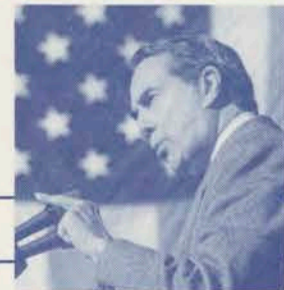


**Bob Dole**



**NEWS**

**U.S. SENATOR FOR KANSAS**

**FROM:**

**SENATE MAJORITY LEADER**

*FOR IMMEDIATE RELEASE*  
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## **TELECOMMUNICATIONS POLICY**

### **TESTIMONY OF SENATE MAJORITY LEADER BOB DOLE SENATE COMMERCE COMMITTEE**

As you know the telecommunications revolution offers tremendous opportunities for our country. It will increase jobs, improve the quality of life, and improve our competitiveness worldwide. In short, this single, but diverse, industry holds the key to our nation's economic future. But to realize that future, we need competition. Unfortunately, Congress has failed for almost a decade to knock down archaic and artificial barriers to true competition.

#### **Past Telecom Reform Efforts**

That doesn't mean we haven't tried. Some of us have. I remember back in the mid-1980's when the courts usurped telecommunications policymaking. I felt this was a tremendous loss for Congress and for the country. So in 1986 I introduced the first legislation to reassert congressional authority over this issue. Like many other members who have taken a crack at it, I have my share of scars.

But time and time again Congress has come up short. I think the reason we have failed can best be summed up in the words of the English historian Thomas Fuller who said "nothing is easy to the unwilling."

That's right. There have been few profiles in courage when it came to loosening the regulatory shackles on this industry. While Senator Hollings and I were unable to resolve differences last year, he has been one of the few willing to show leadership on this tough issue.

#### **Provide Competitive Framework for Business**

Unwillingness is a problem of the past. The new Congress is eager to provide the necessary leadership. And we will.

For starters, it's not everyday that House Committee chairmen are willing to testify before their Senate counterparts. It is good to see both Chairman Bliley and Subcommittee Chairman Fields here today. There is no question that the new Congress is more concerned about bolstering good ideas than fighting over turf.

We should also avoid other pitfalls. For instance, we should not get in the middle of industry battles. In the past, Congress has taken sides and the results have been disastrous. Just look at the Cable TV Act -- it stymied competition and stagnated new services. Take Senate C-Span coverage. After the Cable TV Act, it was dropped in many parts of the country and it hasn't come back in many of them.

Telecommunications legislation should not be about business versus business, or industry versus industry. Instead, Congress should take the high road and shoot for good policy. As I see it, we should provide a competitive framework for business to work out its differences. The marketplace, not government, should pick the winners and losers.

From start to finish, telecommunications legislation will demonstrate that the new Congress is not business as usual.

#### **Importance of Competition**

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

(more)



We must develop flexible policy that will accommodate the rapid explosion of new technology. It would be irresponsible, however, to believe that we can do anything more. That policy, of course, is competition.

Just take a look at a few of the players in the U.S. communications industry. Last year, the computer industry had revenues close to \$360 billion. Two things are amazing about that figure. First, it is twice the telephone industry's revenues. And second, revenues from the personal computer industry, which for all intents and purposes was non-existent in 1980, account for almost half that figure. In other words, revenues in personal computers have grown as much in 14 years as the entire telephone industry did in 100.

It isn't too difficult to figure out that the computer industry benefitted from fierce competition and minimal government regulation. Phone companies did not.

Cable TV also exploded after it was deregulated in 1984. At that time, its revenues were \$7.8 billion and employed 67,381 persons. Fast-forward to 1992. Revenues tripled and its employment numbers jumped to 108,280. While these numbers are also good, I would suggest that the cable TV industry would have done much better if it had faced competition. More importantly, I would suggest that there would not have been the abuses which prompted Congress to enact re-regulation in 1992.

#### Importance of Universal Service

In order to get to a more competitive, less regulatory environment, there must be a strong and sensible transition mechanism. It seems to me that universal service is that mechanism. If we do not have it, I fear that as we move boldly toward new technologies and new opportunities, Kansas and the rest of the of rural America will be left behind. Rural areas are different. Population is sparse and telephone traffic volume is limited. The bottom line is that telephone service costs are higher.

The concept of universal service has helped alleviate these problems in the past, and it can continue to do so in the future. It has made telephone service accessible in rural and hard to serve areas through federal financing and by requiring the telephone companies to provide telephone service to every rural resident that wanted it. No doubt about it, universal service has worked.

The Rural Electrification Administration and rural telephone bank programs have played a key role in promoting universal service. This does not mean, however, that we should ignore recent criticisms of these programs. Let's face it, in many cases they have gotten out of hand. If we are to strengthen universal service for the future, these problems must be addressed.

#### Congress to Reclaim Policymaking Role

In closing, I think it should be perfectly clear that this process is not about politics as usual, or Republicans versus Democrats. It is about Congress reclaiming telecommunications policymaking from the courts, and giving business the security to make the necessary investments to meet consumer demands. In short, I believe that a procompetition, deregulatory bill is the key to America's future.

I would like to thank you for making telecommunications reform your top priority, and I look forward to working with you and the other members of the committee.

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