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 ca-

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. Madam 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, television and radios reinvented, and other devices yet to be invented bringing 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.

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 competitors. It supplanted that government control. Over spectrum-based 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 monopoly 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 responsibility 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 of the Interstate Commerce Commission and the Federal Radio Commission then exercised over communications under 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 do not adequately address the challenges of today's industry. Telecommunications laws and regulations are not able to adequately take into account the advent of telecommunications competition, and, indeed, have slowed 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 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 for 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 their affiliates have sought to 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 to the local networks and, therefore, to this dynamic time in the evaluation of the communications and information 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 carrier 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 the 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 the 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 competitors 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 centered on whether or not 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. Furthermore, Regulatory lag means we don't get investment stimulus that competition and new entry spur and, more importantly, the public is denied new service and products.

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 prodding from the Federal courts, the commission eventually allowed services deemed not injurious to the public interest 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 interchange—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.

Competition in the interchange market developed slowly as the commission gradually and incrementally responded to changes in market pressures, technology, and consumer demand. The new 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 narrow, limited decision, the record showed a broad decision to allow 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 networks. 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 creamskimming, and it generally adhered strongly to the philosophy that the public network should remain a regulated monopoly. Nonetheless, it prompted 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, 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 overruled the commission’s refusal to recognize that Specialized Common Carrier was 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 rules prohibiting resale and 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 result of this 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 seek waivers 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 1980’s. 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 9.6 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 demand was probably due to the lack of 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. It took 10 years before regulation for TV licenses for 4 years, until 1952. In the year after the freeze alone, the number of stations tripled. It took another 15 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 delay cost the cellular industry an estimated $86 billion.

5. Out of Region Competition by Bell Companies:

   The Department of Justice told Bell Atlantic that, notwithstanding the 1982 Consent Decree, the BOCs are not restricted to providing service only within their home territories; they are free to offer ininterLATA services anywhere in the country. The BOCs 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 BOCs.

6. 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.

7. Cable 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 restricting carriers was that it did not want to jeopardize the basic structure of over-the-air television.

8. 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 in the past had been used to providing a basic platform that delivers video programming and basic adjunt 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 combination of the video programming is intended to maintain strict separation between the provision of video dialtone conduit, and provision of the programming itself. Video dialtone as defined by the commission is plainly more like telephone carriage than like cable or broadcasting.

9. Direct Broadcast Satellite:

   When the FCC first considered licensing Direct Broadcast Satellite service, (in the 1970s), the National Association of Broadcasters raised the specter of siphoning. DBS would result in the loss of service to minorities, rural areas, and special audiences by siphoning programming, fragmenting advertising support. It would rob free local television service of advertising revenues. UHF stations would be especially threatened. The cable television industry joined in the assault on DBS by demanding the removal of the programming. The service has only recently become available.

10. Computer and Software:

    AT&T—which invented the transistor and in the 1960s developed some of the most powerful computers—was barred for years (by the 1956 anti-trust consent decree) from competing in the computer market against IBM. The upshot was that IBM completely dominated computing for years. AT&T had also developed the Unix operating system around which the Internet was built—it couldn't commercialize that aggressively either. Now Microsoft is being accused of monopolizing the MS-DOS and Windows alternatives.

11. Delay in RBOC Information and Inter-LATA Services Relief:

   In 1987, the Justice Department recommended that the BOCs be invited to the information services restriction on the RBOCs. This was not opposed by AT&T. In September of 1987, Judge Greene permitted the RBOCs to enter non-telecommunications businesses without obtaining a waiver, but did not lift the information services ban.

   On April 3, 1990, the U.S. Court of Appeals for the District of Columbia remanded Judge Greene's decision to continue the ban on RBOC information services.

   Eventually, on July 25, 1991, Judge Greene relented and permitted RBOCs to provide information services. RBOCs were finally granted the right to provide information services more than 5 years after the Justice Department recommended that the restriction be removed.

   There have been numerous examples of egregious delays in granting even non-controversial decrees. For example, Bell Atlantic sought a waiver in 1985 to allow it to serve Cecil County, Maryland as part of its Philadelphia cellular system. Bell Atlantic submitted another waiver to provide cellular service to 3 New Jersey counties through its Philadelphia-Wilmington system on October 24, 1996.

   These waivers were necessary to the provision of uninterrupted cellular service between Washington and New York. Judge Greene finally granted the waiver on October 27, 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.

   The Department and the decree court have so far refused to lift even outside the service areas of the individual RBOCs.

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 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 competition in such areas 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. This is why 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. In the United States by contrast, the combination of the 1984 cable-telco prohibition and entry barriers into the local telephone market provided over British Telecoms network. Meanwhile our foreign competitors, 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 you invest in telecommunications, 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 a telephone. Close to 80 percent have a VCR, while 65 percent subscribe to cable TV—96 percent have the option. We are rapidly approaching 40 percent of homes with PC's and 36 percent with video games. Multimedia and CD-ROM sales are flourishing.

The Internet and computer on-line services are reaching millions of Americans. DBS has been successfully expanded in the last 10 years, with digital 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 now faulty premise that information transmitted over wires could be easily distinguished from information transmitted over the air. Different regulatory regimes were erected around these different media.

This scheme might best be described as "regulatory apartheid"—each technology had its own native homeland. These once separate and distinct entities were aggregated around these different media. The explanation for the rapid convergence of previously distinct media lies with digitization. Digitization allows all media to become tanslatable into one another. 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 to sweep the computer industry during the 1980's is now sweeping the telecommunications industry—Telecommunications policy in America, under the 1934 Communications Act, has long been based on the now faulty premise that information transmitted over wires could be easily distinguished from information transmitted over the air. Different regulatory regimes were erected around these different media. The explanation for the rapid convergence of previously distinct media lies with digitization. Digitization allows all media to become tanslatable into one another. 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 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 open, 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 1991, the stock fell to $25. IBM would announce "The End of I.B.M.'s Overshadowing Role." "IBM's problems," the Times noted, "are due to its failure to realize that its core business, mainframe computers, had been supplanted by cheap, still-worked, PC's 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 $5,000 PC in 1984—featuring Intel's 8088 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 running on two generations behind a third new generation on the horizon. Systems with more than twice the processing power of that 1990 system—using Intel's 486DX2-66 chip—are available for under $1,500, and Intel runs advertisements 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 releases commercial versions of its next-generation P6, which promises to move the price-performance curve astonishingly farther out than today. The computer industry is the arena of 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, local long-distance call rates have gone down 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 50 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 network, a New York to Tokyo call today that was the same call would cost less than 3 cents. Alternatively, a 10 minute call from New York to Tokyo—cost roughly $17 in 1984 and $14 today. Had long-distance
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 juncture—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 broadcast 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.

If Congress can come to grips 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 telecommunications 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 Telecom; Deutsche Telecom; 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 maintain our information infrastructure, 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 the threat of 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, informational, educational, 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.

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

F. WHAT S. 652 DOES: CHIEF REFORM FEATURES

First. Universal telephone service:

The need to preserve widely available and reasonably priced telephone service is one of the fundamental concerns addressed in The Telecommunications Competition and Deregulation Act of 1995. The legislation as reported requires all telephone 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 FCC to institute and refer to a 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.

Second. Local telephone competition:

The Telecommunications Competition and Deregulation Act of 1995 reforms the regulatory process to allow competition for local telephone service by cable companies, long distance companies, electric companies, and other entities.

Upon enactment the legislation prevents all State and local barriers to competing 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 technologically 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, and the charging of fees. 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 when it is periodically reviewing the public interest. 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 with respect to its regulations under the 1934 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. The bill modifies 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 manufacturers 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 prohibit them from offering services between geographical areas known as LATAs, [Local Access and Transport Areas]. The legislation reassesses 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 and terminating in the Bell company's territory. The FCC is required to promulgate rules governing these services, and to the extent the FCC determines that relaxed regulation is in the public interest, establish competitive checklist requirements.

Finally, the bill permits a Bell company to engage in manufacturing of telecommunications equipment. If the FCC authorizes the Bell company to provide interLATA services, the Bell company can engage in equipment research and development activities. The bill permits a Bell company to engage in manufacturing of telecommunications equipment.

Fifth. Entry by registered utilities into telecommunications:

The bill permits entry by registered utility companies into telecommunications service. The bill provides that affiliates of registered public utility holding companies may provide telecommunications services, subject to regulation, if the rates charged are reasonable and subject to regulation, if the rates substantially exceed the common carrier rates for comparable services.

Sixth. Entry by registered utilities into telecommunications:

The bill provides that affiliates of registered public utility holding companies may engage in the provision of telecommunications services, subject to regulation, if the rates charged are reasonable and subject to regulation, if the rates substantially exceed the common carrier rates for comparable services.

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 is in the alarm services 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 auxiliary 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 broadcast offers auxiliary 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 report 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, not transactional 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 adult content and to provide warnings about adult material before it is downloaded.

G. THE DEREGULATORY NATURE OF S. 682

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, “Everything 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. 1335 in the House in the 1970’s; or Senator Packwood’s effort back in 1981—S. 886. All of these bills assumed that monopoly, even if it was not well, would always be with us.

Second. A paradigm shift:

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

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

It establishes a process that will require continuing justification 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 the 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. intrastate nonbasic 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.

Fourth. For future orientation:

If I mention one more critical aspect of this bill, it is future oriented.

Too many of the earlier measures were focused on the status quo. What they basically did was rearrange existing structures and services in the 1984 and 1992 Cable Television Acts, in fact, did not take steps to encourage competition, it kept in place all the restrictions on telephone company and broadcast competition. Moreover, the 1984 Cable Act also maintained exclusive franchising for cable television.

This bill essentially seeks to change that. We assumed that cable television might become an effective competitor to local phone companies, for instance, so we sought to get rid of any regulations that would block that. We also assumed that local phone companies might be effective cable competitors, so we tried to get rid of restrictions on that kind of competition.

In the case of broadcasting, we recognized that this important industry is going to need much more flexibility to compete effectively in tomorrow’s multichannel world. So, we will allow broadcasters to offer more than just pictures and sound as well as multiple channels of pictures and sound, if they so choose. Under this bill, they will have the flexibility they need to compete in evolving markets.

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 telephone service—that we are talking about here—is 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 computer communications—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 thinking 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 communications 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 in both the long 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 controlling antic-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 courts, which regulate 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:

1. Lower prices for local, cellular, and long distance services, and lower cable television prices, too.
2. More and less costly business and consumer electronics to make U.S. business more competitive and American citizens better informed.
3. Expansion of choices, 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.
4. 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 and hardware companies alone, will 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.

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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 services. Today, there are 6 national TV networks, plus 10,000 cable TV systems. The more open access takes hold, the less other government intervention is needed to protect competition.

Political shift. Satellites, cable, talk radio, and C-SPAN, which were a specific result of deregulation and competition in communications, were ingredients that last year catalyzed 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:

1. 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 and long 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 and long distance service—and with the Pressler Bill will see choices in local phone services.

2. 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.

3. Women feel safer and more secure. Thirty million new 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 in an emergency.

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

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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. It makes U.S. companies in this 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 satellite optics. Each dollar invested in telecommunications results in $3 of economic growth.

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

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.

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 nearly every American does.

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 allow the community of health care available in small town and rural America, especially for the home bound elderly in our society.

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 could bring one of the country's biggest travel agencies now operate out of Linder and employs several hundred local people.

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

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.

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. Reformers predict using all the latest communications technologies, Government offices will be able to greatly expand their constituent services, including here on Capitol Hill.

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

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.

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

Working smarter. Satellite networks, computer and communications terminal 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 overstocked or understocked. Technology which will be made more available through deregulation has also allowed stores to operate in once remote areas. Wal-Mart has become America largest retailer, despite its largely rural origins, chiefly because the company was able to harness the latest in contemporary communications.

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

Greater parity. Students in small town and rural America, and in inner cities, will be able to access the same information and instructional resources only wealthy suburban districts have. Advanced math, science, and foreign language courses that previously were offered only in major cities, will be able to be offered even sooner by removing restrictive regulations.

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

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.

Better coordination. Advanced communications 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.

For South Dakota and other small city and rural areas:

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

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.

Competition in the information and communications 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 Online.

It hasn't been that long since Ma Bell was everyone's source for local phone service, long-distance service, 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 and 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 everywhere in America.
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.

Passage of 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 renegotiation in the Cable Act of 1992.

This reform law 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 strict 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 is 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, cellular equipment alone accounted for $59.2 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 with 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, George Kaiser 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, jobs, and capital investment; second, help American competitiveness; third, minimize transitional inequities and distractions; 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, who 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 an 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 from all 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 none technical. They are political. We have it in 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 communications policy to Congress after years of micromanagement by the courts. This bill will terminate judicial control of telecommunications policy, in particular, Federal Judge Harold
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. 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 bill promotes competition in cable television 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 systems.

The bill preserves universal service, assures access to an array of products and services for the American people.

The personal computer success story is especially important in my State of South Dakota. Because a firm that was a tiny start-up in South Dakota a few years ago, Gateway 2000, is now a major player in personal computer markets. It is only the leaders in home computing products.

Computer industry entrepreneurs were free to gamble on the personal computer. No Federal or State regulator told them what they could and could not do. They had to make all the decisions they had to meet, what markets to target. Market competition was fierce. Technological progress was breathtaking.

By 1990, the upstart personal computer industry was selling for $5,000 a computer with as much processing power as a $250,000 minicomputer of the mid-1980’s, more than that of a million-dollar mainframe of the 1970’s. Now personal computers with more than twice the processing power are available for $1,500.

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 breakup 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 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-State Joint Board on Universal Service and to 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 that is 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. If a federal court rules, competition will be permitted, and all State and local barriers will be preempted. Cable companies may compete in good faith, either party may request regulatory relief for the Bell companies, and other telephone companies without discrimination or self-preference as new competition develops, or when forbearance is in the public interest.

Once a Bell company has met the checklist requirements, 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;

Protection 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 communications companies enjoy comparable opportunities. This would allow increased investment in and by the U.S. telecommunications industry, which enjoys worldwide comparative 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.

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. By 1999, 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 both carriers' networks; interconnection at any technologically feasible point; access of polls, ducts, conduits, and rights of way; telephone number portability; and local dialing parity.

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

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The bill, among other things, requires the FCC to set prices for the basic tier of programming in light of changes in the industry. First, the legislation permits the FCC 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 requirements, it also will be allowed to enter the markets for manufacturing telephone equipment.

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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 forbear from regulating carriers when forbearance is in the public interest. 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 and supplementary services, is required in odd-numbered years beginning in 1997 to review all FCC rule-making procedures 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.

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 begin my remarks 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 1994 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 here. As a result, American jobs are being lost.

This particular bill, if we can pass it, will provide a roadmap which businesspeople and investors will be able to invest in and make an explosion of new devices rather than 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 more 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 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, 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 interests and all the time trying to bring the competition of the telecommunications and regular telephonic service and long distance evolved into a heck of a monopoly that we could not deregulate. I was on the team that worked all during the 1970s and 1980s. Finally, the Department of Justice had to bust it up. We found out that they were very strong politically and financially that they could cancel out any and everybody. Senator Dole on the majority side, Senator on the minority side, all during the 1980s 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 House side.

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 make note, it was just announced that Judge Greene will retire August 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, the 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 consumers 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 one another in the same 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
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 those 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 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 that may grow as technology changes 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, 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 that may grow as technology changes so that consumers have access to the best possible services.

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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, by contrast, changes 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 plus 15 percent. This standard allows comparable service 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 telecommunications networks to own and operate cable franchises. If 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 cultural disasters, brings news of 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 would not be acceptable to those three interests lead to the same conclusions.

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.

This 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. Nevertheless, the single sector of the telecommunications 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 those survivors, working almost 72 hours around the clock.

Everyone 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, were not 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 that has reaped $7 billion bucks, you 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 connect 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 third and philosophical direction in communications law has been debated on the floor of the U.S. Senate since the Communications Act of 1934, some 61 years ago.

In 1934, of course, communications were old-fashioned local 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. Perhaps the greatest change in the 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, and 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 monopoly, 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 communication services, and therefore these 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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Now, the new companies, the entrepreneurs, those who are just beginning in the field, or wish to get in the field, simply want it opened up. They want to be able to compete, where today they cannot. Few of them are large enough to demand some kind of special privilege altogether. And we need to encourage both.

We need to encourage the continued investment in this new technology on the part of those companies that have been in the business literally forever. We cannot lose that investment and that tremendous investment. We need to see to it that those large companies are able to compete against one another in the consumer interest. 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.

So, Mr. President, we search for deregulation itself. 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 with humility, we wish to craft an outline which will allow tomorrow to take place without our having crushed it by unanticipated consequences to the actions we take here.

I want to close by congratulating both the Chairman 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 the course of the next week, it will be the end of a long, long, process to craft an outline which will allow to happen tomorrow, and we wish with a degree of humility, that we do not know what is going to happen, and with humility, we wish to craft an outline which will allow tomorrow to take place without our having crushed it by unanticipated consequences to the actions we take here.

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 noon. If that is the case, we probably would not have any votes on Monday—my colleagues. The Senate is not in session 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. PRESIDENT. The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE addresses the Chair. Mr. PRESIDING OFFICER. The majority leader is recognized.

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ever act on requests that it forbear on regulations. Most importantly, it must provide a written determination to justify its actions.

Third, eliminate the number of TV stations any one 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 not, I repeat, does not increase the percentage of national viewership beyond the 35 percent that is included in 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 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 hope 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 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 manner. Currently, 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.

As I believe that 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.

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.”

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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 hope that the information age will bring.

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Second, force the Federal Communications Commission to eliminate outdated regulations, and do so in a timely manner. Currently, 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 actions.

Third, eliminate the number of TV stations any one 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 not, I repeat, does not increase the percentage of national viewership beyond the 35 percent that is included in 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 deregulation 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**

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**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). Otherwise, this is a pretty broad definition of a “small” cable company.

Increase the Commission’s ability to forbear on regulation.

Establish a petition driven process to force the Commission to comply with its obligations 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 one entity can own up to 39% 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. Significantly increase rate 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 30 days after submission. To block such changes, FCC must justify its actions.

Eliminate arcane requirement that phone companies must file all 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 FCC provisions: Repeal setting of Depreciation rates; Have Commission subcontract out its audit functions; Simplify coordination between Feds and States; Privatize E911 program; Permit Commission to waive construction permits for broadcast stations as long as license application is submitted 10 days after construction is completed.

Also terminate broadcast licenses if a station is silent for more than 12 consecutive months. Subcontract out testing and certification of equipment. Permit operation of domestic ship and aircraft radios without license. Eliminate FCC jurisdiction over 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 PRESIDING OFFICER. 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 PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(c) **TRANSFER OF MFJ.**—After the date of enactment of this Act, the Commission shall no longer administer 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 Communications Act may, consistent with this Act (and the amendments made by this Act), modify any provision of the Modification of Final Judgment administered by the Commission.

(d) **GTE CONSENT DECREE.**—This Act shall supercede the provisions of the Final Judgment entered in United States v. GTE Corp., No. 72-1288 (D.C. C.), and Final Judgment shall not be enforced after the effective date of this Act.
On page 40, line 9, strike “to enable them” and insert “which are determined by the Commission to be essential in order for Americans”. On page 40, beginning on line 11, strike “Nation. At a minimum, universal service shall include any telecommunications services that” and insert “Nation, and which”. On page 41, between lines 21 and 22, insert the following:

(b) Greater Delegation for Smaller Cable Operators.—Section 623 (47 U.S.C. 545) is amended by adding at the end thereof the following:

(“m) Special Rules for Small Companies.”

(“1) In General.—Subsection (a), (b), or (c) does not apply to a small cable operator with respect to—

(A) programming services, or

(B) a basic service tier that was the only service tier subject to regulation as of December 31, 1994, in any franchise area in which that operator serves 35,000 or fewer subscribers.

“2) Definition of Small Cable Operator.—For purposes of this subsection, the term “small cable operator” means a cable operator that, directly or through an affiliate, serves in the aggregate fewer than 1 percent of all subscribers in the United States and does not own, or control a daily newspaper or a tier 1 local exchange carrier.”

On page 70, line 22, strike “(b)” and insert “(c)”.

On page 71, line 3, strike “(c)” and insert “(d)”.

On page 79, strike lines 7 through 11 and insert the following:

(1) In General.—The Commission shall modify its rules for multiple ownership set forth in 47 CFR 73.3555 by eliminating any provisions limiting the number of AM or FM broadcast stations which may be owned or controlled by one entity other nationally or in a particular market. The Commission may refuse to approve the transfer of issuance of an AM or FM broadcast license to a particular entity if it finds that the entity would thereby obtain an undue concentration of control or would thereby harm competition. Nothing in this section shall require or prevent the Commission from modifying its rules contained in 47 CFR 73.3555(c) governing the ownership of both a radio and television broadcast stations in the same market.

On page 79, lines 12, strike “(2)” and insert “(3)”.

(3) Modification of Construction Permit.—Section 309(b)(2) (47 U.S.C. 309(b)(2)) is amended by striking “and” and inserting “or” after “subsection (f)”.

(4) Privatization of Shipboard Radio Inspections.—Section 385 (47 U.S.C. 385) is amended by adding at the end thereof the following:

“In accordance with such other provisions of law as apply to government contracts, the Commission may enter into contracts with any person for the purpose of carrying out such inspections and certifying compliance with those requirements, and may, as part of any such contract, allow any such person to accept reimbursement from the license holder for travel and expense costs of any employee conducting and inspection or certification.”

(5) Modification of Construction Permit Requirements.—Section 319 (47 U.S.C. 319) is amended by adding at the end thereof the following:

“The Commission may waive the requirement for a construction permit for a radio or television broadcast station in circumstances in which it deems prior approval to be unnecessary. In those circumstances, a broadcaster shall file any related license application within 30 days after completing construction.”

(6) Limitation on Silent Station Authorizations.—Section 312 (47 U.S.C. 312) is amended by adding at the end thereof the following:

“(g) If a broadcasting station fails to transmit broadcast signals for any consecutive 12-month period, then the station’s license shall be revoked by the Commission.”

(7) Expediting Instructional Television Fixed Service Procedure.—The Commission shall, under section 303(c) of the Communications Act of 1934, conduct a broad-based review of the expediting of routine instructional television fixed service cases to its staff for consideration and final action.

(8) Delegation of Equipment Testing and Certification to Private Laboratories.—Section 302 (47 U.S.C. 302) is amended by adding at the end thereof the following:

“(d) The Commission may delegate, under section 5(c) of the Communications Act of 1934, the conduct of routine instructional television fixed service cases to its staff for consideration and final action.

(9) Making License Modification Uniform.—Section 303(f) (47 U.S.C. 303(f)) is amended by striking “unless, after a public hearing,” and inserting “unless”.

(10) Permit Operation of Domestic Ship and Aircraft Radios Without License.—Section 307(e) (47 U.S.C. 307(e)) is amended by—

(A) striking “service and the citizens band radio service” in paragraph (1) and inserting “service, citizens band radio service, domestic ship radio service, and personal radio service”;

(B) striking “service and the citizens band radio service” in paragraph (3) and inserting “service, citizens band radio service, domestic ship radio service, ‘domestic ship radio service, ‘domestic aircraft radio service,’ and ‘personal radio service’”; and

(C) striking “service and the citizens band radio service” in paragraph (5) and inserting “service, citizens band radio service”.

(11) Eliminate FCC Jurisdiction Over Government-Owned Ship Radio Stations.—Section 302(2) (47 U.S.C. 302(2)) is amended by striking “except a vessel of the United States Maritime Administration, the Inland Waterway Services, or the Panama Canal Company.”

(12) Modification of Amateur Radio Examination Procedures.—Section 420(c)(4)(B) (47 U.S.C. 420(c)(4)(B)) is amended by striking in paragraph (3) and inserting “transmissions, or in the preparation or distribution of any publication used in preparation for obtaining amateur station operator licenses,” and inserting “transmission.”

(13) The Commission shall modify its rules governing the amateur radio examination procedures by eliminating burdensome record maintenance and annual financial certification requirements.

(14) Streamline Non-Broadcast Radio Licenses.—The Commission may modify its rules under section 309 of the Communications Act of 1934 (47 U.S.C. 309) relating to renewal of nonbroadcast radio licenses so as to streamline or eliminate comparable renewal hearings where such hearings are unnecessary or unduly burdensome.

On page 117, between lines 21 and 22, insert the following:

(d) Streamlined Procedures for Changes in Charges, Classifications, Regulations, or Practices.—(A) Section 204(a) (47 U.S.C. 204(a)) is amended—

(i) by striking “12 months” the first place it appears in paragraph (2)(A) and inserting “5 months”;

(ii) by striking “effective,” and all that follows in paragraph (2)(A) and inserting “effective”;

(iii) by adding at the end thereof the following:

(A) The Commission shall, in addition to the determinations described in paragraphs (1) and (2), consider the following:

(i) authorize the use of private organizations for testing and certifying the compliance of devices or home electronic equipment and systems with regulations promulgated under this section; and

(ii) accept as prima facie evidence of such compliance the certification by any such organization; and

(iii) establish such qualifications and standards as it deems appropriate for such private organizations, testing, and certification.”.

(9) Making License Modification Uniform.—Section 303(f) (47 U.S.C. 303(f)) is amended by striking “unless, after a public hearing,” and inserting “unless”.

(10) Permit Operation of Domestic Ship and Aircraft Radios Without License.—Section 307(e) (47 U.S.C. 307(e)) is amended by—

(A) striking “service and the citizens band radio service” in paragraph (1) and inserting “service, citizens band radio service, domestic ship radio service, and personal radio service”;

(B) striking “service and the citizens band radio service” in paragraph (3) and inserting “service, citizens band radio service” in paragraph (5) and inserting “service, citizens band radio service”.

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(ii) by striking “effective,” and all that follows in paragraph (2)(A) and inserting “effective”;

(iii) by adding at the end thereof the following:

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(i) authorize the use of private organizations for testing and certifying the compliance of devices or home electronic equipment and systems with regulations promulgated under this section; and

(ii) accept as prima facie evidence of such compliance the certification by any such organization; and

(iii) establish such qualifications and standards as it deems appropriate for such private organizations, testing, and certification.”.
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 (1) and inserting "filed.

(2) DIMENSIONS OF LINES UNDER SECTION 214; ARMIS REPORTS.—Notwithstanding section 305, the Commission shall permit any local exchange carrier—

(A) 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 re-

ports.

(3) FOREBEARANCE AUTHORITY NOT LIM-

ITED.—Nothing in this subsection shall be

construed to limit the authority of the Com-

mission or a State to waive, modify, or for-

bear 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, Order No. 91-141, and accordingly.

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:

"(c) END OF REGULATION PROCESS.—Any

telecommunications carrier, or class of tele-

communications carriers, may submit a peti-
tion to the Commission requesting that the

Commission exercise the authority granted under this section with respect to that car-

rier or those carriers, or any service offered by that carrier or carriers. Any such petition shall be granted if the Commission
does not deny the petition for failure to meet the

requirements for forbearance under sub-

section (a) within 90 days after the Commis-
sion receives it, unless the 90-day period is

extended by the Commission. The Commis-
sion 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 Commis-
sion 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 unan-
imous consent that the amendment be laid aside.

Mr. KERREY. Reserving the right to
object, Mr. President, I am not object-
ing to having it laid aside. I am here to
inquire what the procedure is going to be. The Senator is offering an amend-
ment to this bill that is to be filed only here this evening. It will be laid aside?

I have not seen this copy. The Sen-
ator 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 an objection on
side that we have yet to clear. The dis-
tinguished 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 prob-
lem 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
this agreed to this afternoon, but I

guess the minority leader has some-
things he would like to add or change. But I would like to inquire of the ma-

nority leader if we cannot get agree-

ment 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 penal-
ize 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 Ne-

braska indicates he has had a chance to

look at it.

Mr. STEVENS. Mr. President, I do

think that everyone should be aware that

the bill we are considering is larg-
er in its impact on the national econ-

omy than the health care reform meas-
ures we considered last year.

This bill, in a conservative way, will

impact more than one-third of the
economy. It is a bill that opens the door to

universal service to the existing sys-

tem unless the Commission takes

action, in my judgment. This is not a bill

that 7-day or 15-day period, as is appro-

riate.

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 the billion cost of the United States $2 trillion in lost opportunities in
the next 5 years alone.

But, I would like to inquire of the ma-

jority leader if we cannot get agree-

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the next 5 years alone.
other day which answered some remarks that I made about universal service. I do feel in the days ahead the thinking that this man is doing will have a great deal to do with guiding the Nation into that ultimate system that thepress is coming on after the turn of the century.

J ust in terms of the broad band radio concept that is coming along and how it will replace substantial portions of telecommunications now carried by wire or through satellites, that concept alone is going to catch us by surprise if we do not know what is happening. But at least we know it will happen. We are not trying to regulate that by this bill. We are not trying to prevent it by this bill. We are opening the door so new competitive aspects will come into our communications policy in the United States.

This morning I introduced a bill that I said I would offer as an amendment to this bill if the opportunity presented itself. I did it now. I am pleased to be able to present the two managers of the bill. I would like to offer now an amendment.

First let me describe what it is. It is an amendment that will expand the FCC’s authority to use auctions to assign new frequencies for use of radio spectrum. The members of our committee will know that for two Congresses I argued that we should implement auctions to replace the old lottery system that was giving windfall profits to many others denying others access to opportunities that would start new businesses.

Under the old system, the lotteries, there was no commitment to use this spectrum but it was held as sort of an item that other people might bid on when they were willing to pay enough money to the person who was lucky enough to win the lottery. The person who got the license had no intent to use it. Now, with a bidding process, competitive bidding, we have brought the use of the spectrum to the point where people who want it pay what is necessary to get its use.

The Congressional Budget Office, as I said before, has estimated that the amendment I offer will raise $4.5 billion in the next 5 years. That is necessary for a strange reason. The Congressional Budget Office also estimated that the universal service provisions in this bill will require private industry and private purchasers to pay $71 billion over the next 5 years into this system, which was the interstate rate pool and now will become the fund for the payment of the universal service provisions of this bill.

I remind the Senate that the universal service system contained in this bill would result in a reduction of $3 billion from what continuation of the existing system will cost in the next 5 years. But notwithstanding that this bill will reduce the costs of the existing system now, in order to avoid a Budget Act point of order on technical grounds, must offset the finding of the Congressional Budget Office that this requirement of the private sector to pay $71 billion into the pool—less than before but they still must pay it—in—that this private payment must be offset under our congressional budget process.

That sort of boggles my mind too. Mr. President, but it is a requirement and I respect the Budget Act concept. Therefore I offer this amendment. It will extend the auction authority until the year 2000. That is all that is necessary under the Budget Act.

In the next 5 years. It will bring in a minimum estimate, as I said, of $4.5 billion. We have already received, under the auction amendment that I offered 2 years ago, $10 billion. It was new money, the kind of money that was never received by the Government before.

Under my amendment tonight, the FCC would have the authority to use the existing broadcast licenses as a replacement for their existing broadcast licenses.

This means that market mechanisms will help determine who can make the most efficient use of spectrum that will become available. I believe, again, that is the best way to deal with the future.

My amendment does not change the basic safeguards Congress put in the spectrum auction legislation after I offered it several years ago. The expanded authority will apply only to new license applications. It will not apply to renewals. And the FCC may still not consider potential revenue in making final decisions on which type of service new spectrum should be used for. The revenue only becomes a factor in determining who gets the license to use the spectrum for any particular purpose.

The bill I introduced this morning, which is the same as this amendment, would also provide authority for Federal agencies to accept reimbursement from private parties for the cost of relocating to a new frequency. This will allow private industry to pay to move Government users off valuable frequencies by relocating the Government station to a less valuable frequency at no cost to the taxpayer, but an increase to the user.

The amendment builds on what has been a very successful beginning. Since the existing spectrum auction authority was enacted in 1993, as I have said, the FCC has raised in excess of $9 billion, almost $10 billion now, from the Federal Telecom spectrum auctions. I do hope the Senate will support the amendment.

I ask unanimous consent that Senator Dole’s amendment be set aside for the time being and I be allowed to submit the amendment.

Mr. KERREY. Reserving the right to 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) 15 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.

(6) In 4635±4685 megahertz of spectrum that are not yet reallocated, combined with 80 megahertz that the Federal Communications Commission is currently holding in reserve for emergency purposes, are less than the best estimates of projected spectrum needs in the United States.


(8) A significant portion of the reallocated spectrum will be assigned to non-governmental users before that authority expires.

(9) The transfer of Federal governmental users from certain valuable radio frequencies to other reserved frequencies could be expedited if Federal governmental users are permitted to accept reimbursement for relocation costs from non-governmental users.

(10) Non-governmental reimbursement of Federal governmental users relocation costs would allow the market to determine the most efficient use of the available spectrum.

(b) Extension and Expansion of Auction Authority.—Section 309(x) (47 U.S.C. 309(x)) is amended to—

(1) by striking paragraph (1) and inserting in lieu thereof the following:

"(1) General authority.—If mutually exclusive applications or requests are accepted for any initial license or construction permit which will allow the use of the electromagnetic spectrum, then the Commission shall grant such license or permit to a qualified applicant through a system of competitive bidding that meets the requirements of this subsection. The competitive bidding authority in subsection (b) of this section shall apply to licenses or construction permits issued by the Commission for public safety radio services or for licenses or construction permits for new terrestrial digital television services assigned by the Commission to existing terrestrial broadcast licensees to replace their current television licenses;"

(2) by striking paragraph (2) and renumbering paragraphs (3) through (13) as (2) through (12), respectively; and

(3) by striking "1998" in paragraph (10), as renumbered, and inserting in lieu thereof "2000."
quite a time as we started I think to cause the former chairman of the full speaking on this amendment. And I proceed with my opening state-
ment because no time was given for...

Mr. PRESSLER. Mr. President, this second-degree amendment would add a new subsection to the underlying amendment. The new subsection would add a 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 services 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 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 already spoken.

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 is a very 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 as 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 in other areas is changing the regulatory environment in which it finds itself.

I can remember that day when we started to make amendments and the Senator from Montana shared something 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 telecommu-

nations 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 trans-

istor, the silicon chip and the jet en-

gine. 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. 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 com-

paratively speaking it has been the size of the Earth, and it has been cut 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 1994. 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 chair-

man 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 communica-

tions providers. It was drafted to bene-

fit communications users, and communica-

tions 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 tele-

communications.

I recently saw a survey that illustrates why one important group—small businesses)—support telecommunications reform. In Mont-

ana, 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 tele-

phone service from their local tele-

phone company; however, 96 percent want to be able to choose local service from their long-distance company.

A full 85 percent of these small busi-

ness owners want one-stop shopping for telecommunications services. Two-

thirds say this will save them money. 85 percent want to be able 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 im-

portant to business owners. We all look for a way to do things more economi-

cally, to make our business more prof-

itable, to open more economic opportu-

nities and job opportunities for those who we are a part of. But breaking down outdated barriers to competition is pre-

venting some local telephone compa-

nies from providing long-distance serv-

e and long-distance companies from providing local service will also bring something else that small businesses are interested in—

Small businesses do not have the time nor the resources to juggle separate vendors with separate marketing arrange-

ments and separate billing for long-distance and local services, cable TV teleconferencing and, yes, even inter-

et. I think it is important to choose one reliable and affordable company that can bring them all of these services; and when they have the telecom-

communications 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 business. If 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 commu-

nica
tions providers competing head to head, tooth and nail to win the con-

sumers’ 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 purchase communications services piecemeal from multiple providers if they so choose. Either way, their decision will be based on who has the most afford-

able and most advanced services.

A full 92 percent of the small busi-

nesses 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 busi-

nesses throughout my home state of the importance of the telephone to keep their business—mom and pop card 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. And yet they are a thrilling thing as it propels us towards the next century. This bill will give small business that one-stop shopping that they want.

So we have a chance to bury outdated restrictions that were created for another era more than 60 years ago, restrictions that draw arbitrary lines between telecommunications providers that just do not make sense anymore. A lot of these anticompetitive, bureaucratic rules are only good to preserve market share for established providers. But protected markets and maintaining the status quo is not going to help bring lower rates and advanced services to small businesses and consumers in Montana or anywhere else.

I fought very hard to ensure that small business participated in the information age. Whether it is small newspapers, small cable operators, or the small business of radio, these businesses are the backbone of communications in Montana.

We have sought to include nondiscrimination safeguards for small newspapers so that small information providers, especially in rural areas, will be able to purchase certain elements of a common carrier service offering on the smallest per unit basis that is technologically feasible.

In addition, small cable operators, when freed from regulatory restraints in past legislation, will provide perhaps our best opportunity for telecommunication services before.

They all the time talk about the information highway, that glass highway. Everybody says: When are you going to build it? I am not real sure that it is not already there.

It is already there. All we have to do is take off some restrictions so that it can be used. And there is a ramp on it and there is a ramp off of it. That is what we have to make sure of in this legislative session.

Finally, I had deep concerns that one of the Nation’s most important telecommunications small business industries, radio—I am familiar with radio—was being passed over in the effort to deregulate information providers. Radio ownership decisions need to be made by operators and investors, not the Federal Government. That is why we need to eliminate the remaining caps on national and local radio ownership.

Nationally, there are more than 11,000 radio stations providing service to every city, town, and rural community in the United States. Presently, no one can control more than 40 stations, 20 AM and 20 FM stations. Clearly, the radio market is so incredibly vast and diverse that there will be no possibility that any one entity could control enough stations to be able to exert any market power over either advertisers or listeners.

At the local level, while the Federal Communications Commission several years ago modified its duopoly rules to permit limited combinations of stations in the same service, in the same market, there are still stringent limits on the ability of radio operators to grow in their markets. Further, FCC rules permit only very restricted or no combinations in smaller markets. These restrictions handcuff broadcasters and prevent them from providing the best possible service to listeners in all of our States.

So, Mr. President, this will be landmark legislation. It is legislation that we worked on ever since the first day of this Congress, because I happen to believe it is key to distance learning; it is the key to telemedicine; it is key to the future of those States that are remote and must be in contact with the rest of the world.

I appreciate the support of my good friend, the Senator from Alaska, and how he fights very hard because no one has cities and towns and villages that are more remote from the rest of the world than he has. And he understands that nobody understands that in this day and age. We will be doing the human body more than he does. Now, we have some vastness in Montana but it does not compare in any way with the State of Alaska.

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.

Mr. President, thank you and I yield the floor.

Mr. HOLLINGS addressed the Chair. The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I understand momentarily my distinguished colleague from Nebraska wants to be heard on the amendment.

I would be prepared, at the conclusion of his remarks, to urge adoption of that. Nobody understands that in this day and age. We will be doing the human body more than he does. Now, we have some vastness in Montana but it does not compare in any way with the State of Alaska.

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.

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Mr. HOLLINGS addressed the Chair. The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I understand momentarily my distinguished colleague from Montana wants to be heard on the amendment.

I would be prepared, at the conclusion of his 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 interested; 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 the 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. I yield the floor.

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

Mr. STEVENS. 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 years. Even though that 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, 1 1/2 weeks ago, I believe that the Commerce Committee is going to be looking at having to recoup $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 within 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 this bill because it is not—and that is 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 the 5-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 out what is needed 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 the 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 at all so we 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, then users of 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 because they cannot get 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, a microcomputer 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 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. 1257

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. 1257), as amended, was agreed to.

Mr. HOLLINGS. I urge adoption of the Pressler amendment, as amended by the Pressler amendment.

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, be they adopted or not, 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 enquire what the parliamentary situation is? Are we back now to making opening statements at this point?

The PRESIDING OFFICER. If there is no further debate, the question of the amendment.

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

Mr. HOLLINGS. I urge adoption of the amendment, as amended by the Pressler amendment.

Mr. STEVENS. Mr. President, I wish to rise to a question of order.

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

Mr. HOLLINGS. I urge the adoption of the amendment, as amended by the Pressler amendment.

The PRESIDING OFFICER. The amendment was agreed to.

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

The PRESIDING OFFICER. If there is no further debate, the question of the amendment.

Mr. PRESSLER. I urge adoption of the amendment, as amended by the Pressler amendment.

Mr. LOTT. Mr. President, I wish to ask a question of order.

The PRESIDING OFFICER. If there is no further debate, the question of the amendment.
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 serve its fields and 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. Everyone, up to the Congress, makes 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 like a Roman Empire.

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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 foster telecommunications giants. 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. Opening requirements such as interconnection, equal access, and resale made it possible for this entrepreneur to build a small long distance carrier 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 healthy.

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 60 percent market share of the long distance market that it has seen the long distance market that it has greatly expanded, 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 this legislation has and will have a delicate balance there. I do want to note that I think that the consumer and residential consumer will not switch to the competitor if it meant the loss of his or her current number. They will not do it. The consumer to the 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 my State, and the Nation, 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 capital is flowing into the communications revolution by tearing down all integrity and the States. It means the creation of high tech jobs, attracting new industry, and promoting and connecting Mississippi to the Nation's best educational opportunities.

It is in my home State of Mississippi that I have seen and experienced the benefits of the communications revolution. I know what it means to the economy and quality of life for our 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 that 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 serving as a key 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, manufactur 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 stations 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 expand and deploy new services, regain financial stability and prepare to compete in new markets.

The competition among all participants will support 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. S. 652 will help achieve that objective.

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 Advisers estimates the telecommunications deregulation will create 1.4 million new jobs by the year 2003.

A study by the WEA group, funded by the Bell Companies, projects 3.4 million jobs by the year 2005 and 0.5 percent greater annual economic growth over the next 10 years.

In addition, the committee heard testimony that the Pressler 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 necessary 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 bureaucracies, to establish the communications policy for the 21st century.

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

Mr. PRESSLER. Thank you, Mr. President, for his terrific contribution. 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 worked out since the bill has been sent to and cleared by the Commerce Committee.

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

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

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

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JUNE 7, 1995

CONGRESSIONAL RECORD—SENATE
S 7909

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 am asking 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 Managers?

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 withold 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 ask 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 might not 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, DC.

"I remember I was Governor of Nebraska at the time and I can tell you, you really got a thousand people at random and asked 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 "Reversive 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 the 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 agreed with them, because I ran in November of 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 phone companies. Make sure you go back there and deregulate the cable industry. Make sure, Bob, make sure, if you get back there, 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 noncompetitive 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. Pressler. Do not mean, because a company is regulated, that it is not productive or that it is not competitive or that somehow it is going to produce an unsatisfactory thing for the American people.

I am telling my colleagues a lot of people will come down 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 are saying, "What is 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: Who has been creating the jobs? Who has been creating the jobs? Who has been creating the jobs? Who has been creating the jobs? (Mr. LOTT assumed the chair).

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." Why are you here to talk about what this is going to do for the many households, 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 Congress has been creating the jobs? I do not think it will happen in the early days, do not expect to have the people who vote for you say you were right. "Boy, this thing has really worked." It may take 9 or 10 years, which is what happened with divestiture. It took us a good 30 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."

So I would like to get a little fundamental here. I very often, as I am sure the distinguished President Officer does and other Members do, get...
Mr. President, I believe that the American people deserve as a consequence of the impact of this legislation a good and healthy and lengthy 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 filibuster this thing. I point out with great respect to the Senator from Mississippi that 1822 would have passed last year if it had not been filibussed and tied up and tied up by people who said we 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 absolutely power. 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 I judge that was about power. That was about saying to the citizens of this country you are getting swept 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 abused by the telephone and cable companies. I do not like what is going on out there. Do you think it is the regulation which I heard three or four or five times. Competition does not give us clean air. Competition does not give us clean water. Competition would not likely make every single factory in the workplace in America safe. This bill has about 144 pages in it. Every single word is important. Every single phrase here is going to affect something. We all know it. We have them coming into the office saying we are concerned about this particular phrase, we are concerned about this particular paragraph. I have heard it already referenced—some of the agreements have been difficult to get. They have been difficult to get because every time you do something somebody says, "Gee. That is going to affect me in an adverse way.

The distinguished Senator from Alaska had an amendment earlier that paid for the cost of the universal service, and one of the things that he did—I believe he is quite right—the National Association of Broadcasters is going to object. There are going to be people who say, "I do not like where you get the money."

Everything we do in this legislation we know affects one interest group or another. But it is also going to affect more than any of the things we have discussed thus far this year; Indeed, perhaps for a long, long time, every single American household.

If you have a telephone in your home, it is going to affect you. If you have a cable line running into your household, this bill is going to affect you.

I just said to citizens out there who are wondering about what the mumbo jumbo is about, you are going to hear a lot of people say, and better pay attention because, if you have a telephone, and you if you have a cable line coming into your household, you had better pay attention to this legislation because it is going to have a big impact upon you. You are going to hear a lot of people coming down saying this is going to be good for you. You did not ask for it. You did not say, "By gosh. Let us change this law." You did not ask for this thing. But we have figured out this is going to be good for you. Let us deregulate.

I have a little case going on right now in Omaha, NE, that illustrates 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 determined—and no one disputes it—that lead damages newborn babies without dispute. We do not have leaded gasoline any longer because we know that 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.

Suspect how we are going to resolve it? Do you think we resolved it because a U.S. Senator intervened on their behalf? Do you think the Congress came to the rescue? Do you think it was the administrative branch? No, sir. A couple of citizens filed a suit in court. It was the judiciary of a citizen to go to court and say, "This company is not obeying the law of the land. I am going to insist that they obey the law of the land."

Mr. President, make no mistake about it. This piece of legislation is about who controls the airways, who controls your telephone, who controls the information? It is about power.

I hear a lot of people say, "Well, we ought to get the government out of that." Let us have a debate about what the government should or should not do on behalf of the citizens. I am prepared to do that. I think it is a healthy debate. Let us not presume it is quite so easy as just saying competition is a regulator, which I heard three or four or five times. Competition does not give us clean air. Competition does not give us clean water. Competition would not likely make every single factory in the workplace in America safe.

I ask my Americans. Do you trust the corporation? Do you think that corporation is going to do what is good for you? Is it going to tell you the truth? 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 ticket 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 deregulate.

I do not believe many Americans are going to say that is likely to be the case. If a company is a mom and pop shop, owned by an individual which owns 100 percent of the stock, that might be different. But when that company CEO worries about the value of its share, that companies CEO does not care about the corporation. I do not think they are going to say they are doing the wrong thing. I do not blame them for doing that. But please do not come and say that the market is going to get the job
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The market rewards people that produce. The market rewards a much different set of values than the values that I have just described with these thousand families.

So again, the next thing I say to citizens and I am saying about these 144 pages and all of the amendments that will be offered, it is about power and power over your lives, power to deliver you information, power to give you a phone service, power to give you video information, power to give you the things that you say that you want.

For your information, a lot of people who are coming down here saying get the government out of that are very strongly supportive of unfortunately a title offered by the senior Senator from Nebraska, title 4, which said we need to have a lot more government involvement when it comes to regulating.

I understand there is going to be some amendment to make even tougher penalties. That is popular. That one we all get. They are fed up with the stuff they see on television and they want us to do something about it. And title IV attempts to do that. I hope we are a bit careful, to say the least, with title IV. Title IV is more Government, it is not less. Title IV is the statement by Members of Congress that says the market does not work when it comes to obscenity.

Do some people want to come here and tell me it does? Does somebody want to come down here and say the market is the best regulator of obscenity? I do not think so. I do not think there is going to be a single Member come down here and say just let the market take care of it; we do not care what kids are getting over the Internet. We do not care what is coming into homes.

No. In that instance the market goes out the window. In that instance we say you are not going to be able to buy cable inside their own area, and buy cable inside their own area, and buy cable inside their own area.

We have to regulate them in some fashion.

So, Mr. President, again, I have a great deal of respect and appreciation for the managers of this bill. They have done an awful lot of work on it. I do intend to carefully examine the amendments that are offered. I do believe that increased competition can be enormously beneficial. I believe that it can, properly done, result in lower prices, higher quality service, particularly, as I said, if it is done in a fashion that lets everybody compete.

Again, I do not underestimate the difficulty of this. I am going to have a lot of explaining to do to my citizens to tell them why this is good for them because in the early days when they get competition they are going to get confused and in the early days they may even get some price increases. They may find themselves paying higher prices because they are in competition mode themselves paying higher cable. We do not know. We are saying let the market set the price, in general, once you 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. They keep on 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, do you 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 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 that marketplace 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 Mr. President, I believe 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 not think any of the amendments 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 is structural 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. You are proposing that there is 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 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 the household. 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 again will 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 this 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
I would like to commend Senator Presler, 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

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

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