented programming is on its way if deregulation occurs.

More Jobs. Relocating broadcast rules and regulations—spurred by the growth of cable TV—made it possible for some 300 new TV and 2,000 new radio outlets to emerge. This created 10,000 new jobs in broadcasting.

Small town and rural America parity. Satellites and cable TV service means small town and rural Americans command the same media choices only big city residents once enjoyed. This democratization has spurred public awareness of national and international events—as well as encouraged fuller participation in the political process.

Political shift. Satellites, cable, talk radio, and C-SPAN, which were a specific result of deregulation and competition in telecommunications, were prime ingredients to last year's landmark national political shift. Further decentralization of media control through deregulation will accelerate this democratization phenomenon.

In telephone service. Competition and deregulation in the telephone business means:

Lower prices. Deregulation of phone equipment resulting in faster deployment of advanced equipment has made it possible to reduce local phone rates by $4 billion since 1987. More local distance competition has meant nearly $20 billion in price cuts since 1987. Virtually all Americans now have far more choices in phone equipment and local distance service—and with the Pressler Bill will see choices in local phone services.

New options. Sixty million American families now have cordless phones. Twenty-five million now have cellular phones. Fifty million have answering machines. Twenty million have pagers.

Deregulation has allowed technology to evolve to meet the demands of an increasingly mobile society.

Business. Twenty million cellular phones have helped millions of American women feel safer and more secure. They have made it possible to drive safely under even the most severe weather conditions, because now help can be called on a cellular phone.

Computer services. Competition and deregulation in telecommunications will speed the deployment of the so-called information superhighway. Currently, 40 percent of American homes now have personal computer. Computers are ubiquitous for American business. There is one school computer for every nine students. Competition and deregulation will mean new communications
facilities that will magnify the power of these computers.

International competitiveness. Telecommunications is a prime leverage technology. Competition and deregulation expands business access to this new technology, which makes the United States and international business more competitive globally. Deregulation also spurs U.S. production and export of high-value-added products like computers, advanced telephone switches, mobile radios, and fiber optics. Each dollar invested in telecommunications results in $3 of economic growth.

For agriculture. For agriculture, competition and deregulation in communications means:

1. Efficiency. Farms today are the most technology-intensive small businesses. American farmers will be able to harness computer, communications, and satellite technology to stay the world's most efficient lowest cost food producers.

2. Integration with the national community. Communications advances help integrate the farm community with Americans nationwide. Farm families will have the same news, public affairs, and entertainment choices nearby that their hometown does.

3. Distance learning/telemedicine. Schools in small town and rural areas will be able to offer the same schooling options as those in the suburbs and major cities. Telemedicine systems will increase the availability of health care available in small town and rural America, especially for the home bound elderly in our society.

4. More jobs. Deregulation means more modern communications systems as costs drop for small town and rural areas which, in turn, help these areas attract and retain businesses and jobs. Communications deregulation in Nebraska meant thousands of new jobs for the State. Deregulation in North Dakota also means one of the country's biggest travel agencies now operate out of Linder and employs several hundred local people.

5. For Government. For Government agencies, competition and deregulation in telecommunications means:

a. Better service. With voice mail, smart phone services—for example, to renew your library book, press 1, facsimile, and electronic mail, Federal, State and local agencies will be able to provide better service.

b. Reduced cost. Technology through deregulation and competition also helps Government curb costs. Taxpayers thus get better service without having to pay more. The right-sizing of Government agencies is made possible.

6. For businesses. For business, competition and deregulation in telecommunications means:

a. No geographical disadvantage. The ability to locate businesses away from center cities, and to allow many workers, especially working mothers, to telecommute thus reducing urban traffic congestion, pollution problems, and easing child care problems.

b. Expanding markets. Fax, 800-numbers, and Federal In-Press have made it possible for even the smallest companies today to compete on a state-wide, regional, national, and even international scale.

7. Working smarter. Satellite networks, computer networks, mobile terminals, cash registers—and computerized inventory systems often linked directly to suppliers make it possible for U.S. retailers and other businesses to stay very competitive without being over-stocked or understocked. Technology which will be made more available through deregulation has also allowed stores to operate in once remote areas.

8. Wal-Mart has become America largest retailer, despite its largely rural origins, chiefly because the company was able to harness the best in contemporary communications.

9. For educators. For educators, competition and deregulation in telecommunications means:

a. Greater parity. Students in small town and rural America, and in inner cities, will be able to access the same information and instructional resource only wealthy suburban districts have. Advanced math, science, and foreign language courses that are often available previously are available through telecommunications. This reduces the pressures to close or consolidate small town and rural schools and other institutions, which helps communities maintain their unique local character.

b. Lower costs. Competition lowers the cost of telecommunications equipment and services. This makes it possible for schools to adopt communications techniques without needing to expand budgets and local taxes.

10. For law enforcement. For law enforcement, competition and deregulation in telecommunications means:

a. Eficiencies. Communications equipment prices will continue to fall. Police will be able to afford to buy on-board computers, advanced radiocommunications, and other high-tech systems. This magnifies the effectiveness of law enforcement budgets.

b. Better coordination. Advanced communications and information systems will result in far better coordination among Federal, State, and local law enforcement agencies. Nationwide criminal records, drunk driving, stolen car, and other checks can be undertaken quickly and cheaply. This means law breakers will face a higher risk of apprehension, which means a stronger deterrent against crime.

Personal security. Advanced computer and communications technology places security systems within reach of more and more American families. Easier access to cellular phones will help Americans stay safer and feel more secure. At the same time, these telecommunications and information technologies help police, fire department and emergency medical services drastically reduce response times. In the case of emergency medical services far better on-the-spot service will be provided.

11. For South Dakota and other small city and rural areas:

a. The bill is designed to rapidly accelerate private sector development of advanced telecommunications and information technologies to all Americans by opening all telecommunications markets to competition.

b. Recent series of television commercials have shown people sending faxes from the beach, having meetings via computer with people in a foreign country, using their computer to search for theater tickets and a host of other services that soon will be available. My bill would make those services available even sooner by removing restrictive regulations.

A person living in Brandon could work at a job in Minneapolis or Chicago, students in Lemmon would be able to take classes from teachers in Omaha and doctors in Freeman could consult with specialists at the Mayo Clinic. Telecommunications can bring new economic growth, education, health care and other opportunities to South Dakota.

12. Competition in the information and telecommunications industries means more choices for people in South Dakota. It will also mean lower costs and a greater array of services and technologies. For instance, competing for customers will compel companies to offer more advanced services like caller ID or local connections to on-line services such as Prodigy and America On-Line.

It hasn't been that long since Ma Bell was everyone's source for local phone service. Long-distance, services, and all phone equipment. Now there are over 400 long-distance companies and people can buy phone equipment at any department or discount store. Under my bill, eventually people would be able to choose from more than one local phone service or cable television operator.

This new competition also should lead to economic development opportunities in South Dakota. People will be able to locate businesses in towns like Groton and Humboldt that serve customers in Hong Kong or New York City. We are entering an exciting era. I want to spur growth and bring new opportunities to South Dakota and every-where in America.

S. 652 is legislation providing for the most comprehensive deregulation in the history of the telecommunications industry.

Enacting this bill means ending regulation that has been applied. Under the Communications Act of 1934 and the Federal judiciary's Modification of Final Judgment, sectors of the communications industry are forcibly separated and
segregated. This created Government-imposed and sanctioned monopoly models for the telecommunications sector.

S. 652 tears down all the segregation barriers to competition and ends the monopoly model for telecommunications. It opens up unprecedented new freedom for access, affordability, flexibility, and creativity in telecommunications and information products and services.

Passing S. 652 will hasten the arrival of a powerful network of two-way broadband communications links for homes, schools, and small and large businesses. For my home State of South Dakota, and other States away from the big population centers, this reform bill will make the Internet and other computer communications more easily accessible and affordable.

Local phone companies, long-distance phone companies, cable TV systems, broadcasters, wireless and satellite communications entities, and electric utility companies all will gain freedom to compete with one another in the communications business.

S. 652 is not only a deregulation bill, it is a reform bill. There is an important distinction. The 1984 Cable Act, for instance, deregulated rates for the cable industry but explicitly kept intact the barriers keeping telephone, electric companies, broadcasters, and others competing for cable TV service. Keeping the monopoly model in place while lifting the lid on prices led directly to a backlash and deregulation in the Cable Act of 1992.

This reform bill will open the door for billions of dollars of new investment and growth. The United States is the world leader in telecommunications products, software, and services. Still, we labor under self-defeating limits on our ability to grow at home and compete abroad. Most foreign countries retaliate for the strictest U.S. limits on foreign investment. This keeps us out of markets where we would have the natural competitive advantage and leaves them open to our competitors. Telecommunications innovation and productivity are flourishing in such countries as the United Kingdom, which has eliminated many barriers to foreign investment. The new legislation will lift limits on foreign investment in U.S. common carrier enterprises on a fair, reciprocal basis.

To maintain our world leadership position we need new legislation. S. 652 will improve international competitiveness markedly by expanding exports. In 1994, according to the Department of Commerce, telecommunications services—local exchange, long distance, international, cellular and mobile radio, satellite, and data communications—accounted for $3.3 billion in exports. Telecommunications equipment—switching and transmission equipment; telephones; facsimile machines; radio and TV broadcasting equipment, fixed and mobile radio systems; cellular radio telephones; radio transmitters, transceivers and receivers; fiber optics equipment; satellite communications systems; closed-circuit and cable TV equipment—accounted for $10.25 billion in exports. Finally, other equipment accounted for $292 billion in exports. With this new legislation, telecommunications and computer equipment and services will be America's No. 1 export sector.

S. 652 will spur economic growth, create jobs, and potentially increase productivity. As noted earlier, each dollar invested in telecommunications results in 3 dollars' worth of economic growth. The Clinton/Gore administration estimates that with telecommunications deregulation the telecommunications and information sector of the economy would double its share of the GDP by 2003 and employment would rise from 3.6 million today to 5 million by 2003. The WEFA Group, in a Bell Company funded study, stated that if telecommunications deregulation 3.4 million jobs would be created in the next 10 years. In addition, the GDP would be approximately $300 billion higher, and consumers would save approximately $550 billion. Finally, Senator Hollings, and particularly Senator George Voinovich, testified before the Senate Commerce Committee that if telecommunications deregulation like that contemplated in S. 652 does not take place, America will lose up to $2 trillion in new economic activity in the 1990s.

S. 652 will also assist in delivering better quality of life through more efficient provision of educational, health care and other social services. Distance learning and telemedicine applications are especially important in rural and small city areas of America. With the advent of digital wireless technologies the cost of providing service will be lowered tenfold thus closing the gap between the costs of serving urban and rural areas.

If we in Congress do our job right, by passing this legislation, we have the potential to be America's new high-tech pioneers—an opportunity to explore the new American frontier of high-tech telecommunications and computers that will be unleashed through bold free enterprise, de-regulatory, procompetitive, open entry policies. By taking a balanced approach which doesn't favor any industry segment over any other, we will first stimulate economic growth, job, and capital investment; second, help American competitiveness; third, minimize transitional inequities and dislocations; and fourth, actually do something very good for universal service goals.

Mr. President, on March 28, the Committee on Commerce, Science, and Transportation voted 17 to 2 to report S. 652, the Telecommunications Competition and Deregulation Act of 1995. Telecommunications policy usually rates attention on the business pages, not as a front-page story. Still, for the average American family, legislation to reform regulations of our telephone, cable, and broadcasting industries is surely one of the most important matters the 104th Congress will consider.

OPEN, DELIBERATE PROCESS

Mr. President, this reform legislation was years in the making. It is the handiwork of numerous Senators from both parties, which shared a common recognition that our laws are outdated and anticompetitive.

The recent hearing process which informed the Commerce Committee and led to development of S. 652 began in February 1994. During the Commerce Committee held 14 days of hearings on telecommunications reform. The committee heard testimony from 109 witnesses during this process. The overwhelming message we received was that Americans want urgent action to open up our Nation's telecommunications markets.

At the beginning of the 104th Congress, on January 31 of this year, I circulated a discussion draft of a telecommunications deregulation bill which reflected ideas offered by the Republican members of the Commerce Committee. I invited the comments of ranking Democratic member Hollings and other Democratic members. In just 2 weeks time, Senator Hollings presented a comprehensive response. He has been a tremendous ally in this effort, as have many of my colleagues on the committee.

Senator Hollings and I and Democratic and Republican members of the committee, together with the majority and minority leaders, then engaged in an open, deliberate, productive process of discussion and negotiation.

Mr. President, it is accurate to say that staff from both parties have worked night after night, weekend after weekend, with scarcely any respite, since before Christmas on this bill.

Mr. President, just as it won overwhelming bipartisan support in committee, S. 652 deserves passage by a strong bipartisan vote here on the floor of the Senate.

When I travel around my State of South Dakota and see the craving for distance learning, for telemedicine, for better access to the Internet and the other networks taking shape to improve our productivity and quality of life, it helps me understand the need for this legislation, the need to work and fight for this reform.

Mr. President, the obstacles for progress in telecommunications are non-technical. They are political. We have in it our power to tear those obstacles down. S. 652 does a substantial part of the job of tearing them all down.

RESTORING CONGRESSIONAL RESPONSIBILITY

S. 652 returns responsibility for telecommunications policy to Congress after years of micromanagement by the courts. This bill will terminate judicial control of telecommunications policy, in particular, Federal Judge Harold
Greene's "Modification of Final Judgment" regime which has governed the telephone business since the breakup of AT&T in 1984.

When the courts control policy, they are restricted to narrow considerations. On the other hand, when the courts are free to make rules of their own, they take into account a whole range of economic and social implications in establishing a national policy framework. S. 652 provides such an approach to telecommunications reform.

The regional Bell operating companies are protected with monopoly status in the local residential telephone service markets. But they are barred from manufacturing telephone equipment, offering long-distance service, or competing in a cable video market. These restrictions were designed to prevent the regional Bell companies from competing with AT&T in the long-distance service market, but they also limit the ability of these companies to enter new markets.

S. 652 would change all this. It would bring about the most fundamental overhaul of telecommunications policy in more than 60 years. It will break up the monopolies and increase competition. S. 652 repeals regulations barring local telephone companies' entry into cable service and cable's entry into the local phone business.

It allows electric utilities to offer service in both the phone and cable markets, and provides for, effective, rapid means to make certain that local Bell companies abandon all vestiges of monopoly. Then it allows those companies into the long-distance and phone equipment manufacturing markets.

This bill ends decades of protectionism in the telephone investment market. This will help assure access to capital to build the Nation's next generation informational networking. On a reciprocal basis, it will give Americans more freedom to profit by making major investments in the telecommunications projects of growing markets abroad. For households and business in my home State of South Dakota and all around the Nation, S. 652 means lower prices for local, cellular, and long-distance phone service and lower cable television prices, too. The new competition also will spur companies to bring new technology and services to the marketplace faster.

Phone customers would be assured the same number of digits and the same listing in directory assistance and the white pages, whether they choose the local Bell company or a new competition. S. 652 makes it possible for more customers to have more open lines, and lower prices. They want wide-open competition.

It is possible for Americans to have all of these. The obstacles in their way are not technical. We have the most powerful economy, the most advanced technological base in the world. The obstacles are political.

The information industry already constitutes one-seventh of the U.S. economy. Worldwide, the information marketplace is projected to exceed $3 trillion by the close of the decade. Today's Federal laws prevent different media from competing in one another's markets, although they have the technical ability to do so.

The Regional Bell operating companies are protected with monopoly status in the local residential phone service markets. But they are barred from manufacturing telephone equipment, offering long-distance service, or competing in a cable video market. Cable companies, though technically capable, are forbidden to offer competing phone service.

The status quo preserves monopolies and keeps American consumers from access to an array of products and service options. The existing system of law, regulation, and court decrees, holds back the American telecommunications industry from its full potential to compete in the world.

S. 652 would change all this. It would bring about the most fundamental overhaul of communications policy in more than 60 years. It will break up the monopolies and increase competition.

The upshot, in terms of price and power, is that today's computer systems have over 200 times the value of systems in 1994. Even with the historic break of the AT&T long-distance monopoly, the telephone business has remained heavily regulated, and consumers have gained value. In 1994, a 10-minute call from New York to Los Angeles cost $5. Today it costs $2.50. It should cost less, and will cost less.

If competition and technological advances have developed in the long-distance market, as they had in the computer market over the same period, that same phone call would cost less than 3 cents today, rather than $2.50. Three cents.

The regulatory status quo needs shaking up. That is what S. 652 would do. It would do less for big existing companies than for the businesses and services that are still waiting to be created, and many of those will be small businesses. Most important, it would help bring about an explosion of new job opportunities and services for the American people.

Let me take just a moment to describe in detail the key reforms in S. 652. First, universal telephone service, the need to preserve widely available and reasonably priced services is a fundamental concern addressed in S. 652. The bill preserves universal service, improves it, and makes it cost less.

It requires all telecommunications carriers to contribute to the support of universal service. Only telecommunications carriers designated by the FCC or a State as "essential telecommunications carriers" are eligible to receive support payments. The bill directs the Federal telecommunication Institute and the Federal-State joint board, a proceeding to recommend rules to implement universal service and to establish a minimum definition of universal service. A State may add to the definition for its local needs.

Mr. President, to smaller cities and rural communities and others who depend upon universal service nothing is
changed. They continue to enjoy affordable access to phone service as before. The most important impact of S. 652 is structural and management reform in universal service that will save the American taxpayers $3 billion over the next 5 years. I think this is the most important to say. The universal service of this will cost less in these years.

For local telephone competition, S. 652 gives a green light to local telephone competition. The bill breaks up the old monopoly system for local phone service. The federal barriers to competition will be removed, and all State and local barriers will be preempted. Cable companies, long-distance companies, electric companies, and other entities will gain a chance to offer lower prices and better service for local phone service.

Upon enactment, the legislation preempt all State and local barriers to competing with the telephone companies. In addition, it requires local exchange carriers having market power to negotiate, in good faith, interconnection agreements for access to unbundled network features and functions that reasonable and nondiscriminatory rates.

This allows other parties to provide competitive service through interconnection with the LEC's facilities. The bill establishes minimum standards relating to types of interconnection that an LEC with market power must provide if requested, including the following: Unbundled access to network functions and services; unbundled access to facilities and information; necessary for transmission, routing, and interoperability of other carriers' networks; interconnection at any technologically feasible point; access of all local exchange carriers to the LEC's facilities; access to the LEC's facilities to any Technological Feasible Point; Local CLEC's; and local dialing parity.

As an assurance that the parties negotiate in good faith, either party may ask the State to arbitrate any differences, and the State must review and approve any interconnection agreement.

There is long distance and manufacturing relief for the Bell companies. The Telecommunications Competition and Deregulation Act of 1995 establishes a process under which the regional Bell companies may apply to the FCC to enter the long-distance market. Under 1996, if an LEC, AT&T, or the Bell company has been prohibited from providing long-distance service. S. 652 reasserts congresional authority over Bell company provision of long distance and restores the FCC authority to set communications policy for long distance issues. The Attorney General has a consulting role.

The bill requires Bell local companies and other LEC's with marketing power to open and unbundle their local networks to increase the likelihood that competition will develop for local telephone service.

It sets forth a competitive checklist of unbundling and interconnection requirements. If a Bell company satisfies the checklist, the FCC is authorized to permit the Bell company to long-distance service if this is found to be in the public interest.

Once a Bell company has met the checklist, it also will be allowed to enter the markets for manufacturing telephone equipment.

In conducting its manufacturing activities, a Bell company must comply with the following safeguards:

A separate manufacturing affiliate; Requirements for establishing standards and certifying equipment; Protections for small telephone companies. A Bell manufacturing affiliate must make its equipment available to other telephone companies without discrimination or self-preference as to price delivery, terms, or conditions.

This bill also opens international investment markets.

S. 652 lifts limits on foreign ownership of U.S. common carriers. The bill establishes a reciprocity formula whereby a foreign national or foreign-owned company would be able to invest more than the current 25 percent limit in a U.S. telephone company if American companies can obtain comparable opportunities. This would allow increased investment in and by the U.S. telecommunications industry, which enjoys worldwide competitive advantage.

Finally, in the area of cable competition, the bill permits telephone companies to compete against local cable companies upon enactment, although until 1 year after enactment the FCC would be required to approve Bell company plans to construct facilities for common carrier “video dialtone” operations. The bill also removes at enactment all State or local barriers to cable companies providing telecommunications services, without additional franchise requirements.

The bill also reasserts basic tier regulation for the basic tier of programming where the cable operator does not face “effective competition,” defined as the provision of video services by a local telephone company or 15 percent penetration by another multichannel video provider. The bill minimizes regulation of expanded tier services. Specifically the bill eliminates the ability of a single subscriber to initiate at the FCC a rate complaint proceeding concerning expanded tier services. In addition, the FCC must only find rates for expanded tier service unreasonable, and subject to regulation, if the rates substantially exceed the national average rates for comparable cable programming services.

In the area of spectrum flexibility and regulatory reform for broadcasters, if the FCC permits a broadcast television licensee to provide advanced television services, the bill requires the FCC to adopt rules to permit such broadcasters flexibility to use the advanced television spectrum for ancillary and supplementary services, if the licensee provides to the public at least one free advanced television program service.

The FCC is authorized to collect an annual fee from the broadcaster if the broadcaster offers ancillary or supplementary services for a fee to subscribers.

If the cable broadcast licensee is permitted to reach 35 percent of the national audience, up from the current 25 percent. Moreover, the FCC is required to review all of its ownership rules biennially. Broadcast license terms are lengthened for television licenses from 5 to 10 years and for radio licenses from 7 to 10 years. Finally, new broadcast license renewal procedures are established.

Entry by registered utilities into telecommunications is allowed.

Under current law, gas and electric utility holding companies that are not registered may provide telecommunication services to consumers. There does not appear to be sufficient justification to continue to preclude registered utility holding companies from providing this same competition. The bill provides that affiliates of registered utility holding companies may engage in the provision of telecommunications services, without the attendant utilities.

The bill maintains rate regulation in the public interest. This will allow the FCC to reduce rates in light of changes in the industry. First, the legislation permits the FCC to forbear from regulating carriers when forbearance is in the public interest. This will allow the FCC to reduce the regulatory burden on a carrier when competition develops, or when the FCC determines that relaxed regulation is in the public interest.

Second, the bill requires a Federal-State Joint Board to periodically review the universal service policies. The bill requires the FCC to establish rules governing Bell company provision of alarm monitoring services. A Bell company that was in the alarm service business as of December 31, 1994 is allowed to continue providing that service, as long as certain conditions are met.

Finally, continuous review and reduction of regulation.

The bill also ensures that regulations applicable to the telecommunications industry remain current and necessary in light of changes in the industry. First, the legislation permits the FCC to institute a rulemaking to reexamine the regulatory requirements applicable to the U.S. telecommunications industry.

The bill also requires the FCC to review all of its ownership rules biennially. Broadcast license terms are lengthened for television licenses from 5 to 10 years and for radio licenses from 7 to 10 years. Finally, new broadcast license renewal procedures are established.

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public interest as a result of competition.

In short, Mr. President, this bill promotes deregulation as far as it logically should go. It provides a kind of "sunset" process for all regulations which the bill does not abolish immediately.

I welcome the coming debate and vote on S. 652. I urge my colleagues to reassert congressional responsibility for telecommunications policy.

Let me turn to the summary and in conclusion. Mr. President, what we are trying to do here is to get everyone into everyone else's business. The economic apartheid that has been a part of telecommunications since the act of 1934 should be brought to an end.

I believe the passage of this bill would be like the Oklahoma land rush, the going off of the gun, because presently a lot of investment in the United States is paralyzed because we do not have a roadmap for the next 5, 10, or 15 years until we get into the wireless age.

What is happening is that many of our companies are investing in Europe or abroad because they are prohibited from manufacturing or doing something of their own. As a result, American jobs are being lost.

This particular bill, if we can pass it, will provide a roadmap which businessmen and investors will be able to invest in and make an explosion of new devices and an explosion of new jobs, and will help our country a great deal.

I think it will help consumers by lowering prices and providing more devices, and it will also help labor by providing new jobs of the type that we need in our country.

I wish to pay tribute again to Senator HOLLINGS and his staff and all the Senators on the committee who have worked so hard—and Senators in this Chamber. I have spoken to all 100 Senators on this bill and it has been a long time getting it up. I hope we can proceed through today and tomorrow.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, as the communications bill, S. 652, comes up for consideration, my first urge is one of gratitude. I want to thank the majority leader and minority leader for their leadership in calling up this bill and, particularly, I particularly want to thank the chairman of our committee who has been outstanding in working all day long in getting this bill to the floor.

Senator LOTT on the majority side and Senator INOUYE, who was the chairman of our Communications Subcommittee, now the ranking member, have been working around the clock. Of course, particular thanks goes, again, for our staff members. I thank the chairman, Chris Stupak, Link, Kate King, and Donald McLellan. On my staff particular gratitude must go to Kevin Curtin, John Windhausen, and Kevin Joseph for all their efforts.

We do not extend such thanks casually. This effort started in the fall of 1993, and every Friday morning we would meet with the Bell companies, the regional Bell operating companies. Every Tuesday morning the staffs would meet again with the competing manufacturers and all the members of the other industry interests. We have continued those meetings right up to this afternoon. We have been working, meeting, reconciling, trying our dead-level best to bring a complicated measure up to the modern age of telecommunications.

To this Senator, they have all done an outstanding job. So it is not a casual "thanks," but it is one that is very genuine and sincere. We thank them all for their cooperation and understanding.

As this bill is called up, it is good to note and emphasize that the Commerce Committee reported it by a vote of 17 to 2 on March 23. It is a product of months of consideration and discussion by the committee and by Senators all involved. In the last Congress, Senators INOUYE, Danforth, and I sponsored S. 1822, which was approved at that time by the Commerce Committee with two amendments.

The committee held 31 hours of testimony, 11 days of hearings, and heard from 86 plus witnesses. In this Congress, the committee on S. 652 has held 3 days of hearings on telecommunications reform, heard from a number of witnesses representing a broad variety of interests. S. 652 achieves a very, very important objective. Most important of all the objectives was the requirement of universal telephone service that would be available and affordable and continued to be outstanding. We have the finest communications services in the world.

This Senator went through the experience of airline deregulation. And truth is truth, and facts are facts. Do not come and tell me how airline deregulation is working. All of the airlines have just about gone broke. And I can tell you from paying just to go from Charleston to Washington and Washington to Charleston and back, it is just an inordinate $600 and some odd dollars. What has happened is 85 percent of America is subsidizing some 15 percent for the long haul. They talk about ET forces, market forces. We had a good arrangement on the regulated airline service, and we have come full circle now with regulating foreign airlines and KLM taking over Northwest, British Air coming in on USAir, and all the rest laying saved while we proudly stand up as politicians blowing hot and hard how wonderful airline deregulation is working. That is hooey.

I wanted to make sure that we did not take in and out of the picture this particular one with the wonderful telecommunications service that we have had. This bill promotes competition in the telecommunications market and restores regulatory authority over the industry to the Federal Communications Commission. That administrative entity has also been outstanding in their rendering of decisions and moving forward as best they could with the technical developments that are推动ing the competition of the communications and regular telephonic service and long distance evolved into a heck of a monopoly that we could not deregulate. I was on the teams that worked all during the 1970's and 1980's. Finally, the Department of Justice had to bust it up. We found out that they were so strong politically and financially that they could cancel out any and everybody. Senator Dole on the majority side, this Senator on the minority side, all during the 1980's tried to get it back to the FCC, and we were blocked. This Senate passed the manufacturing bill to allow the Bell companies to get into manufacturing, passed by a vote of 74, bipartisan, and it was blocked forever on the floor.

So the difficulty has really been in trying to get it from Judge Greene back into the administrative body where the people's decisions and policies are made by the Congress, administered by the Federal Communications Commission, but blocked by the industry itself time and time again.

Let me also mention Judge Greene who has done an outstanding job. I want to note that it was just announced that Judge Greene will enter senior status this August. I just could not give him enough kudos in the way he has handled this, almost a one-man administrative responsibility for over 10 years now in his deliberate approach to the needs of the public by maintaining at the same time universal service.

The basic thrust of this bill is clear. Competition is the best regulator of the marketplace. But until that competition exists, until the markets are opened, monopoly provided services must not be able to exploit the monopoly power to the consumers' disadvantage. Competitors are ready and willing to enter the new markets as soon as they are opened. Competition is spurred by S. 652's provisions, specifying criteria for entry into the various markets.

For example, on a broad scale, cable companies will provide telephone service; telephone companies will offer video services, as pointed out by our distinguished chairman; and telephone companies will, in addition, provide to the consumers the continued universal service; the customers will be able to purchase local telephone service from several competitors; electric utility companies will offer telecommunications services; the regional Bell operating companies will engage in manufacturing activities. All of these participants will foster competition with each other in the very best way. Of course, long distance will enter the local exchange, and as the local exchange is opened, the regional Bell operating companies will enter into long
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distance. So we are really moving very expeditiously into the competitive market.

We should not attempt to micro-manage the marketplace. Rather, we must set the rules in a way that neutralizes an RBOC’s inherent market power so that robust and fair competition can ensue. This is Congress’ responsibility.

So this bill transfers jurisdiction over the modified final judgment from the one federal court to the Federal Communications Commission. Judge Greene, as I mentioned, has been overseeing that modified final judgment in an outstanding fashion. He was doing yeoman’s work in attempting to ensure that monopolies do not abuse that market power. Now it is time for the Congress to reassert its responsibilities in this area.

Let me address some of the specific areas of importance. The need to protect advanced universal service is one fundamental concern of the committee in reporting S. 652. Universal service must be guaranteed, the world’s best telephone system must continue to grow and develop, and we must ensure the widest availability of telephone service. Under this bill, all telecommunications carriers must contribute to their universal service fund. A Federal-State joint board will define universal service. This definition will evolve. It is a flexible requirement—a requirement I should say rather, of flexibility so that the definition will evolve over time as technologies change so that consumers have access to the best possible services.

Special provisions in the legislation address universal service in rural areas to guarantee that harm to universal service is avoided there. One of the most contentious issues in this whole discussion has been when the regional Bell operating companies should be allowed to enter the long distance market.

Under section VII(C) of the modified final judgment consented to buy all the RBOC’s and attested to in the hearings that we have had on this bill, as a group the test has been whether the RBOC’s seeking entry into long distance could have a substantial possibility of impeding competition in that long distance market which it seeks to enter.

Last year, S. 1822 contained a requirement that the Department of Justice utilize this test in considering any application for the regional Bell operating companies’ entry into long distance. In addition, the FCC was to utilize a public interest test for considering any such application. This was an approach to which the regional Bell operating companies agreed during the last Congress. This year, earlier draft provisions, however, set a date certain for entry by the RBOC’s into the long distance market.

So after all the hearings and much discussion and negotiation, we determined that this self-defeating approach of a calendar ruling there would be no consideration of the competitive circumstances in the marketplace.

So S. 652 specifies that the FCC may approve any application to provide long distance if it finds, one, that the RBOC has fully implemented the competitive features specified in the modified judgment of the Regional Bell Operating Companies; two, that the unbundling features specified in the competitive checklist in the new section 255 of the Federal Communications Act of 1934; and, three, that application is consistent with the public interest, convenience, and necessity.

Mr. President, when I mentioned that section 255 is a new section under the Communications Act, I should say of 1934. It is good to point out that we have used the original Communications Act of 1934, as amended, for the simple reason that over the 60 plus years we now have a complex body of law, special rulings, interpretations of legal expressions and requirements by the courts and agencies with the job of trying to bring competition to a regulatory structure based on a monopoly and open up the marketplace.

I remember in an earlier debate we had that year but that 60,000 lawyers are registered to practice before the District of Columbia bar, 59,000 of whom are probably members of the federal communications bar. That is why you will see every effort to change every little word and analyze every phrase in an effort to really had a difficult task trying to break up the monopoly of the local telephone companies and to open the market so competition could ensue and yet it is the monopoly that has provided us with the universal service we all enjoy. We do not want to penalize or jeopardize in any sense the regional Bell operating companies that have been doing an outstanding job because there is no shortcut there. If you penalize them and put them in an uncompetitive position, then, of course, your rates are bound to go up.

So S. 652 is a balanced bill. The public interest test is fundamental to my support for the legislation. In making this public interest evaluation, the FCC is instructed to consult with the Department of Justice which may furnish the Federal Communications Commission with advice on the application using whatever standard it finds most appropriate to the circumstances under the Clayton and Sherman Acts and also section VIII(C) under the Modified Final Judgment.

Mr. President, this is great leap from the actual and demonstrable competition test originally proposed in S. 1822 from the last Congress. While I would prefer a more active Department of Justice role, and an explicit reference in the statute to the section VIII(C) test, I support the provisions of S. 652 because it moves us in the right direction. But the need for the Department of Justice views prior to making any decision. The Department of Justice may well decide to base its decision on whether there is a substantial possibility that the regional Bell operating company will impede competition through use of its monopoly power or any other standard under the antitrust law. The report accompanying this bill makes it clear.

I might emphasize at this particular point that leadership that already this year has been given by the antitrust division, by the Department of Justice and the outstanding director, Assistant Attorney General, Ms. Anne Bingaman. She has obtained what we as politicians have been trying to get together, and that is about a month ago on national TV there appeared the regional Bell operating company, Ameritech, the long distance company AT&T, the Department of Justice and the Consumer Federation of America, all four entities important to the entire process agreeing on the steps of unbundling, dialing parity, access, interconnection, all of these things all ironed out that in the technological world of communications we have done back and forth for many years. They have gotten together. They are going into Grand Rapids and Chicago, and, of course, the RBOC is getting into long distance.

And so while we politicians on the floor of the Senate will be debating in the next few days, no doubt it should be mentioned that the Department of Justice, under the leadership of Ms. Anne Bingaman, has already gotten the parties together. I am convinced that their consent decree now before Judge Greene will be affirmed.

S. 652 requires that an RBOC must provide long distance using a subsidiary separate from itself to avoid any cross-subsidization between local and long-distance rates. These and other safeguards in the bill should prevent against RBOC abuses in the long-distance market.

The committee-approved bill also includes some deregulation rates for cable television. The Democratic proposal at the beginning of the year did not suggest any such deregulation because from 1986 to 1994, cable rates had risen three times faster than the rate of inflation, so that the Congress back in 1992 overwhelmingly imposed rate regulation and new service standards on the cable operators.

We passed the 1992 Cable Act largely in response to the complaints from consumers that rates had soared beyond reason and service was poor. The bill actually became law with the bipartisan vote to override President Bush’s veto.

Now, since the 1992 act was adopted, the cable industry has experienced significant growth. Subscription is up, stock values in cable companies have risen dramatically, and debt financing by the cable industry rose in 1994 by almost $4 billion. But the Consumer Federation of America estimates that $3 billion has been saved for American consumers through the rate regulation that has been put into
place. Yet some in the industry maintain that cable regulation produces uncertainty in financial markets and that cable operators will need to be able to respond to new competitors through additional revenues.

S. 652 does not change the standard of regulation for the upper tiers of cable programming. It makes no changes in the regulation of the basic tier. Under the bill, a rate for the upper tier cannot be found to be unreasonable unless it substantially exceeds the national average rate for comparable cable programming.

This standard will allow cable operators greater regulatory flexibility for the upper tiers. The bill retains the FCC's authority to regulate excessive rates charged to the upper tiers.

In addition, the bill changes the definition of effective competition in the 1992 act to allow cable rates to be deregulated as soon as the telephone company begins to offer competing cable services in the franchise area. Once consumers have a choice among entities offering cable service, the need for regulation no longer exists.

S. 652 increases the ability of any entity including television networks to own cable companies in the franchise area. The FCC rules allow an entity to own broadcast stations that reach no more than 25 percent of the Nation's population. This limit was imposed out of concern that broadcast stations would be owned by a few individuals, and that concentration would not be beneficial to our local communities or yield the benefits that result from the expression of diverse points of view. S. 652 would increase that level to 35 percent.

Any modification in the national ownership cap is important because of localism concerns. Local television stations provide vitally important services in our communities. Because local programming informs our citizens about local events, and provides other community-building benefits, we cannot afford to undermine this valuable local resource.

Earlier drafts of the legislation would have eliminated many of the FCC regulatory limits on the broadcast industry. By contrast, S. 1822, as approved by the Commerce Committee last year, required the FCC to conduct a proceeding to review the desirability of changing these rules. I think the bill with which we are dealing in the franchise area is a more acceptable compromise between those positions.

In addition, the bill repeals a prohibition on cable broadcast crossownership. S. 652 makes no change in the other broadcast ownership rules such as the duopoly rule or the one-in-the-marketplace rule. Rather, the FCC is instructed to review these rules every 2 years, and they can change it upon review.

The comprehensive bill strikes a balance between competition and regulation. New markets will be open, competitors will begin to offer services, consumers will be better served by having choices among providers and services.

I urge my colleagues to support the bill. I myself would have gone further in several areas covered by the legislation. Any philosophy by the telecommunication industry can stop this bill and checkmate the others, as I have stated before. Telecommunications reform is too important to let this opportunity go by.

Finally, Mr. President, it should be emphasized that here is one industry that suffered from deregulation. You cannot approach this problem in S. 652 as we bring it into the technological age without thinking back to 1912 when David Sarnoff was a clerk in Wannamaker's store and the sinking of the Titanic was occurring. They raced him up to the roof of Wannamaker's. He set up his wireless, made radio contact with the sinking ship and contacted rescue vessels, directing not only some of the survivors, working almost 72 hours around the clock.

Every person then got a wireless. There was not any regulation. And by 1924, when Herbert Hoover was the Secretary of Commerce, all of those wireless operators came rushing to the Secretary of Commerce and said, "For heaven's sake, we have nothing but jamming." The radio broadcasters, who have a tremendous interest in this S. 652, went begging to be regulated. So they were in the act of 1927 and brought into that age then with the 1934 act.

So those who are now talking about getting rid of the Government and, incidentally, by the way, we can save money by getting rid of the FCC, ought to stop, look and listen. They have to have a sense of history. We can get rid of total deregulation, jamming each other and all that sort of thing, but, after all, the public airways belong to the public, on the one hand, and they need a modicum of administration, on the other hand, for this finest, finest of communications systems in the entire world.

Let us not talk about the FCC costing money. They are the entity this year that already by auction has brought in $7 billion to the Federal Government. If you can find any other bureau, commission, administration, department of Government or otherwise which has reaped $7 billion bucks, I would like to find it.

We have the money to administer all of these things and bring it into a deregulatory, competitive position, but it has to be done in an orderly fashion, and everyone connected and working on this understands that. So let us not start talking about getting rid of the FCC and act like you are doing something sensible.

I thank my colleagues and yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, it may well be that the two distinguished southern managers of this bill, the Senators from South Dakota and South Carolina, may never have imagined that this day would come. This is probably the first occasion on which a tax on the philosophical redefinition in communications law has been debated on the floor of the U.S. Congress since the Communications Act of 1934, some 61 years ago.

In 1934, of course, communications were old-fashioned dial or operator-assisted telephone through radio stations and through Western Union telegrams. The technological situation of the time called for monopoly communications systems and the necessity of regulation of those systems in the public interest to see that prices were not too high.

Today, of course, technology is so totally and completely different that an entirely different regime is needed. That is the grey area in bringing this day on which we start this debate to pass has been the fact that in each long set of hearings in the Senate Commerce Committee over a year or more, each tentative set of conclusions on the part of the two Senators, others, by the time those conclusions had been reached, the technology has gone beyond those conclusions.

So there seems to be a broad agreement across both parties and many political philosophies that there should be a large degree of deregulation as a part of any bill, based on the proposition that we cannot tell how much the technology will change in the next 6 months, much less the next 10 years, and that we should accommodate it without constantly trying to regulate it through some form of statutory language. That is the philosophy of this bill, a philosophy of competition rather than of regulated monopolies which has been a difficult process and it is likely to be a difficult process for the next 3 or 4 days.

So rather than repeat anything that the two leaders in this debate have said, I would simply like to say from the perspective of this Senator, as a member of the Commerce Committee, there have been three guiding principles in dealing with the many conflicts among groups who would like to provide communications services, and these three guiding principles, of course, deregulation, competition and the interests of the consumers, the users of these various services.

Mr. President, there are a number of areas covered by this bill in which those three interests lead to the same conclusion: Deregulation will promote competition, competition will promote the consumer interest.

Those parts of the bill probably will not be the subject of much discussion during the course of this debate. They have been worked out. But the three considerations are at least slightly different and move in slightly different
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directions. Because of the nature of the communications industry, which still includes huge regulated monopolies, a total and complete deregulation at least carries with it the risk not of competition but of an unregulated monopoly substituting itself for a regulated one. There must be a degree of caution in the speed and the completeness of any kind of deregulation.

Almost always, it seems to me, Mr. President, competition in the communications business or wish to be in the communications business or wish to be a part of those companies that have been in the business literally forever, the companies that are already successful, is overwhelming in nature. At the same time, we also need to see to it that the niche companies, the new companies, the people with bright new ideas, are able to get into this business and if they are tremendously successful, become large companies as well.

Mr. President, there is only one other major point that I want to make at this time, and that is that of all the proposals with which I have had to deal in my career in the Senate, this is perhaps the most important for the future of our economy. Perhaps as much as 20 percent of our economy is connected with communications in some respect or another. And, of course, the lobbying, the attempt to influence all of us on the part of people who are in the communications business or wish to be in the communications business is fierce, is overwhelming in nature. At the same time, we also need to see to it that the niche companies, the new companies, the people with bright new ideas, are able to get into this business and if they are tremendously successful, become large companies as well.

Mr. President, we search for deregulation, we search for competition, and we search for the consumer interest. I think we all do so sincerely, determined that we need to make major changes, and perhaps with a degree of humility, that we do not know what is going to happen and we wish to craft an outline which will also tomorrow to take place without our having crushed it by unanticipated consequences to the actions we take here.

Mr. President, we want to close by congratulating both the Senator from South Dakota and also the Senator from South Carolina, who has spent a major part of his career in this field and who now has, I think, the enviable task of attempting to manage this legislation wisely and successfully to a conclusion that will benefit all of the American people.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. First, I thank and congratulate the chairman and the ranking member of the committee, Senator PRESSLER and Senator HOLLINGS. We have been promising week after week that this bill was coming to the floor. I do not believe it now that it is on the floor and pending. I have every expectation, with their management skills, that we can probably finish this bill by Friday night. If that is the case, we probably would not have any votes on Monday—my colleagues. Then we will vote for anybody. We might have debate on some other bill but no votes on Monday. So if we can consider those incentive programs as we go along, it will be helpful. But it is a very important piece of legislation. It is probably the most important bill we have considered all year, no doubt about it. It will create jobs, opportunity, all of the things we have talked about. I have listened to both managers' opening statements.

Mr. LOTT, Mr. DURST, I think a consideration of S. 625 to be the end of a long, long, process. And no doubt about it, telecommunications deregulation legislation has been an idea debated around here for nearly a decade. In fact, I first introduced telecommunications deregulation legislation in 1986.

But rather than seeing this bill as an end to the process, I see it as a beginning: A beginning of a new era of leadership for the telecommunications industry, and for all Americans.

And one person who deserves a good deal of credit for making this new era a reality is Senator PRESSLER. As all Members know, this is a tough, contentious, and often contentious issue. And I think Senator PRESSLER and Senator HOLLINGS have done a outstanding job at bringing the competing interests together—or as close together as possible.

Senator HOLLINGS was the chairman and came very close last year to getting a bill. This year, under the chairmanship of Senator PRESSLER, we are on the floor with the bill. We have not passed it yet, but my understanding is that there is a lot of bipartisan support for it. It is not a partisan measure, a Democrat or Republican partisan fight. So we ought to be able to complete it quickly, because they have done an outstanding job of bringing the competing interests as close together as possible.

Mr. President, leadership in telecommunications, whether it was inventing the telegraph or the microchip, has been an American tradition. And we will continue that tradition with passage of this bill.

As I have said before, telecom reform will be the real jobs stimulus package of this decade.

Building the necessary infrastructure will require thousands of private sector jobs. And that is just the beginning. Millions more will be created because information will become more accessible. Jobs that will make America more efficient, more productive, and ultimately more powerful.

Mr. President, looking back on our progress track record, a casual observer would think that we have a grudge against the communications industry. Fortunately, this image is changing and Republicans are glad to see that traditional "pro-regulators" are finally coming around to our competitive way of thinking.

We must develop a flexible policy that will accommodate the explosion of new technology. That policy, of course, is promoting competition. It is irresponsible to think we can do anything more.

No one knows the benefits of free and open competition better than the computer and semi-conductor industries. Just take a look at a few of the players in the U.S. communications industry. Last year, the computer industry earned revenues close to $360 billion. Two things are amazing about that figure. First, it is twice the telephone industry's revenues. And second, revenues are on a level with those considered to be in a "billion dollar" industry, which for all intents and purposes was non-existent in 1980, account for almost half of that figure. In other words, revenues in personal computers
have grown as much in 14 years as the entire telephone industry did in 100.

It is not too difficult to figure out that the computer industry benefitted from fierce competition and minimal government regulation. Phone companies also benefited.

Cable TV also exploded after it was de-regulated in 1984. At that time, its revenues were $7.8 billion and it employed 67,381 persons. Fast-forward to 1992. Revenues tripled and employment numbered 105,126. While these numbers are also good, I would suggest that the cable TV industry would have done much better if it had faced competition. More importantly, I would also suggest that there would not have been the abuses which prompted Congress to enact re-regulation in 1992.

My point is simple: competition, not regulation, has the best record for creating new jobs, spurring new innovation, and creating new wealth.

Mr. President, America is at the crossroads and Congress must make a choice. A touch choice, as we all know. But I believe that if we ask the right question, we will get the right answer. As I see it, we must ask ourselves, “who will decide the communications industry’s future.”

I say we allow the real technical experts to decide. And I am not talking about government bureaucrats. Instead, we should look to the experts in the field, the entrepreneurs, the engineers, and the innovators. It seems to me that they will do a far better job for our country if big government leaves them alone.

I, for one, cannot allow government to become the biggest player in the telecommunications industry. Too much is at stake. It is nonsense to gamble away millions of new jobs. It is nonsense to gamble away America’s ability to compete, and win, around the world. And it is nonsense to gamble away the possibility that the information age will bring.

To get there, I have worked with the committee to develop a comprehensive deregulatory amendment that touches all sectors of the communications industry. It is my understanding that the managers are not quite ready to accept it now.

I have a list describing each provision that I will insert in the Record at the end of my remarks, but for now, I will just highlight a few of the provisions.

First, deregulate small cable TV systems. This has bipartisan support. Although views differ on deregulating the entire cable TV industry, most of us can agree that rural and small systems need rate relief in order to survive. This provision gets it done.

Second, force the Federal Communications Commission to eliminate outdated regulations, and do so in a timely, and the right way, that is, through the rulemaking process. There is no guarantee that the Commission will ever act on requests that it forbear on regulations. Under this amendment, the Commission must respond within 90-days—60 more can be added if the issue requires additional scrutiny. Most importantly, it must provide a written determination to justify its action.

Third, eliminate the number of TV stations any entity can own. Currently, the limit is capped at 12. This amendment removes that cap. I want to point out, however, that this amendment does not. I repeat, does not increase the percentage of national viewership beyond the 35 percent that is included in the chairman’s mark.

The amendment also eliminates the number of radio stations one can own, unless the Commission finds that issuing or transferring a license will harm competition.

The measure also privatizes or eliminates a number of FCC functions. The Commission deserves credit for making these suggestions that comprise this provision. In other words, they came from the FCC.

I could go on at length, but I believe I have given my colleagues a flavor of what this amendment is about. I know the managers and members of their staffs are well acquainted with it.

This amendment does represent the hard work of many Members, obviously Members on both sides of the aisle. Senator Burns has been working on this for a couple years, Senator Craig, Senator Packwood, Senator McCain on our side, just to name a few, and, of course, Senator Pressler and Senator Hollings.

It does not matter how long we work on it, if we cannot get it accepted, it does not make any difference. We hope at the appropriate time that it can be accepted. I hope that we will continue on the procompetitive, deregulatory course that we have taken in a bipartisan way, and in only that way will we ensure that today is beginning a new renaissance for America.

Mr. President, I ask that a summary of the deregulatory package be printed in the Record following my statement. There being no objection, the material was ordered to be printed in the Record, as follows:

**Summary of Deregulation Package**

- Transfers judge Green’s MFJ (consent decree) to the FCC.
- Eliminates GTE’s consent decree.
- Adopts definition to restrict expansion of universal service so that it does not spiral out of control.
- Greater deregulation for small cable TV. As the bill stands now, small cable can’t take advantage of any rate deregulation because of the way their systems are set-up. To take care of them, the deregulatory amendment would completely eliminate rate regulation for cable operators who serve less than 35,000 in one franchise area, and do not serve more than 1% of all subscribers nationwide (650,000 subscribers). Obviously, this is a pretty broad definition of a “small” cable company.
- Increase the Commission’s ability to bear on regulation.
- Establish a petition for rule process to force the commission to change an ordinance regulation within a 90-day period. If the Commission does not act, or extend period by an additional 60 days, the petition shall be deemed granted. If petition is rejected, it must be with a written explanation. In short, it will force the commission to justify any and all of its regulations.
- Eliminate the number of TV stations any one entity can own.
- Force the Commission to change its rules so that any entity can own up to 35% of Americans with TV broadcast systems (the current cap is at 25%).
- Eliminate the number of radio stations any one entity can own, unless it would harm competition.
- Have FCC consider eliminating rate regulation in long distance market.

Regulatory relief. Suppose action for phone companies by making any revised charge that reduces rates effective 7 days after it is filed with Commission. Rate increases will be effective 15 days after submission. To block such changes, FCC must justify its actions.

Eliminate arcane requirement that phone companies must file any line extension with Commission. As it stands now, companies have to get the commission to approve any line extension which often takes more than a year.

Phone companies will only have to file cost allocation manuals on a yearly basis.

Eliminate the following provisions:

- Repeal setting of depreciation rates; Have Commission subcontract out its audit functions; Simplify coordination between Feds and States; Privatize or eliminate government owned radio stations. Eliminate burdensome paperwork involved in Amateur Radio examination. Streamline non-broadcast radio licenses renewals.

**AMENDMENT NO. 1255**

Mr. DOLE. Mr. President, I send my amendment to the desk and ask for its immediate consideration.

The PRESIDENT OF THE UNITED STATES IN CONGRESS ASSEMBLED, The Clerk will report. The bill clerk read as follows:

The Senator from Kansas [Mr. DOLE] proposes an amendment numbered 1255.

Mr. DOLE. Mr. President, I ask unanimous consent further reading be dispensed with.

The PRESIDENT OF THE UNITED STATES IN CONGRESS ASSEMBLED. Without objection, it is so ordered.

The amendment is as follows:

(c) TRANSFER OF MFJ. —After the date of enactment of this Act, the District Court for the District of Columbia shall have no further jurisdiction over any provision of the Modification of Final Judgment not overridden or superseded by this Act. The District Court for the District of Columbia shall have no further jurisdiction over any provision of the Modification of Final Judgment administered by the Commission under this Act or the Communications Act of 1934. The Commission shall, consistent with this Act (and the amendments made by this Act), modify any provision of the Modification of Final Judgment that it administers.

(d) GTE CONSENT DEGREE. —This Act shall supersede the provisions of the Final Judgment entered in United States v. GTE Corp., No. 78-286, D.C., of December 17, 1978. The Final Judgment shall not be enforced after the effective date of this Act.
after the date on which it is filed with the Commission unless the Commission takes action under paragraph (1) before the end of that 7-day or 15-day period, as is appropriate."  

(B) Section 208(b) (47 U.S.C. 208(b)) is amended—

(i) by striking "12 months" the first place it appears in paragraph (1) and inserting "5 months"; and

(ii) by striking "filed," and all that follows in paragraph (2) and inserting "filed."  

(2) DIMENSIONS OF LINES UNDER SECTION 214; ARMIS REPORTS.—Notwithstanding section 305, the Commission shall permit any local exchange carrier to be exempt from the requirements of section 214 of the Communications Act of 1934 for the extension of any line; and

(B) to file cost allocation manuals and ARMIS reports annually, to the extent such carrier is required to file such manuals or reports.

(3) FOREBEARANCE AUTHORITY NOT LIMITED.—Nothing in this subsection shall be construed to limit the authority of the Commission or a State to waive, modify, or forebear from any of the requirements to which reference is made in paragraph (1) under any other provision of this Act or other law.

On page 118, line 20, strike the closing quotation marks and the second period.

On page 118, between lines 20 and 21, insert the following:

"(c) CLASSIFICATION OF CARRIERS.—In classifying carriers according to 47 CFR 32.11 and in establishing reporting requirements pursuant to 47 CFR part 43 and 47 CFR 64.903, the Commission shall adjust the revenue requirements to account for inflation as of the release date of the Commission's Report and Order, ARMS No. 91-141, and after that.

This subsection shall take effect on the date of enactment of the Telecommunications Act of 1995.".

On page 119, line 4, strike "may" and insert "shall".

On page 120, between lines 3 and 4, insert the following:

"(d) END OF REGULATION PROCESS.—Any telecommunications carrier, or class of telecommunications carriers, may submit a petition to the Commission requesting that the Commission exercise the authority granted under this section with respect to that carrier or those carriers, or any service offered by that carrier or carriers. Any such petition shall be accepted if the Commission does not deny the petition for failure to meet the requirements for forbearance under subsection (a) within 90 days after the Commission receives it, unless the 90-day period is extended by the Commission. The Commission may extend the initial 90-day period by an additional 60 days if the Commission finds that an extension is necessary to meet the requirements of subsection (a). The Commission may grant or deny a petition in whole or in part and shall explain its decision in writing.

On page 120, line 4, strike "(c)" and insert "(d)".

Mr. Dole. Mr. President, I ask unanimous consent that the amendment be laid aside.

Mr. Kerrey. Reserving the right to object, Mr. President, I am not objecting to having it laid aside. I am here to inquire what the procedure is going to be. The Senate is offering an amendment to this bill. What is the procedure here this evening? Will it be laid aside?

I have not seen this copy. The Senator is not proposing it be accepted at this moment?

Mr. Dole. I think the managers may be ready to accept it by tomorrow morning.

Mr. Hollings. If the Senator will yield. That is correct. In fact, about 2 hours ago we had it worked out, but there is a question on the side that we have yet to clear. The distinguished minority leader has another amendment that he wanted to present at the same time, and I think we can work that out.

That is the idea, to temporarily lay it aside and move on.

Mr. Kerrey. I will not object, but I will inform the manager of this bill that I will not give unanimous consent to this being accepted until I have read it and signed off on it.

Mr. Dole. I have obviously no problem with that. In fact, I can give the Senator from Nebraska a summary of it, too. I thank my colleague.

The PRESIDING OFFICER. Without objection, the amendment is set aside.

Mr. Pressler. I thought we had agreed to this this afternoon, but I guess the minority leader has something he would like to add or change. But I would like to inquire of the majority leader if we cannot get agreement tonight.

Shall we make this one of the votes at 8:30 or 9 o'clock in the morning?

Mr. Dole. If it is acceptable, I do not need a vote. I do not want to penalize anybody.

Mr. Kerrey. Is the Senator asking to set a time for a vote?

Mr. Dole. Not on this amendment. I will wait until the Senator from Nebraska indicates he has had a chance to look at it.

Mr. Stevens. Mr. President, I do think that everyone should be aware that if the bill we are considering is larger in its impact on the national economy than the health care reform measures we considered last year.

This bill, in a deregulatory way, will impact more than one-third of the economy of the United States.

It is a bill that is designed to transition from the 1934 Communications Act to a period sometime, hopefully, around the turn of the century when we will have deregulated telecommunications because of the competition that we this bill will instill and guarantee.

Now, the bill will put the communications policy of the United States back where it belongs, in the hands of the people in Egliaagik and Unalakleet and Shishmaref, places many people have never heard of, can be involved in stock markets in New York, explore the Library of Congress, and be connected with overseas sources of information. Allowing cable companies to provide phones and phone companies to provide cable, this bill will spur competition and reduce costs to the Nation.

There are so many new technologies coming along. Mr. President, it is mind-boggling. There are many provisions in this bill that are aimed at deregulating the industry so those new technologies may compete.

It is my hope that the Senate will recognize this bill for what it is. It is a credit, as the distinguished leader has said, to Senator Pressler, the chairman of our committee, and to Senator Hollings, the former chairman of our committee. It is a bill of monstrous scope that has substantial bipartisan support.

There are a number of provisions that are aimed at reducing the cost of universal service from the existing system by at least $3 billion over the next 5 years.

Now, tumbling technology, as I call it, makes territorial distances irrelevant. By using modern technologies, the people in Egliaagik and Unalakleet and Shishmaref, places many people have never heard of, can be involved in stock markets in New York, explore the Library of Congress, and be connected with overseas sources of information. Allowing cable companies to provide phones and phone companies to provide cable, this bill will spur competition and reduce costs to the Nation.

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Had we had a similar approach to the problems of health care reform in the last Congress, we would have had that problem at least partially solved.

To the credit of these two Senators, this is not a bill that attempts to solve all of the problems of the telecommunications industry for the future. It is a bill that opens the door to the future and, in my judgment, it is one that is absolutely essential be passed.

I am told that George Gilder of the Discovery Institute in Seattle, whom I consider to be one of the real thinkers of this country, has told us that not only will the telecommunications industry for the future. It is a bill that opens the door to the future and, in my judgment, it is one that is absolutely essential be passed.

I am told that George Gilder because he wrote an article the
Mr. STEVENS. Did the Senator object to my request to set aside Senator Dole's amendment?

Mr. STEVENS. Mr. President, I send an amendment to the desk.

Mr. KERREY. But I object.

The PRESIDING OFFICER. Is the Senator sending his amendment to the desk?

Mr. STEVENS. Did the Senator object to my request to set aside Senator Dole's amendment?

The PRESIDING OFFICER. Senator Dole's amendment has been set aside. The Senator does have a right to offer an amendment.

Mr. KERREY. But I object.

The PRESIDING OFFICER. The amendment.

Mr. KERREY. But I object.

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The PRESIDING OFFICER. The amendment.

Mr. KERREY. But I object.

The PRESIDING OFFICER. The amendment.

Mr. KERREY. But I object.
(A) 50 megahertz has already been reallocated for exclusive non-governmental use.
(B) 45 megahertz will be reallocated in 1995 for both exclusive non-governmental and mixed governmental and non-governmental use.
(C) 25 megahertz will be reallocated in 1997 for exclusive non-governmental use.
(D) 40 megahertz will be reallocated in 1999 for both exclusive non-governmental and mixed governmental and non-governmental use.
(E) The final 45 megahertz will be reallocated for mixed governmental and non-governmental use by 2004.

(3) by striking "1998" in paragraph (10), as amended, and inserting in lieu thereof "2000".

(a) by adding at the end the following new subsection:

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Mr. PRESSLER. Mr. President, this second-degree amendment would add a new subsection to the underlying amendment. This new subsection would direct the FCC to allocate a 50 megahertz block of spectrum in the 4 gigahertz band for use by broadcast auxiliary services within 1 year of the enactment of the bill. In addition, this amendment would require that all broadcast auxiliary service licensees currently using a 50 megahertz block of spectrum in the 2 gigahertz band relocate their activities to the 4 gigahertz band within 7 years of the date this bill is enacted.

Finally, this amendment requires the FCC to auction the vacated spectrum in the 2 gigahertz band for use by commercial mobile services like cellular PCS within 5 years of the date of enactment.

By moving broadcast auxiliary service licensees, who do not pay the spectrum they are using, to another less valuable frequency, we will make available some very valuable spectrum for auction.

The Congressional Budget Office estimates that the auction of the 50 megahertz block of 2 gigahertz spectrum will bring at least $3.8 billion to the Federal Treasury. Combined with the underlying amendment, by the Senator from Alaska, this would raise more than $7.1 billion that is needed to offset the universal service provisions of this bill.

As the Senator from Alaska last pointed out—I commend him—this is a technical budget problem. The universal service provisions in this bill actually saves $3.8 billion over what would be paid if the existing system is left unchanged. However, with these amendments we meet the letter of the Budget Act.

I urge my colleagues to support the adoption of my amendment and the underlying amendment by the Senator from Alaska.

If it is appropriate, I would urge the adoption—

Mr. Kerrey. Reserving the right to object, Mr. President.

Mr. PRESSLER. Mr. President, we could go into a quorum call or yield to our colleague from Montana who has been waiting to speak.

Mr. BURNS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BURNS. I do not wish to speak on this amendment. Might I ask a point of order? Could it be set aside, and I proceed with my opening statement because no time was given for opening statements?

Mr. President, I will continue on as if speaking on this amendment.

This amendment is a special day to me because the former chairman of the full committee, Senator Inouye, and I, when I first came here 6 years ago, had quite a time as we started I think to react to some of the things happening in the industry. We thought probably we were ahead of the curve in setting some kind of policy that would reflect the future. We thought we were ahead of the curve. Now we are behind the curve because technology as it is being developed is outpacing the regulatory environment in which it finds itself.

I can remember that day when we started to make amendments and the former chairman, Senator Inouye, was very gracious that day. There were some people around, and I was just a freshman Senator offering some ideas that I thought were important in the telecommunications industry, understanding that there have been three inventions which have happened in my lifetime that have changed this world forever. It has changed it so that we cannot go back and do things the old way anymore. Those three inventions were the transistor, the silicon chip and the jet engine. Think what they have done to our life and our world. We can be anywhere else in the world, from Washington, DC, in 12 hours. We can talk and receive and interact both in video and in voice with anybody anywhere else in the world in 5 seconds. Sadly, it can destroy any other society on this Earth within 20 minutes. That is what these three inventions have done. They have tightened down our world where comparatively speaking it has been the size of this building, and we don't need down to the size of a basketball. Now we are in a global society, a global economy, and we just cannot go back.

We will amend the Communications Act of 1934. That is some 60 years ago before any of these inventions were made. So basically what we are doing is we are driving digital, compressed digital, vehicles now within a law that regulates a horse-and-buggy type of situation. So we are here and starting out this great debate on changing an issue that will affect each and every one of us.

Make no mistake about it. This is a very, very important piece of legislation. I want to give kudos to our chairman and ranking member and their staffs because they have spent many hours in developing this bill with strong bipartisan support.

This bill was not drafted to satisfy business plans of major communications providers. It was drafted to benefit communications users, and communications users are solidly behind this bill for a number of reasons. Number one, they think it will bring down rates. So do I. They know it will bring advanced services. So do I. Perhaps more importantly, they know it will bring them more choices in telecommunications.

I recently saw a survey that illustrates why one important group—small businesses—will support telecommunication reform. In Montana, over 98 percent of all businesses are classified as small businesses. The survey of 4,600 small business owners, which was sponsored by the National Federation of Independent Business, found that almost two-thirds of the small business owners surveyed want to be able to get long-distance telephone service from their local telephone company; 99 percent want to be able to choose local service from their long-distance company.

A full 96 percent of these small business owners want one-stop shopping for telecommunications services. Two-thirds of them do not want to have to choose one provider that can give them both local and long-distance telephone service presented in either way.

Of course, lower rates are very important to business owners. We all look for a way to do things more economically, to make our business more profitable, to open more economic opportunities and job opportunities for those folks who live in our local neighborhoods. But breaking down outdated barriers to competition is preventing some local telephone companies from providing long-distance service and long-distance companies from providing local service will also bring something else that small businesses care about: competition.

Small businesses do not have the time nor the resources to juggle separate vendors with separate marketing arrangements and separate billing for long-distance and local services, cable TV, teleconferencing and, yes, even interstates. The telephone bill will be able to choose one reliable and affordable company that can bring them all of these services; and when they have the telecommunications problem they want to be able to get on the phone and call one company that is qualified to handle every aspect of their communications needs and their networks.

At first, deregulation will create competition by allowing companies to cross over and compete in new businesses. But we do this, however, very soon the gray lines that now separate telecommunications businesses will be gone. There will be seamless networks of vertically integrated communications providers competing head to head, tooth and nail to win the consumers' communications dollar. Those dollars are very big dollars. As a result, small businesses will be able to choose one company that can provide all their communications services—or they will be able to continue to provide their telecommunications services piecemeal from multiple providers if they so choose. Either way, their decision will be based on who has the most affordable and most advanced services.

A full 92 percent of the small businesses owners questioned in this small business survey said that the telephone is central to their business. I do not doubt this. I know plenty of small businesses throughout my home state of Montana that use the telephone to keep their business—mom and pop catalog shops that sell Montana buckskin jackets to the rest of the country or small cattle ranches that...
use cable TV and telecommunications to get future prices and negotiate with the slaughterhouses. And I do not know how many small businesses today that function well without a personal computer and a fax machine.

How many people looked at a fax machine 10 years ago and said, “Who in the world would ever want to use one of those things?” I will bet you cannot walk into an office and many homes that do not have a fax machine today.

“Telecaster” is a very exciting thing to an operator because it allows him to offer service to somebody else, because it is technical and because it is an exciting thing to use. And there is a ramp on it that is technologically feasible.

In addition, small cable operators, when freed from regulatory restraints in the future, will be able to purchase certain elements of a common carrier service on the smallest per unit basis that is technologically feasible.

So as we move this debate forward, I hope that we will keep an open mind and really keep our eye on the ball because we have within our grasp the ability now to turn loose a giant in our economic world and provide services to people who have never had those services before.

I yield the floor.

Mr. HOLLINGS addressed the Chair. The PRESIDING OFFICER. The Senator from Montana, who is a professional auctioneer, should understand that the dandy rabbit of auctioneering is the Senator from Alaska. He has already made $7 billion for us, and this amendment here is going to make up another $7 billion to get us by a budget point of order.

I would be prepared, at the conclusion of my remarks, to urge adoption of the Stevens amendment and thereupon urge adoption of the Stevens amendment itself.

The Senator from Montana, who is a professional auctioneer, should understand that the dandy rabbit of auctioneering is the Senator from Alaska. He has already made $7 billion for us, and this amendment here is going to make up another $7 billion to get us by a budget point of order.

But let me, in saying that, acknowledge the leadership that the Senator from Montana has given. Since his very initiation on the Commerce Committee itself, he has been a leader; he has been interesting; he has been contributing; and he has been a tremendous help in bringing this bill to the floor.

Mr. BURNS. If the Senator will yield, I thank the Senator for those kind words. And if I can possibly get the job of auctioneering this spectrum, I probably would vacate the chair which I am standing in front of.

Mr. HOLLINGS. I am going to lead on that one myself.

So as we move this debate forward, I hope that we will keep an open mind and really keep our eye on the ball because we have within our grasp the ability now to turn loose a giant in our economic world and provide services to people who have never had those services before.

I yield the floor.

Mr. KERREY addressed the Chair. The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I have reviewed the amendment that the distinguished Senator from Alaska is offering, and as I understand it, what it does is it offsets an adverse score that this bill has received from the Congressional Budget Office. CBO has said this bill, in particular the universal service fund, is going to cost $7 billion over the next 10 years. Even though it is $3 billion less than what the current universal service fund does, there is the need to come up with $7 billion to avoid a budget point of order.

Now, I point out that under the budget resolution that was passed, when that was, 19 years ago, we believe that the Commerce Committee is going to be looking at having to reconcile $20 billion, $30 billion anyway, so you are going to have your hands full. The committee will be trying to come up with money to get with the recommendations of that budget resolution.

What this amendment does, it comes up with that $7.1 billion in the following fashion. It extends the spectrum actions that are scheduled to expire in 1998 for another 2 years, generating $4.5 billion according to CBO, and then it does something that is of particular interest, I believe, Mr. President—and many people would ordinarily oppose it. If they do not—a good deal of the broadcasters have today assigned a 2-gigahertz spectrum in order to do auxiliary services. When they are going out in the field and they are doing some broadcasting out in the field, they use that 2-gigahertz spectrum. This amendment would transfer that over a 7-year period from 2 gigahertz to 4 gigahertz, and then that 2-gigahertz spectrum would be auctioned off, generating an estimated $3.8 billion over this 7-year period.

Under normal circumstances, the National Association of Broadcasters would probably oppose this, but there are other things in this bill that they like, so they are not going to oppose it. I believe that the distinguished Senator from Alaska has made a good amendment that will in fact cover the $7.1 billion. And so, therefore, Mr. President, I will not object to this being accepted by unanimous consent.

Mr. STEVENS addressed the Chair. The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. The Senator from Nebraska has demonstrated how he is a
quick study. He is right. I would add one thing. I think the National Association of Broadcasters are going to want some additional spectrum beyond what is in this bill. We will work that out. But this has been scored, and we will work that out with them as we go forward to make sure that we understand the problem.

The simple problem is that this bill could not go forward unless we within its terms meet the scoring problem that Senator from Nebraska has outlined.

Again, I point out we are not, however, by this bill spending money for universal service. But the budget process now makes us account for those moneys we must be paid by the private sector pursuant to a mandate, and since we are continuing a mandate, partially reducing it somewhat for universal service, it will cost less than the old universal service, we now must offset it.

I think it is responsible on the part of the Government to do that because there is always the possibility some future Congress might decide not to mandate that service but require the Government to pay it.

So we have, in effect, met the challenge of the Budget Act and, in doing so, we will actually, within this period, raise the additional moneys which I believe will be utilized in offsetting other budget problems as we go along. I do not believe that will be required by any action of the Congress in the future to charge the cost of universal service to the taxpayers.

Again, in my judgment, universal service is required so someone who comes up to my State who wants to call home literally can do it, or wants to bring up a computer and be attached to data services can make that intersection with the telecommunications system of our country.

I believe sincerely in universal services because without the universal services radio and television in our rural areas would be still in probably the early part of the 20th if not the 19th century while we all go into the 21st. If they are not to be left in the position where they are without employment and no one wants to attach themselves to this new telecommunications miracle of the United States, then I think they will be a burden on the rest of the country.

My friend George Gilder believes that in the future, the computer will replace, in effect, the networks because the networks will become, in effect, a gigantic computer network rather than just a television network. He tells us that what is going to happen is that we are going to see access through the computer industry to interconnect America's schools and colleges in truly a new worldwide web of glass and air.

If people want to think about it, there is no way we can afford to have this bill stopped by a budget point of order. That is the reason for our amendments. I join in urging adoption of these amendments.

Mr. PRESSLER. I urge the adoption of the amendment.

Mr. HOLLINGS. First, adoption of the Pressler amendment. If there is no further debate, I urge the adoption of the Pressler amendment.

VOTE ON AMENDMENT NO. 1256

The PRESIDING OFFICER. If there is no further debate on the Stevens amendment No. 1256, as amended, the question is on agreeing to the amendment.

The amendment (No. 1256), as amended, was agreed to.

Mr. PRESSLER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I wish to thank the managers of the bill and those patient with us. I thought it was essential first to proceed with these amendments because we would be wasting our time if a budget point of order had the effect of pulling the bill down. I thank all concerned.

Mr. LOTT. Mr. President, I inquire what the parliamentary situation is? Are we back now to making opening statements at this point?

The PRESIDING OFFICER. Opening statements are appropriate at this time.

Mr. LOTT. Mr. President, I do want to raise in support of this legislation and make an opening statement. I would like to begin, as others have already done, by congratulating and commending the distinguished Senator from South Dakota for the hard work that he has put into this legislation. Of course, many members of the committee have been working on this legislation for several months. As the distinguished former chairman said earlier, way back in 1993 there was a lot of work going on on legislation that led to this moment.

But I know from personal experience and observation that the chairman of the Commerce, Science, and Transportation Committee, Senator PRESSLER, said immediately after the election in 1994 that this is an issue that is going to be given high priority, a great deal of his attention and we were going to work together to find solutions to the problems that had prevented its consideration last year and earlier. He made a commitment to make it a bipartisan effort. So that is why we are here, because the chairman of the committee gave this such high priority and he has worked diligently to resolve problems that had been delaying this legislation.

I just want to acknowledge that fact at the very beginning of this debate. We have a long way to go, but I know now we have started down the path toward getting this legislation even to a markup. I think it is a tremendous undertaking.

This is big legislation. It is important legislation. It involves a significant part of the overall economy in this country. It is going to create jobs. It is going to raise revenue because it is going to be such a dynamic explosive field. We are fixing to unleash the bounds that have been holding back this competition and advancements and this development. I think that no other segment of the economy in the next 10 years will be more dynamic and more exciting than that of telecommunications.

I also want to commend the distinguished Senator from South Carolina who is working at this very moment to move potential problems on this legislation, but Senator HOLLINGS worked so hard last year to bring about the passage of the bill through the Commerce, Science, and Transportation Committee. It did not come to consideration, partially because we just ran out of time.

But Senator HOLLINGS again this year has shown a commitment to get legislation developed that we can pass. He is the major reason we are going to have bipartisan legislation that would have more legislation like this in the Senate. This is really the first bill of the year of major import that I believe will pass by an overwhelming bipartisan vote. So many of our issues have been considered in a partisan way, have been delayed with amendments. We have had filibusters; 50 amendments on the budget resolution. But in this case, we will have a chance to develop a bill that can be bipartisan and also a bill that will pass this house and instead of the other body of Congress. That is no insignificant accomplishment.

Senator INOUYE certainly has also been very interested in telecommunications. He worked on it last year and has been helpful this year.

The indomitable Senator STEVENS from Alaska is always there. When the debate gets hot and heavy, Senator STEVENS from Alaska will always rise to the occasion, as he has on this bill. I hope one other thing before I get into my comments. I want to recognize the staff members who have done great work, hard work. It has been laborious, tedious, and they have solved so many problems through the great efforts of Pauley Link, and my own staff assistant Chip Pickering, clearly one of the brightest young men I have known in my life. We would not be here without their help.

Let me begin with a quote from testimony to the committee. It begins with a quote from a Senator from Washington State, Senator Magnuson, who served with great distinction on the Commerce, Science, and
Transportation Committee. He put it very aptly when he said in this particular area of legislation “each industry seeks a fair advantage over its rivals.” And then quoting the witness that was before the committee:

Each industry wants prompt relief so that it can seize its field at once. At the same time wants to avoid the pain of new competition in its own field by tactics that will delay that competition as long as possible. Therefore, to the Congress to make the tough calls and, in effect, cut the Gordian knot.

That is what we are trying to do with this legislation, cut the Gordian knot that has held this dynamic field of the economy back now for several years. As unbelievable as it sounds, the Communications Act of 1934 passed in the era of the Edsel, and it is still the current law of the land. That act now governs, in fact, constrains the most dynamic sector of the U.S. economy—telecommunications. Just as the Edsel became a symbol of all that is outdated, so is the 1934 Communications Act. That act is based on old technology and, consequently, on an outdated monopoly-based-regulatory model. Boy, that sounds bad, but that is what we have today. It is time we changed that.

That system cannot accommodate the rapidly developing capabilities of new technologies and advanced networks. Indeed, it acts to restrict competition, innovation, and investment.

Under that framework, markets are allocated, not won, by the sweat of competition. Currently monopolies, oligopolies or, at best, limited competition exist in local long distance and cable markets. More than 40 of our 50 States prohibit any entrepreneur or competitor from offering—even offering—local telephone service.

The 1984 consent decree which broke up AT&T to restrict the Bell operating companies from offering long distance or manufacturing.

We should have fixed that long ago. It would have created jobs and would have been positive for the economy. Current law prohibits cable companies and telephone companies from competing in each other’s markets. They are willing to do that. They want to do that. Why should we not let them do that?

Another 1934 law, the Public Utility Holding Company Act, PUHCA, prevents registered electric utilities from using their infrastructure and networks to offer telecommunication services to the 49 million American homes that they serve. All of these restrictions and regulations and allocations are truly the equivalent of an “Edsel” in the space and information age. In the case of utilities, they are already wired, hooked up. They have the capability to offer all kinds of services. Yet, they are told, no, you cannot do it. Why? The good explanation or justification for it—especially if we do this legislation in a way that is fair, open, and allows competition for all.

In stark contrast, the Telecommunications Competition and Deregulation Act of 1995—this bill—will move telecommunication services into the 21st century and will finally leave the era of the Edsel behind. S. 652 will achieve this through full competition, open networks, and universal service. That is what this bill is all about. That is what we say we want. Senators stand up and say it day in and day out, about all kinds of situations. Well, in this bill, in this area, that is what we would do.

This bill framework where entrepreneurs and free enterprise will make the information superhighway a reality, not just a conversation piece. As a result, tremendous benefits and applications will flow to our economy, to education, and health care. Industries will benefit from expanding markets and opportunities, and consumers will benefit from lower prices in their local, long distance, manufacturing, and cable services.

If one hears the protest of the various industries, it is not because the bill is too regulatory; no, just the opposite is true. It is because this bill removes all of the protection and market allocations that made their respective businesses safe and secure from the rigor of vigorous competition.

Under S. 652, all State and local barriers to local competition are removed upon enactment. An immediate process for removing line of business restrictions on the Bells is put in place. Moreover, the Bell companies are given the freedom to immediately compete out of region and provide a broad range of services and applications known as incubals. These include lucrative markets in audio, video, cable, cellular, wireless, information services, and signaling.

The 1934 PUHCA is amended to allow registered electric utilities to join with all other utilities in providing telecommunications services, providing the consumer with smart homes, as well as smart highways.

Upon enactment, telephone and cable companies are allowed to compete. Current restrictions barring telephone cable entry are eliminated.

As the telephone/cable restriction is removed, S. 652, rightfully, loosens and removes cable regulation. For cable to convert and compete in the telephone area, it will be freed from the regulatory burdens that limit investment and capital capability, which has been a problem in recent years for the cable industry.

The restrictions placed on broadcasters, also during a bygone era, before cable and wireless technology, and advanced networks, would be removed.

Ownership restrictions on broadcast TV are raised. An amendment removing restrictions on radio ownership will be adopted, and this is one we have worked hard for, and we have broad support for now. The FCC is granted the authority to allow broadcasters to move toward advanced, digital TV and to use excess spectrum, created by technological advance, for broad commercial purposes. Broadcast license procedures are reformed and streamlined.

S. 652, again, moving in from the communications policy of the past, governors to a protectionist way to one that is appropriate for the global economy and technology of the 21st century. The bill promotes investment and growth by opening U.S. telecommunications markets on a fair and reciprocal basis.

In short, S. 652 is a competitive framework where everybody can compete everywhere in everything. It limits the role of Government and increases the role of the market. It moves from the monopoly policies of the 1930s to the market policy of the future.

Toward that end, the removal of all barriers to and restrictions from competition is extremely important, and it is the primary objective, and I believe, the accomplishment of this legislation, that brings to the efforts of Chairman PRESSLER and the former chairman, Senator HOLLINGS of South Carolina.

In addressing the local and long distance issues, creating an open access and sound interconnection policy was the key objective, and it was not easy to come up with a solution that we could get most people to be comfortable with. It is critical to recognize the reason why all of these barriers, restrictions, and regulations exist in the first place— the so-called bottleneck. Opening the local network removes the bottleneck and ensures that all competitors will have equal and universal access to all consumers. Such access guarantees full and, I believe, fair competition.

The open access policy makes it possible for us to move to full, free-market competition in local and long distance services, avoid antitrust dangers, and dismantle old regulatory framework.

In fact, the Heritage Foundation makes the following statement and points to the open access interconnection policy:

Policymakers of a more conservative or free market orientation should not fear this open access policy. In fact, they should favor it for three reasons:

First, there is a rich common law history that supports the open access philosophy. They cite railroad and telegraph policy in America and common law tradition dating all the way back to the Roman Empire.

Second, open access works to eliminate any unfair competitive advantages accrued by companies that have benefited from Government-provided monopolies.

Third, open access removes the need for other regulations because the market becomes more competitive if everyone is on equal footing.

It is the only way to address economic deregulation where a bottleneck distribution system exists. It is the only policy that allows a market to work, instead of regulation, to work in the case of long distance, railroads, and in the oil and natural gas pipeline distribution system.
It is those examples of deregulation to which we should look, not to models of deregulation where no bottleneck exists, such as airline or trucking.

Open networks will provide small and mid-sized competitors the opportunity to build their own telecommunication giant. In the long distance industry, similar requirements made it possible for over 400 small and medium-sized companies to develop and compete with AT&T over the past 10 years. One of the more dramatic examples of this is a former high school basketball coach from a small town in Mississippi by the name of Bernie Ebbers. Opening requirements such as interconnection, equal access, and resale made it possible for this entrepreneur to build a small long distance company into the fourth largest in the country—LDDS. It is incredible what has been accomplished by this small town man by giving him an opportunity to get in there and compete, and boy did he ever and is he doing well.

Having used the example of a small long distance entrepreneur, it is also important to point out what happened over the past 10 years to the former monopolist, AT&T. Although AT&T lost its market share in the long distance business and has seen the long distance market that it has greatly expand, and its revenues continue with strong, healthy growth.

AT&T’s current revenues, with 60 percent share in the long distance market, are now higher than in 1984. The same dynamic will occur in the local and other markets. Opportunities and markets will expand for all participants, as long as they are effective and efficient in the competitive environment.

It is this free market model which led me to conclude that all of the companies in my State and region and, in fact, in the country, will benefit from this legislation. I believe that the companies and opportunities will expand for Bell South and LDDS, both of which are very important in my State of Mississippi, and other long distance companies, including electric utilities—Southern Company and Entergy—in my part of the United States, and cable companies and broadcasters will have new opportunities to grow and expand.

A competitive model will create a bigger pie for all the providers, but more importantly, it is the consumers and the economy of my region, and I believe the whole country, that will benefit from this legislation.

For consumers and competitors, the open access requirements will do for telecommunications what the Interstate Highway System has done for the shipment of tangible goods and the movement of people and ensure that all competitors will have a way to deliver goods and services to anyone anywhere on the information superhighway.

Others, such as number of portability and dialing parity are just common sense, pro-competitive, and fair. A consumer does not want to have to dial more digits or access codes, and if required to do so, they will be less likely and probably not switch to the competitive provider. History shows that dialing parity in long distance services and 1-800 service greatly enhanced competition—or the lack of it. The purpose for business or individual or family is too great. That is why we had to deal with this issue in this legislation, although there was a lot of opposition to it.

Another key element of S. 652 is eliminating monopoly-based regulations and putting in place a mechanism to remove those regulations.

The bill eliminates rate-of-return regulation, a regulatory model which cannot logically exist in a competitive environment. In this legislation, States are encouraged to move to more flexible and competitive models.

S. 652 requires the FCC to forbear or to eliminate any past or current regulation requirement which would no longer serve a legitimate market-based interest of competition. There will be a biannual regulatory review in this legislation that would recommend the elimination, modification, or other needed regulatory reform in the future.

Mr. President, in closing, I think it is time to adopt this communications policy for the future. It provides the right framework, it removes all barriers and restrictions to free market competition, innovation, and increased investment.

With the passage of this legislation our economy will grow a lot faster. We have had tremendous estimates of the kind of economic impact this legislation will have in the billions of dollars. More important, applications in education and health care will expand more quickly, and the quality of life will improve in both rural and urban areas.

It is time to move beyond the culture of timidity where the companies and political leaders, regulators, and the courts resist needed reform, fear competition, and opt for the security and inferiority of the status quo.

We know that is what the election was all about in the status quo. Boy, this bill will do that. It is time to trade in the Edsel and pass telecommunications legislation that will move us truly into the future.

I do want to note that I think that the center that holds this legislation together is that part that deals with the entry test. When the local Bell companies get into long distance and they get into the local unbundled market, we have a delicate balance there.

Are there any hotspots? No. They would like the fair advantage in each case, but we have been able to cobble together this important balance, and I think it is one that we should support.

I believe that we will be able to get legislation through.

In conclusion, Mr. President, I ask unanimous consent to have printed in the RECORD information specifically citing the impact that this legislation could have in my home State of Mississippi.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WHAT DOES IT MEAN FOR MISSISSIPPI?

Mississippi is home to one of the Nation’s new leaders in every segment of telecommunications. Mississippi is prospering and benefitting from the contributions of the Nation’s largest and fastest growing regional company, Bell South.

LDDS, a Jackson, MS company, is the fourth largest long distance company in the Nation and an expanding international force. It is a true American success story.

LTEL, another Jackson based company, is a dynamic entrepreneurial and leading national company in wireless paging service. A dynamic culture of young entrepreneurs in the new services is thriving throughout the State.

Parent companies to Mississippi Power and Mississippi Power and Light, Entergy and Southern Company, are creating companies promoting utility participation in telecommunications and advanced networks. They will pave the way for smart homes and highways in our State.

Wireless cable services have exploded in both rural and urban areas of my State. Mississippi, in cooperation with National Association of Technical and Spanish culture, the leading educational institutions and South Central Bell, has deployed an advanced network which connects schools, universities, Federal facilities, super computers and national data bases. It is an educational and high tech model for the future and the Nation.

It is in my home State of Mississippi that I have seen and experienced the benefits of telecommunications revolution. I know what it means to the economy and quality of life for the State. It means the creation of high tech jobs, attracting new industry, and promoting and connecting Mississippi to the Nation’s best educational opportunities.

As a Senator from a State which has become a leading telecommunications center, I come to this debate with the conviction that this legislation will serve Mississippi’s, the Nation’s, consumers’ and competitors’ best interest.

S. 652 promotes and accelerates the communications revolution by tearing down all barriers and restrictions preventing the benefits of free market competition.

Mississippi’s economy, with telecommunications surviving as a kind of catalyst, is growing and expanding. This legislation will further fuel its growth.

Under S. 652, Mississippi companies will have new opportunities and expanded markets as well as the challenges of competition. South Central Bell will be able to expand into long distance, cable, manufacturin/and other services. LDDS, cable companies, Southern Company, Entergy, and numerous other companies will be able to begin competing for local service and combining local, long distance and cable services.

With S. 652, Mississippi’s TV and radio broadcasters will see their taxes removed or raised which have stifled growth and new business.
Small cable operators in Mississippi who have struggled under the regulatory burden of the 1992 Cable Act, will see regulatory relief. Once again, Mississippi cable operators will be able to sell and deploy new services, regain financial stability and prepare to compete in new markets.

The competition among all participants will spur products, advanced networks and lower prices for the benefit of Mississippi’s consumers and industries. I want Mississippi to continue as a national leader in telecommunications.

For the Nation’s future, S. 652 is one of the most significant pieces of economic legislation we will consider.

The President’s Council of Economic Advisors estimates the telecommunications deregulation will create 1.4 million new jobs by the year 2003.

A study by the WEFA group, funded by the Bell Companies, projects 3.4 million jobs by the year 2015 and 0.5 percent greater annual economic growth over the next 10 years.

In addition, the committee heard testimony that the Presler bill will lead to an additional $2 trillion in economic activity. The communications sector, more than any other, will shape our future economy as well as our civic and community life. This bill is to maximize the benefits this sector of our economy can deliver.

I urge my colleagues to support this legislation. It is time for Congress, not the courts or bureaucrats, to establish the communications policy for the 21st century.

Mr. LOTT. Mr. President, I yield the floor.

Mr. PRESSLER. Mr. President, I stand today in honor of his term of service for his contributions. Chip Pickering has been, in every step of the way. This would not be happening without your great leadership. I personally thank you very, very much.

Mr. President, I am sending to the desk a managers’ amendment which I am cosponsoring with Senator Hollings. This amendment, which has been cleared on both sides of the aisle, makes a number of technical and minor changes in the bill that have been the subject of debate since the bill was reported by the Commerce Committee.

I ask unanimous consent that when adopted, the text be treated as original text for purposes of further amendments.

At this point I would like to send the managers’ amendment to the desk.

Mr. LAUTENBERG. Mr. President, reservations to the right to object, I commend the managers of the bill thus far. I know they are anxious to conclude a period of hard work and have struggled through many discussions and agreements to get this behind.

The reason that I raise the possibility of an objection is because, in the process of developing the managers’ amendment, it was determined that a major research company based in New Jersey but doing work throughout this country, a company that has offered many innovative ideas in this period of new technology in communication, would lose proprietary rights as a result of the present managers’ statement on engaging in manufacture, even though it is the public declaration that they intend to be free of the regional Bell companies ownership. There they are, a company trying to engage in a competitive practice.

I had a discussion with two good friends, Senator Hollings on the Democratic side and Senator Pressler on the Republican side, as to whether or not I can have their support for a discussion of a proposal to enable the competitive character of the field to be expanded although it is lacking in the statement of the managers.

Mr. PRESSLER. I want to commend my friend from New Jersey, Senator Lautenberg. I know he is an experienced businessman, and I know there is some controversy about Bellcore. It is my belief that if Bellcore is sold and out there competing, it should be able to compete.

That is based on the information I have at this moment. I know there is a great controversy about manufacturing, because about 99 percent of manufacturing many new devises is research.

It seems to me that the Senator has raised a very good point. As I understand it, in the managers’ amendment, we have taken this section out so we will be able to entertain a colloquy, or indeed an amendment.

I have begged several Senators to come tonight to offer amendments. We have all these strong feelings and we would like to get a vote on something tomorrow morning at 9 o’clock. As I gaze about, I do not see any amendments cropping forth. We welcome amendments.

I want to thank the Senator from New Jersey for raising this, because based on the information I have, I tend to agree with what I think his position is. I think he has raised a good point. If we could still adopt the managers’ amendment, that is not, as I understand it, there. We have taken out anything that there is controversy about.

Mr. HOLLINGS. Mr. President, first let me thank, as our chairman has very dutifully done, the distinguished presiding officer, the Senator from Mississippi, Senator Lott, for the 2 years that we worked on S. 1822. The Senator has been an outstanding leader on S. 652 and his staff Chip Pickering has done exceptional bipartisan work. We never would have gotten this far, this balance that has been emphasized, had it not been for Senator Lott’s leadership. I want to thank my distinguished colleague from New Jersey for his attitude and approach to this. What happens, I have two lists in my hands. The list of possible amendments in my left hand are those amendments that are not agreed to, that we could not get consent on from the colleagues and the staffs on all sides. Objections have been heard. We have a list of those that have not been written in. If there was any way that we could defer action on this tonight so we might discuss the competitive environment tomorrow morning.

Apparent, it is the belief of the managers that this bill has got through so much labor and so many delicate steps that to further delay that might be injurious to the success, ultimately, of passing this bill.

So while I will not object, I would ask the managers whether or not I can have their support for a discussion of a proposal to enable the competitive character of the field to be expanded although it is lacking in the statement of the managers.

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Mr. KERREY. Reserving the right to object, Mr. President, what are we doing here?

The PRESIDING OFFICER. The Senator from South Dakota just asked the amendments be considered as read.

Mr. PRESSLER. I suggest the absence of the Senator from South Dakota.

Mr. KERREY. Mr. President, I ask unanimous consent to adopt the managers' amendments, which I have sent to the desk, and which have been cleared on both sides of the aisle.

Mr. HOLLINGS. Is that cleared with the Senator from South Dakota?

Mr. KERREY. I have great respect for the Senators from South Carolina and South Dakota, but I have not read the amendment. It was just brought to me. It is 40-some pages long and I understand there is lots in it. I cannot. I object.

The PRESIDING OFFICER. Objection is heard.

Is there debate on the amendment?

Mr. PRESSLER. I suggest the absence of the Senator from South Dakota.

Mr. KERREY. Mr. President, I ask unanimous consent to withhold the request for the quorum call.

The PRESIDING OFFICER. Is there objection?

The Senator from Nebraska seeks recognition? The Senator from Nebraska.

Mr. KERREY. Mr. President, I know there is some confusion. I see my friend from South Carolina and South Dakota as well. I take a great deal of respect for them. I take a great deal of interest in this legislation. They have been kind to allow a member of my staff to sit in on lots of the deliberation.

But I want my colleagues to understand there is a lot in this bill that is not very well understood. I declare straight out I will not vote for this bill in its current form. I am here because I see great promise in telecommunications. I see great promise, in fact, in deregulating the telecommunications industry. I am competition to regulate as opposed to having Government mandates and so forth do the job.

But in 1986 I signed a deregulation bill. I may be, for all I know, the only Member of Congress who can come to the floor and say "I signed a deregulation bill for telecommunications." And I know that deregulation does not mean competition. You can have deregulation and have no competition. I call upon my colleagues who wonder about the impact of their votes. There is a great deal of concern about, for example, the budget resolution we took up. "Gee, what is this going to do to me? Is it going to be difficult to explain at home? There are lots of things in there that cannot become unpopular and am I going to pay for voting yes on the budget resolution?"

We have lots of issues that are extremely controversial. This is a lot more controversial than meets the eye. I ask my colleagues who are considering voting yes for this and want to move it through quickly to recall what life was like in 1984 when Mr. Baxter, from the Department of Justice, signed a consent decree divesting AT&T of the Bell operating companies, filing that decree with the Federal court here in Washington, D.C.

"I remember I was Governor of Nebraska at the time and I can tell you, you get a thousand people at random and ask them this question: Would you like Congress to put the Bell companies back together? Do you like what Baxter and Judge Greene did?" And of the thousand people I will bet 998 people would have said "Reversion it. Put it back together. We do not like the confusion that we have. We do not like trying to figure out all this stuff." It was not popular. Do not let anybody be misled by this. This is going to create considerable confusion in the early years. You are not likely to be greeted by a round of applause by households, consumers, who have not been consulted about this legislation.

This is not a Contract With America. Most of the things that we have taken up in this Senate have been carefully polled and researched to determine whether or not they are popular. I have heard, whether it is the balanced budget amendment, the budget resolution, or term limits or other things, people come down to the floor and say, "In November the people of the United States of America spoke and here is what they meant." I have heard speaker after speaker say that. And in many cases I agreed with them, because I ran in November 1994.

But I did not have a single citizen, when I was out campaigning, come up to me and say: "Boy, make sure when you go back, if you get reelected, if you go back and represent us, make sure you go back there and deregulate the telephone companies. Make sure you go back there and deregulate the cable industry. Make sure, Bob, make sure, if you deregulate AT&T, you get rid of the ownership restrictions on television stations, on radio stations. Because that is what I want. I am really excited about all this stuff. I really think there is a lot in this for me. That is what I want. That is the sort of thing I would like to have you go back there and do." The American people have not been polled on this one. The distinguished majority leader came down and said there is bipartisan support. It is not a Democratic issue. It is not a Republican issue. It is not. This is an issue that has been discussed at length and I discussed it at length with many corporations that want to be deregulated. They want to be deregulated. In many cases they are right.

But if you listen to the rhetoric, just this far, you would think that the current regulation is holding back the telecommunications industry to such an extent that we have lousy telephone service, that we have uncompetitive industries. You would think America was somehow backwards compared to all the rest of the world. That is not true.

If you look at the OECD examinations of our industries, telecommunications, including the telephone companies, are among the most competitive in the world and among the most productive in the world.

Mr. KERREY. And when telling my colleagues a lot of people will come down here and say, "It must be good. There is a lot of bipartisan support for it." Walk up to the desk, check out a lot of these amendments, see which way people are voting—this one is going to be remembered. This vote is a big vote. In my State I have about a million households. If you talk telecommunications to those households they do not talk faxes. They are not thinking about enhanced digital processing and all that stuff. They say, "Hey, my dial tone going to cost me? What is my cable going to cost me?" That is what they talk about.

I think we need to come down to this floor and ask ourselves a question. What is this bill going to do for those households? What is it going to do for the consumer? I hear people say it is going to create lots of new jobs. In the course of this debate we are going to come down and examine the question: What is this bill going to do for the consumer? I hear people say it is going to create lots of new jobs. In the course of this debate we are going to come down and examine the question: What is this bill going to do for those households? What is it going to do for the American consumer. But let no one be mistaken. When we pass this piece of legislation in the Senate and go to conference, has been created the jobs? We have been creating the jobs? It is not true.

Mr. KERREY. Where are the jobs going? One of the things I hear from people, an awful lot of telecommunications industry people working for the telecommunications company, is substantial downsizing. I say, "Do you want to deregulate? Are you going to do more jobs?" They say, "I do not know. You know. It has not been working too good thus far." I am down here to talk about what this is going to do for the many households, and for the American consumers. I look forward to the debate. There is much in this legislation that I support. I believe in many cases deregulation will produce a competitive environment that will benefit the American consumer, and that will benefit the American household. But let no one be mistaken. When we pass this piece of legislation in the Senate and go to conference, has been created the jobs? It is not good 10 years before people began to say, "Wait a minute. This is working. Competition is bringing the price down. The quality is going up. This appears to be in fact generating something beneficial to me."
MR. PRESIDENT, I BELIEVE THAT THE AMERICAN PEOPLE DESERVE AS A CONSEQUENCE OF THE IMPACT OF THIS LEGISLATION A GOOD AND HEALTHY AND LENGTGY DEBATE. I HEARD THE DISTINGUISHED OCCUPANT OF THE CHAIR EARLIER SAY HE HOPES THIS THING DOES NOT DEGENERATE INTO A FILIBUSTER. I DO NOT INTEND TO FILIBUST A THING. I POINT OUT WITH GREAT RESPECT TO THE SENATOR FROM MISSISSIPPI THAT 1822 WOULD HAVE PASSED LAST YEAR IF IT HAD BEEN FILOUSLY AND TIED UP AND TIED UP BY PEOPLE WHO SAW MYSELF DO NOT WANT THIS THING TO GO. THIS WOULD HAVE BEEN LAW LAST YEAR I BELIEVE. I DO NOT KNOW IF THE SENATOR FROM SOUTH CAROLINA CAN CONFIRM THAT.

I DO NOT WANT TO TIE THIS THING UP WITH FILIBUSTERS AND DELAYS. I INTEND, WHEN THERE IS A MANAGER'S AMENDMENT OR INCIDENTAL AMENDMENT, TO EXAMINE THE LANGUAGE BECAUSE THE LANGUAGE IS IMPORTANT. IT IS GOING TO HAVE AN EFFECT ON PEOPLE.

I SAY AGAIN FOR EMPHASIS, THAT I BELIEVE THIS VOTE IS GOING TO BE A LOT MORE CONTROVERSIAL THE FURTHER AWAY YOU GET FROM IT THAN PEOPLE SUSPECT TODAY. ONE OF THE THINGS ABOUT LAWS THAT CITIZENS NEED TO UNDERSTAND IS THAT VERY OFTEN IT IS IMPORTANT SOMETHING SOMETHING ABOUT SOMETHING. THAT IS TO SAY, WHO HAS THE POWER?

I JOINED WITH, AGAIN THE DISTINGUISHED SENATOR FROM SOUTH CAROLINA, IN VOTING AGAINST TORT REFORM BILL A LITTLE EARLIER BECAUSE THAT WAS ABOUT POWER. THAT WAS ABOUT SAYING TO THE CITIZENS OF THIS COUNTRY YOU ARE GETTING SWEEP AWAY SAYING THE TRIAL LAWYERS ARE MAKING LIFE MISERABLE FOR YOU. JUST ASK YOURSELF THIS QUESTION: YOU GET HURT OUT THERE, YOU HAVE A PROBLEM OUT THERE, WHO IS GOING TO HELP YOU? IS CONGRESS GOING TO HELP YOU? ARE YOU GOING TO CALL UP YOUR CONGRESSMEN AND SAY, "I AM GETTING ABUSE BY THE PHONE AND CABLE COMPANIES. I DO NOT LIKE WHAT IS GOING ON OUT THERE. DO YOU THINK THIS CORPORATION IS GOING TO TRUST TO YOUR DEFENSE? DO YOU THINK IT WILL BE POSSIBLE FOR YOU TO GET THE AGENCIES OF THE FEDERAL GOVERNMENT TO RALLY TO YOUR CAUSE? AND YOU PROBABLY DO NOT EVEN HAVE ENOUGH MONEY TO BUY AN AIRPLANE TICKE TO COME BACK HERE, AND IF YOU CAME BACK HERE YOU WILL NOT KNOW WHERE TO GO.

THIS IS ABOUT POWER. AND REGULATIONS ARE IN PLACE TO PROTECT THE INTERESTS OF THE PEOPLE. THAT IS WHAT THEY ARE THERE FOR. LET US REGULATE.

I HAVE A LITTLE CASE GOING ON RIGHT NOW IN OMAHA, NE, THAT ILLUSTRATE WHAT I AM TALKING ABOUT. WE HAVE A PLANT IN NEBRASKA WHICH EMPLOYEES A COUPLE OF HUNDRED PEOPLE. UNFORTUNATELY, THE COMPANY PROCESSES LEAD, AND THEY PUT A LOT OF LEAD IN THE AIR AND WATER. AND IT HAS BEEN DETERTMINED AND NO ONE DISPUTES IT—that lead damages newborn babies without dispute. WE DO NOT HAVE LEADED GASOLINE ANY MORE BECAUSE IT WAS A THING THAT IS THE CASE. WE HAVE A CLEAN AIR ACT, WE HAVE A CLEAN WATER ACT. THIS COMPANY HAS BEEN OUT OF COMPLIANCE FOR OVER 15 YEARS.

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don't get to the final end of this thing. Let the cost determine what people are going to pay. We have a very small amount of subsidy in the universal service fund. We have an education provision that some people are going to come down here and try to strike, saying the market ought to have taken care of this. I do not care what they say, speaking saying this is good for health care, this is good for education, they do not even want to have that provision in this piece of legislation.

I have many problems with this bill. Mr. President, I believe the Department of Justice needs a role in this. I do not think consultation is enough. I would cite as case No. 1 why consultation is not enough, the very thing that Members will use when they are saying that competition works, and that is Mr. Baxter and Judge Greene getting together, the Department of Justice getting together with a Federal judge and putting together a consent decree. It was the Department of Justice. It was the very thing that gave us the competitive environment. It was not the Federal Communications Commission. I am not calling for increased authority, increased power, but I want them to do more than consult. It is my belief.

The Antitrust Division of the Department of Justice understands where and when competition is, and they are about the only ones in this town that, at least by my measurement, are out there fighting to make sure that market-place in fact is working.

I have serious problems saying that telephone companies can acquire cable companies inside of their area immediately.

Mr. President, I believe we have to have two lines coming into the home. I believe you have to have—if it is going to be fiber or some kind of combination of coax and fiber, I do not know what it is going to be, but I want two lines coming into the home.

I have heard people talk an awful lot about competition, and I have heard all the companies coming in saying they want a competitive environment. This is one thing I know. Competition to me means I have choice. Again, this idea of choice is a two-edged sword. You are going to have a lot of households out there that are not going to be terribly pleased with this new choice they have, and they are not going to be terribly happy when they see what that choice might do.

We have to be prepared to stay with this thing. To my mind, choice means if a company does not give me what I want, I can take my business somewhere else. Competition means to me I can go wherever I want and get the service I want. And I believe in many ways this bill does just that.

The requirements of unbundling, of dialing parity, the requirements that this legislation in title I, in my judgment, provide a good basis for us to have a competitive environment. Allowing the phone companies to go out and buy cable inside their own area, Mr. President, is going to restrict competition immediately. We are not going to have the local cable company and the phone company competing because the phone company is going to have an incentive to buy them. If they buy them, it ends that competition.

I do have problems about that, but I think allowing this cable-Bellcore ownership in the local area does precisely the opposite of what this bill intends to do. The other objection and problems that I have with the bill I will come later to the floor and try to address. I see the Senator from Pennsylvania is down here. I suspect that he wants to make a statement. I just wanted to stand up at this point in time and say to the Senator from South Dakota and the Senator from South Carolina I do not intend to stand down here and stop this piece of legislation from being enacted. But I do intend to stand down here and examine every amendment that is proposed to see that we have an amendment that I agree to for all the reasons I cited earlier.

The consumers of this country, the households of this country have not been consulted. We are presuming that they are saying it is going to be good for them because we have talked to American corporations and they are saying it is going to be good for them. They are saying this is going to be good for consumers. The corporations are saying it is going to be good for those households. They are saying it is good because they are getting more jobs, higher service, better quality, and lower prices.

That is what they are saying. It is not coming from households. This is not coming from the people of the United States of America, whether it is the people of South Dakota, the people of Nebraska, South Carolina, Mississippi, or Pennsylvania. We believe that we have something here that is going to be good for them, but they have not come to us and said: Please do this because we think this needs to be done.

So I will again have many opportunities to stand and talk, and I look forward to what I hope will be a straightforward and healthy and honest debate, something that I hope does produce a final change in the 1934 Communications Act which I think does need to be changed. But at the end of the day I wish to be able to say to the consumers of America that it is going to be good for you. I wish to be able to say to every household in Nebraska you are going to get benefits from it and these are the benefits that I believe are going to occur.

At this stage of the game, Mr. President, I cannot support this legislation for the reasons cited, and I look forward to engaging in what I said I hope will be a constructive debate.

Mr. PRESSLER addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. PRESSLER. I thank the Senator from Nebraska for his statement. In
fact, the other day I cited him, when I was on a national program of State legislators and they asked, in terms of a model of a State to deregulate, what might it be. And I suggested the work of Bob Kerrey of Nebraska when he was governor. I supported his work in deregulating telecommunications in that State, and I certainly look forward to his insights.

We have worked on a bipartisan basis on this bill. In fact, all the Democrats on the Commerce Committee voted for the bill. Senator Hollings did a good job. I visited with and delivered a copy of the original draft bill to each of the Democrats on the Commerce Committee.

Two Republicans on the committee voted against the bill. Eight Republicans on the committee voted for it. This is a bipartisan bill. All the Democrats on the committee voted for it. I think that is a very important point.

The Public Utility Holding Company Act of 1935

Mr. D’AMATO. Mr. President, today I rise to speak about certain provisions in S. 652, the Telecommunications Competition and Deregulation Act of 1995.

This bill contains provisions that would significantly alter the Public Utility Holding Company Act of 1935 (PUHCA). The PUHCA was originally enacted 60 years ago to simplify the utility holding company structure and ensure that consumers were protected from unfair rate increases. At that time, there were many industry abuses involving the pyramidal corporate structures of holding companies which greatly increased the speculative nature of securities issuances, led to market manipulation, and inflated the capital structure. The abuses in the industry made it nearly impossible for the States to adequately protect utility ratepayers.

The PUHCA limited the types of businesses that holding companies could acquire to utility related services. As reported out of the Commerce Committee, Sections 102 and 206 of the "Telecommunications Competition and Deregulation Act" would permit diversification of registered holding companies into the telecommunications business—without SEC approval or any other conditions. Allowing holding companies to diversify away from their traditional core utility operations is a departure from the basic principles underlying the 1935 Act.

Mr. President, my primary concern with these sections of the "Telecommunications Competition and Deregulation Act" is that losses resulting from the activities of telecommunications activities could be passed on to public utility customers in the form of higher utility rates.

I would like to commend Senator Pressler, Senator Lott, Senator Bumpers, Senator Sarbanes, and their staffs for their cooperation on this issue.

Messages from the President

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGES REFERRED TO COMMITTEE

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States containing and transmitting nominations which were referred to the Committee on Finance.

(Petitions received today are printed at the end of the Senate proceedings.)