

March 7, 1995

TO: Senator Dole
FROM: David Wilson
SUBJECT: Keynote Address to the National Policy Forum

Attached for your review is your statement for tomorrow's Telecommunications Conference.

The statement is broken down into the following sections:

- o TELECOMMUNICATIONS IS VITAL TO AMERICA'S FUTURE -- it will increase competitiveness and jobs.
- o TELECOMMUNICATIONS REFORM IS THE REAL JOBS STIMULUS PACKAGE
- o TELECOMMUNICATIONS WILL IMPROVE THE QUALITY OF LIFE -- brief examples on how it will improve education, work life, and medicine.
- o STATUS REPORT ON THE SENATE PROPOSAL -- Identifies gaps in the legislation and how they can be fixed (i.e., Baby Bell entry, Universal Service, CABLE).
- o CABLE TV ISSUE DEPICTS THE POLICY DIFFERENCES BETWEEN THE WHITE HOUSE AND THE REPUBLICAN CONGRESS -- Why competition is a better regulator than government.

NATIONAL POLICY FORUM'S TELECOMMUNICATIONS CONFERENCE

You will be introduced by John Balton, President of NFP. I arranged it so you are only expected to deliver your remarks -- there will be no questions unless you want them.

LEGISLATIVE STATUS: Pressler will have a measure ready to go next week (probably toward end of week). He is contemplating skipping formal introduction and going straight to mark-up on March 21st.

REMAINING HOT BUTTON ISSUES:

- o **BELL ENTRY INTO LONG DISTANCE AND MANUFACTURING:** Trying to find a balance between knocking down barriers to competition and the security of a date certain.
- o **UNIVERSAL SERVICE AND SUBSIDY REFORM:** Ensure that Rural areas are not left behind, and subsidy reform is necessary to create a level playing field. However, it is difficult to find all the subsidies.
- o **CABLE TV DE-REGULATION:** White House has threatened to veto bill if we de-regulate Cable TV rates. We should stand strong for now, but we can split the Democrats if we cut back regulation so it only affects local broadcast (i.e., ABC, NBC, CBS, and FOX). As these channels are free, it is really a farce, but the Democrats will go for it.

PARTICIPANTS: There are two morning panels which will include,
Sens. Pressler, Packwood, and McCain;
Reps. Barton, Hastert, Sterns

And the following CEO's:

(Marked names asked for meeting, I said, "No.")

- *JOHN CLENDENIN, Bell South
- BILL DAHLBERG, Southern Company (Utility)
- GERRY LEVIN, Time Warner
- *PHIL QUIGLEY, Pacific Telesis
- RALPH ROBERT, Comcast (Cable company out of Phil.)
- BRIAN THOMPSON, LCI (Long-Distance)
- *BOB WRIGHT, NBC
- BILL RYAN, Post-Newsweek Stations and Chair of NAB

AUDIENCE: Approx. 300. Corporate and association representatives, NFP council members, Hill staff.
C-SPAN COVERAGE.

**TELECOMMUNICATIONS REFORM:
JOBS AND OPPORTUNITY**

BY

SENATOR BOB DOLE

**LET ME START BY THANKING HALEY
BARBOUR AND THE NATIONAL POLICY
FORUM FOR INVITING ME TO SPEAK
ABOUT TELECOMMUNICATIONS REFORM.
NO OTHER PIECE OF LEGISLATION THIS
CONGRESS WILL HAVE SUCH A
DRAMATIC IMPACT ON OUR FUTURE.**

**TODAY, WE STAND ON THE THRESHOLD
OF A NEW ERA. WHILE SOME SEE**

**AMERICA'S POWER DWINDLING, I SEE IT
GROWING. I SEE OUR RENAISSANCE,
AND ITS CALLED THE INFORMATION AGE.
YEARS OF LEADERSHIP IN
TELECOMMUNICATIONS, WHETHER IT
WAS INVENTING THE TELEGRAPH OR THE
MICROCHIP, GIVES US THE RIGHT TO LAY
CLAIM TO THIS FUTURE. WE HAVE
EARNED IT. WE MUST NOW REACH OUT
AND TAKE IT.**

**THE SENATE IS PREPARING TO DO JUST
THAT. WE WILL HAVE OUR
TELECOMMUNICATIONS BILL READY NEXT
WEEK. IF YOU WANT TO KNOW WHAT A
REAL JOBS STIMULUS PACKAGE LOOKS
LIKE, YOU MAY WANT TO TAKE A LOOK
AT IT.**

**BUILDING THE NECESSARY
INFRASTRUCTURE WILL REQUIRE**

**THOUSANDS OF PRIVATE SECTOR JOBS.
MORE IMPORTANTLY, HOWEVER, WILL BE
THE MILLIONS OF NEW JOBS CREATED
AS A RESULT OF EASIER ACCESS TO
INFORMATION. JOBS THAT WILL MAKE
AMERICA MORE EFFICIENT, MORE
PRODUCTIVE, AND ULTIMATELY MORE
POWERFUL.**

**TO GET THERE, CONGRESS MUST KNOCK
DOWN ALL BARRIERS TO COMPETITION.
AND WE WILL NEED YOUR HELP. I WILL
TAKE A FEW MOMENTS TO DISCUSS
AREAS WHERE THE SENATE NEEDS TO
TIGHTEN UP ITS BILL SO THAT
CONGRESS CAN ENACT LEGISLATION
PRIOR TO JULY 4TH.**

BUT BEFORE WE GET INTO THE DETAILS,

**I WOULD LIKE TO TOUCH BRIEFLY ON
WHAT THE INFORMATION AGE MEANS
AND WHAT BENEFITS IT WILL BRING.**

AMERICA'S BRIGHT FUTURE

**THE TELECOMMUNICATIONS REVOLUTION
THAT CONGRESS IS PROPOSING WILL BE
GOOD FOR ALL AMERICANS,**

**WHETHER THEY LIVE IN RURAL AREAS OR
IN THE CITY.**

**FOR INSTANCE, ADVANCED
TELECOMMUNICATIONS WILL ALLOW
PEOPLE TO LIVE IN SMALL-TOWNS AND
STILL HAVE A GOOD JOB. TAKE SYKES
ENTERPRISES. THIS COMPANY,
ORIGINALLY OUT OF LOS ANGELES,
SPECIALIZES IN CUSTOMER SERVICE FOR**

SOFTWARE COMPANIES. HOWEVER, THE OWNERS, DAN AND LAURIE JONES, GOT FED UP WITH THE CITY LIFE AND MOVED THEIR OPERATIONS TO STERLING, COLORADO -- WHICH HAS A POPULATION OF A LITTLE MORE THAN 10,000. THEY ARE NOW THE LARGEST EMPLOYER IN TOWN. THE POINT IS THAT DAN AND LAURIE COULDN'T HAVE MADE THIS CHOICE 10 YEARS AGO, BECAUSE THERE

**WAS NO SUCH CHOICE. JUST ANOTHER
GLIMPSE OF THE COMING INFORMATION
AGE.**

**TELECOMMUNICATIONS IS ALSO
REVOLUTIONIZING EDUCATION. WHETHER
IT IS THROUGH DISTANCE LEARNING OR
THROUGH ADVANCED INFORMATION
NETWORKS WHICH MAKE THE**

**TRADITIONAL LOCAL LIBRARY APPEAR
OBSOLETE.**

**AND THEN THERE IS TELEMEDICINE. IT'S
NOT JUST ABOUT IMPROVING RURAL
HEALTH CARE ANYMORE. IT'S ABOUT
IMPROVING HEALTH CARE, PERIOD. NEW
APPLICATIONS ARE COMING ON-LINE
EVERY DAY. HAVE YOU EVER THOUGHT
ABOUT THE DAY WHEN CANCER CAN BE**

**DIAGNOSED AND TREATMENT
STRATEGIES CAN BE DEVISED AND
APPLIED ALL IN ONE VISIT. AS THE
AT&T COMMERCIAL GOES, YOU WILL.
AND ITS A LOT CLOSER THAN YOU
WOULD THINK.**

CLOSING THE GAPS

**BUT BEFORE WE GET TO THE POT OF
GOLD AND THE END OF THE RAINBOW,**

CONGRESS HAS SOME WORK TO DO.

AND THE SENATE COMMERCE

COMMITTEE HAS BEEN WORKING

OVERTIME TO FINISH UP ITS BILL.

WE ONLY HAVE A FEW MORE ITEMS TO

WORK OUT -- YOU KNOW, LITTLE THINGS.

LIKE KNOCKING DOWN BARRIERS TO

LOCAL COMPETITION, SOLVING BELL

ENTRY INTO LONG-DISTANCE AND

**MANUFACTURING, UNIVERSAL SERVICE,
AND DEREGULATION OF CABLE TV. I'LL
TAKE JUST A FEW MINUTES TO WALK
THROUGH SOME OF THESE ISSUES.**

BELL ENTRY

**FIRST, BELL ENTRY. FROM A POLITICAL
PERSPECTIVE THIS IS THE MOST
CONTENTIOUS TELECOMMUNICATIONS
ISSUE. IT SEEMS TO ME THAT THE**

**PLAYERS, NOT CONGRESS, SHOULD
RESOLVE IT.**

**IF YOU ARE UNWILLING TO DO THAT,
HOWEVER, WE WILL DO IT FOR YOU. BUT
LIKE MOST GOVERNMENT SOLUTIONS,
YOU PROBABLY WON'T LIKE IT.**

**IN FACT, I WILL GUARANTEE YOU WON'T
LIKE IT. SO IF WANT TO HAVE A
SOLUTION YOU CAN LIVE WITH, YOU**

**BETTER GET TO WORK. BECAUSE ONCE
THIS TRAIN GETS STARTED, WE'RE NOT
STOPPING.**

**AS YOU MAY KNOW, WE INTEND TO
SOLVE THIS PROBLEM BY CLEARLY
DEFINING JUDGE GREENE'S 8(C)
STANDARD. TO US, THAT MEANS
IDENTIFYING FOR ELIMINATION ALL
BARRIERS TO LOCAL COMPETITION.**

**ONCE THOSE BARRIERS ARE GONE,
COMPETITION CANNOT BE STOPPED.
THEREFORE, TIRED JUDICIAL AND
MARKET TESTS WILL BE OBSOLETE AND
NO LONGER NECESSARY.**

**SENATOR PRESSLER IS CLOSE TO
FINISHING UP THIS PROVISION. IF YOU
CAN IDENTIFY SOME OTHER LEGITIMATE**

**RESTRICTIONS, LET US KNOW AND WE
CAN PUT THEM IN THE BILL.**

UNIVERSAL SERVICE AND RURAL ENTRY

**ANOTHER HOT BUTTON IS UNIVERSAL
SERVICE AND RURAL ENTRY.**

**NOW SOME SAY THAT UNIVERSAL
SERVICE IS A POLICY SWAMP THAT WE
SHOULDN'T WANDER INTO. OTHERS SAY
DON'T TINKER WITH SOMETHING THAT**

**ISN'T BROKE. I DISAGREE. FIRST OF
ALL, EVERYTHING IS NOT PEACHES AND
CREAM IN RURAL AMERICA. AND IF WE
DON'T PREPARE FOR TOMORROW'S
PROBLEMS, I FEAR THAT AS WE MOVE
BOLDLY TOWARD NEW TECHNOLOGIES
AND NEW OPPORTUNITIES, KANSAS,
IOWA, NEW HAMPSHIRE -- YOU KNOW
THOSE SMALL BUT IMPORTANT STATES -
- WILL BE LEFT BEHIND.**

**LET'S FACE IT, RURAL AREAS ARE
DIFFERENT. POPULATION IS SPARSE
AND TELEPHONE TRAFFIC VOLUME IS
LIMITED. THE BOTTOM LINE IS THAT
THESE FACTORS DRIVE UP THE PRICE OF
SERVICE.**

MOVING BEYOND UNIVERSAL SERVICE

**NOW DON'T GET ME WRONG. I DON'T
THINK THAT RURAL AMERICA WILL**

ALWAYS NEED UNIVERSAL SERVICE

**SUPPORT. BUT IN THE NEAR FUTURE, IT
PROBABLY WILL -- RURAL ECONOMIES
CAN'T SUPPORT COMPETITION. I MUST
EMPHASIZE, HOWEVER, THAT THOSE
DAYS ARE NUMBERED.**

**TELECOMMUNICATIONS PROMISES TO
REVITALIZE RURAL AMERICA. LET'S NOT**

**FORGET WHY PEOPLE MOVED TO THE
CITIES. IT WASN'T BECAUSE THEY LIKED
BEING CROWDED, IT WAS BECAUSE
OPPORTUNITIES WERE DRYING UP IN
SMALL TOWNS. THE POINT IS THAT THE
INFORMATION AGE WILL RETURN
OPPORTUNITIES TO RURAL AMERICA.
AND AS I HAVE ALREADY POINTED OUT,
IT IS ALREADY HAPPENING.**

CABLE

**FINALLY, THERE MAY BE SOME AREAS
WHERE THE GAPS CANNOT BE CLOSED.
THE VICE-PRESIDENT SAID HE WON'T
SUPPORT DEREGULATION OF CABLE TV.**

I SAY, FINE.

**NO OTHER TELECOMMUNICATIONS ISSUE
SO CLEARLY CONTRASTS THE**

**DIFFERENCES BETWEEN THE WHITE
HOUSE AND THE REPUBLICAN CONGRESS.
WE BOTH AGREE WE SHOULD RELY ON
THE EXPERTS. THE DIFFERENCE IS THAT
REPUBLICANS JUST HAPPEN TO BELIEVE
THAT MEANS BUSINESS, NOT
GOVERNMENT.**

**BUT SERIOUSLY. CONGRESS, AND THE
VICE PRESIDENT, SHOULD LEARN FROM**

**THEIR MISTAKES. THE CABLE TV ACT OF
1992 OFFERS SOME VERY IMPORTANT
LESSONS ON WHY COMPETITION IS A
BETTER REGULATOR THAN GOVERNMENT.**

CABLE AND CONSUMER PROTECTION

**FOR INSTANCE, COMPETITION, NOT
REGULATION, PROVIDES THE GREATEST**

**LEVEL OF CONSUMER PROTECTION
BECAUSE IT OFFERS CHOICE. NO ONE IS
HELD HOSTAGE. AND NO ONE IS
TERRORIZED BY BIG GOVERNMENT OR
ROGUE COMPANIES.**

**EVEN SO, SOME CONSUMER GROUPS
FRET THAT DEREGULATING CABLE RATES
WILL CREATE STICKER SHOCK. WELL
GUESS WHAT, I STILL GET LETTERS**

FROM THE CONSUMERS THEMSELVES
COMPLAINING THAT THEIR RATES ARE
GOING UP. THAT'S RIGHT, RATES ARE
STILL GOING UP UNDER GOVERNMENT
REGULATION.

COMPETITION ON THE OTHER HAND, WILL
EVENTUALLY BRING RATES DOWN AND
IMPROVE THE QUALITY OF SERVICE.

DE-REGULATION STIMULATES

INVESTMENT

**IT SHOULD BE CLEAR THAT ELIMINATING
CABLE RATE REGULATION DOES NOT
NECESSARILY MEAN RATES WILL GO UP.
AFTER ALL, THE THREAT OF
COMPETITION CAN HOLD PRICES IN
CHECK. THE RECENT SUCCESS OF
DIRECT BROADCAST SATELLITE HAS
CABLE SCARED AND IS JUST ONE NEW**

**COMPETITOR THAT WILL KEEP THEM ON
THEIR TOES.**

**NO DOUBT ABOUT IT, THE REAL BENEFIT
OF ELIMINATING RATE IS GIVING CABLE
TV A CHANCE TO GO HEAD TO HEAD
WITH THE PHONE COMPANIES. BUT
THAT REQUIRES HEAVY INVESTMENT
AND THE LAST THING INVESTORS WANT
TO PUT THEIR MONEY IN IS A BUSINESS**

**THAT GOVERNMENT IS STRANGLING
WITH REGULATION.**

**LET'S NOT FORGET A VERY IMPORTANT
FACT. CABLE TV IS A HIGHLY
LEVERAGED INDUSTRY. IT DIES UNLESS
IT GROWS. IT'S THAT SIMPLE.
AND THIS IS THE FIRST YEAR IN ITS
HISTORY THAT REVENUES HAVE
STAGNATED.**

REGULATORY WHITE HOUSE

**THIS IS WHY I MUST QUESTION THE
WHITE HOUSE'S MOTIVES ON THIS
ISSUE. IT TALKS ABOUT COMPETITION,
AND THEN REGULATES AN INDUSTRY TO
DEATH. IT TALKS ABOUT THE
INFORMATION SUPER HIGHWAY, AND
THEN THROWS UP ROAD BLOCKS.**

IT JUST DOESN'T ADD UP. OR DOES IT?
VICE PRESIDENT GORE HAS ALWAYS
BEEN A REGULATOR. AFTER ALL, HE
WAS ONE OF THE PRINCIPAL
ARCHITECTS OF THE CABLE TV ACT. HE
AND THE PRESIDENT USED IT AS A
CAMPAIGN ISSUE -- SOMETHING ABOUT
CONSUMER PROTECTION. AS I POINTED
OUT EARLIER, RATES ARE STILL GOING
UP, WHILE QUALITY IS GOING DOWN.

CONSUMERS DON'T NEED THAT KIND OF
PROTECTION.

**THE POINT IS THAT IF WE STRANGLE
CABLE WITH REGULATION WE DON'T GET
LOCAL COMPETITION. THAT MEANS
GOVERNMENT WILL BE FORCED TO
CONTINUE REGULATING THE
COMMUNICATIONS INDUSTRY.**

**LET'S NOT FOOL OURSELVES. THE WHITE
HOUSE'S STANCE ON CABLE TV IS PROOF
POSITIVE THAT IT IS ONLY INTERESTED
IN MAKING GOVERNMENT THE BIGGEST
PLAYER IN THE COMMUNICATIONS
INDUSTRY. AND AS FAR AS I AM
CONCERNED, THE FCC IS ALREADY TOO
BIG.**

CONCLUSION

**IN CLOSING, AMERICA IS AT THE CROSS
ROADS. THE DECISION THAT CONGRESS
WILL MAKE IN THE NEXT FEW MONTHS
WILL CHANGE THE HISTORY OF AMERICA
FOREVER. AS I SEE IT, THE MOST
IMPORTANT QUESTION WE MUST ASK
OURSELVES IS, "WHO WILL DECIDE THE
COMMUNICATIONS INDUSTRY'S FUTURE."**

**MILLIONS OF NEW JOBS HANG IN THE
BALANCE.**

**UNDER THE CLINTON ADMINISTRATION,
GOVERNMENT BUREAUCRATS WILL
DECIDE. UNDER CONGRESS'S PLAN THE
REAL TECHNICAL EXPERTS, YOUR
EMPLOYEES, WILL DECIDE. IT SEEMS TO
ME THAT THE SPECIALISTS IN THE FIELD**

**WILL DO A FAR BETTER JOB FOR THEIR
COMPANIES AND 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. I HOPE THAT
AMERICAN BUSINESS AGREES AND WILL**

**HELP US FIGHT FOR A PRO-COMPETITIVE,
DE-REGULATORY BILL. IT IS ONLY THEN
THAT WE CAN CLOSE THE GAPS THAT
CURRENTLY FACE CONGRESS. AND IT IS
ONLY THEN THAT WE CAN MAKE
AMERICA'S RENAISSANCE A REALITY.**