

November 2, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FROM: GREG SIMON
JIM KOHLENBERGER

SUBJECT: TELECOMMUNICATIONS AGENDA

SUMMARY

In following up on this morning's breakfast, I want to propose the following agenda for unveiling our unified administration plan.

AGENDA

- ✓ First, we will put together a specific legislative affairs team that will speak to the hill with one voice to get the message out that we will be working on a set of principles that might include legislation for next year and hope to work with them as we move forward.
- ✓ Second, we need to put together informal meetings between you and the principals in Congress including Danforth, Hollings, Inouye, Brooks, Markey, Dingell, Boucher, Fields and Oxley in order to lay out our process, invite them into our process and outline the major issues that the administration has agreement on. Separate House and Senate dinners at your residence might provide the right setting for these discussions.
- ✓ Third, we should put together an inter-agency working group to do the day-to-day work of putting together the program. There are several options for how the working group could be structured. One option would be to create the group as a working group of the IITF. I do not recommend that. Another option is to use the auspices of the OVP for the policy development process similar to the clean car initiative development process. With that structure, we can put together a working group that meets the dual goals of involving the regular administration policy development groups but having them channel the effort through you.

Bo Cutter has made the recommendation, and I concur, that we look at this not

as regulators do, but more as industry does. He suggests that we bring in industry experts to let long-term policy drive the program's development rather than short-term interest group politics.

Suggested make-up of the working group:

Commerce	Larry Irving
Justice	Anne Bingaman/Bob Litan
FCC	Reed Hundt
NEC	Bo Cutter/Tom Kalil
OSTP	Jack Gibbons/Mike Nelson
CEA	Joe Stiglitz
OMB	Chris Edley
OVP	Greg Simon

- ✓ Fourth, you would outline your vision in a major speech in December laying out our unified administration principles. Ron Brown's speech would follow.
- ✓ Fifth, in January/February we roll out an Administration plan including comprehensive legislation.

CONCLUSION

At this point, we need decisions on the make-up of the working group, its status in the policy making process, and basic a agenda for a hill outreach process as outlined above.

NOVEMBER 19, 1993

MEMORANDUM FOR GREG SIMON

FROM: JIM KOHLENBERGER

SUBJECT: TELECOMMUNICATIONS LEGISLATION MEETING

This memo is to summarize the telecommunications legislation meeting held last Thursday. Note: paper will be circulated Monday morning detailing a few issues to be discussed at the next meeting which is scheduled for Monday afternoon at 4:00, probably in room 230.

First, there were some announcements. Brooks-Dingell is running into some last minute problems and may not be dropped in. Mike Nelson put together a quick memo for the VP in the event that the Brooks-Dingell bill was dropped in so he wouldn't be caught off guard. Nelson's memo (attached) describes the bill and includes a recommended statement that says that it is a step forward.

DINNERS

First, per your request, I asked for the all-inclusive list of the members that the VP needs to meet with. The members include:

SENATE

Hollings
Danforth
Inouye
Breaux
Stevens or Pressler
Metzenbaum
Biden -- needs to be invited
but doesn't need to be
pushed

HOUSE

Brooks
Dingell
Markey
Fields
Moorhead

OPTIONAL B LIST

Tauzin
Oxley
Boucher
Sen. Burns

There are several ways to break the group up -- by House and Senate, by Consumer and Commerce jurisdictions etc. The group didn't have any particular thoughts on what the break up should be or how many should be in a sitting. I suppose the Vice President will have some thoughts on that. We will have to do some good intelligence on each member

before the dinners.

OUTREACH & CONSULTATION

The group agreed on two types of meetings with outsiders -- 1) briefings by academics, non-profits, the various sectors as informational meetings and 2) political base touching that the VP, Ron Brown or others would do to make sure that everyone feels listened to -- ex. we still haven't talked to cable. Kalil & Sallet will put together some names for the briefings. Larry will put together a small group to work out an agenda of questions that we need to make sure we ask when people come in.

COMMUNICATIONS

We briefly talked about communications/press and limiting everything that is said until there is more direction. There are a few things on the horizon that we will need to respond to. On December 1, Judge Green will make a decision on an Ameritech experiment -- a pilot project with video. In January, the bells are expected to call for the total elimination of all MFJ restrictions.

ISSUES

We went through the memo that Larry Irving and Anne Bingaman had done and identified the universe of issues that are on the table, and identified which ones that enjoy sufficient consensus to start drafting language. Those items are listed below followed by several issues that we looked at but said no. On the unresolved issues, paper should circulate Monday morning laying out various options.

<u>Issue</u>	<u>Comments</u>	<u>Consensus for drafting</u>
Cable-telco entry	Memo language plus the Reed Hundt thought -- waiver authority for rural areas so they aren't forced to have two wires.	Consensus
Information Services	The memo suggests separate subsidiaries. Justice has concerns about cross-subsidies and want more separation. There is also a question about the definition of electronic publishing.	Unresolved

MFJ Long distance	Justice has concerns and we don't know what Brooks/Dingell will look like.	Unresolved
MFJ manufacturing	There are some Justice concerns about R&D cross-subsidies. We also don't know what problems the RBOCs have. Justice will do options.	Unresolved
Diversity of task/State Preemption	There is consensus in this group on this. There is a concern that, as a former Governor, the President may have problems with preemption.	Consensus
Universal Service	Specificity is the issue here. Some argue that no new guidance should be given while others think we could come up with a moving scale that can accommodate future technologies.	Unresolved
Non-discriminatory Access	This is service provider access to the network	Unresolved
Interoperability & interconnection	Will use S. 1086 and Electronic Frontier language for a draft.	Consensus
Consumer Preference & unbundling	This and the following issues will be discussed on Monday	
Broadcast Cable cross-ownership	"	
Customer Privacy & Information	"	
Local Competition	"	
Forbearance Authority	"	

NOT ON THE LIST -- LOOKED AT BUT SAID NO

Privacy
Network Liability
Mass media structure
Regulatory Reform
Foreign Ownership
International Access

ATTACHMENTS

Nelson's memo to the VP on release of Brooks Dingell bill
Markey bill summary

Al Gore Sees Government As Technology 'Facilitator'

By Laurent Beiste

Staff writer of The Christian Science Monitor

PITTSBURGH

AL GORE JR.'s plan for the "information superhighway" is the biggest technology effort sponsored by a vice president since Lyndon Johnson championed the space program during the Kennedy administration.

Mr. Gore wins high marks for calling attention to the strategic need for a high-speed communications infrastructure - the so-called information superhighway. "He was looking at it 10 years before I was," confesses Andrew Grove, who

heads Intel Corporation. "That's pretty reassuring."

Adds Motorola chairman George Fisher: "I think the federal government has to do a lot of what Al Gore and President Clinton have been doing lately. Really raise the visibility of these issues."

So how does Vice President Gore view the technology position of the United States? His answers in this telephone interview introduce the Monitor's special report on America's high-tech policy challenges, which begins on Page 9.

Have America's high-tech industries stopped their downward skid?

That's true in some areas and not in
See GORE page 4

THE CHRISTIAN SCIENCE MONITOR

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GORE from page 1

others. We have achieved a few successes in recent years. Sematech is an example of how an effective new partnership between the public and private sector can reverse the decline in a key industry that is dependent on high technology. Learning the lessons of Sematech means creating the same kind of partnership approach in other areas where the US decline is unfortunately still continuing. I think we're on the eve of a new era. [But] we have to make these changes first.

What is government's role?

Private industry will take the lead role, of course, and government will play the role of facilitator and enabler.

What are the specific goals?

We outlined a comprehensive technology policy when the president and I visited Silicon Valley... We laid out a framework for federal technology programs focused on three broad goals: creating long-term economic growth that creates jobs and protects the environment; No. 2, making government more efficient and more responsive; and No. 3, maintaining world leadership in basic science, mathematics, and engineering.

Some high-tech executives say you are moving too slowly.

We have already begun to implement the changes that were outlined in that policy and we are already seeing a response in the private sector. We have had a long series of meetings with industry groups, who are beginning to shift investment priorities in accord with the vision that President Clinton and I outlined earlier this year. We are already seeing a reallocation of

funding within the federal programs by the appointees that have been put in place by the administration. There's a very aggressive new attitude in all parts of the federal government.

Will there be a new policymaking body to oversee the administration's high-tech efforts?

We have an informal group that advises the president on these efforts. He has asked me to take charge of the task of overseeing what we're doing in technology. The president's science adviser, who heads the Office of Science and Technology Policy, Jack Gibbons, works very closely with the president and with me in helping to coordinate these efforts... We have a very smooth and effective relationship.

Will this group be formalized?

Not unless it needs to be.

Have you set clean-car goals yet?

The specific numerical goals are still being discussed and they will be the subject of intensive deliberation in which the auto companies are involved.

High-tech executives applaud the leadership you have taken on the information superhighways. Without spending a dime, they say, you've elevated an issue and industry is paying attention. Has government done enough in this area?

The federal government's role... will be to steer more than to row. We want to set the standards, the protocols, outline the vision, provide direct action where it's obvious that it's not going to get done in any other way, but leave the vast majority of the task to private industry.

MICHAEL SCHRAGE

Clinton's Budget Makes an Art Of Funding Science and Technology

Unless they want to be typecast as ingrates, the nation's competitiveness constituencies better have few complaints about the Clinton administration's proposed science and technology budget. Judged strictly by the numbers, the president's package unquestionably delivers the goods during a time of intense fiscal austerity.

While virtually every other budget segment got nixed, the administration asked for more than \$71 billion in spending—excuse me, investment—for federally funded research and development in fiscal 1995 (beginning Oct. 1), roughly a 4.1 percent increase over current levels. Of that, the civilian R&D budget would climb \$1 billion, to \$32 billion.



The biggest single sci-tech winner has to be the Commerce Department's National Institute for Standards and Technology (NIST). The former National Bureau of Standards has seen its budget explode from \$381 million in 1993 to \$520 million in 1994 to next year's proposed \$935 million—an 80 percent increase in a single year.

The reason? Clinton's competitiveness czar believes the NIST's Advanced Technology Program can be an effective venture capitalist in critical technologies—a civilian counterpart to the Pentagon's historically successful Advanced Research Projects Agency. Can an agency that has had a modest record of funding accomplishments preserve quality through this sort of scale-up? That's a question that may come back to haunt the administration in 1996 as Americans ask what returns they are getting for their government's high-tech investments.

Other winners include the National Institutes of Health, with a 4.7 percent increase, to \$11.5 billion, including money earmarked for AIDS research and breast cancer analysis; the National Science Foundation, which supports more than half the nation's nonmedical basic research at universities; global warming research; and Vice President Gore's multimedia-hyped information superhighway, which would see its funding rise to more than \$400 million.

Even NASA—which faces a \$250 million trimming of its \$14.5 billion budget—came out a winner. Here's an agency with a confused mission, a series of recent multibillion-dollar launch and orbital fiascos and a space station proposal that has been transformed from a symbol of U.S. space leadership to a medium for international cooperation between the United States and the old Soviet Union (or is that the New Russia?), NASA Administrator Daniel Goldin—as savvy a federal technocrat as they come—is lucky the administration didn't completely reengineer his agency. Then again, given that the departments of Housing and Urban Development and Veterans Affairs share NASA's congressional subcommittee, he'd better be careful when the House comes down.

Clearly, when even performance losers can be budget

winner, the U.S. science and technology establishment knows it has a friend in the White House.

But true friends had better do more than open their wallets and pick up the checks. The administration's budget proposals ignored several opportunities to give taxpayers more R&D value for their dollar.

For example, the administration is still struggling with how best to manage the nation's multibillion-dollar network of national labs in the post-Cold War era. One proposal is that as much as 20 percent of a lab's budget be contingent upon finding matching funds from industry to pay for specific research programs and projects. That way, labs are forced to become more market-oriented and industry-sensitive. Instead, the administration has opted to push for more collaborative ventures between industry and the labs without attaching any particular market incentives.

Consider the information superhighway effort. Does it make sense for government to invest more in digital R&D alongside industry? Or should government money go into creating standards and special procurements that would boost private-sector initiatives? These are the questions that the euphoria over the technology budget has unfortunately obscured.

At the core of the problem are performance measures: How does the administration determine the effectiveness of its competitiveness funding? When you are funding research for the sake of advancing knowledge, the bottom line is secondary. When you are funding research and development to stimulate economic growth and enhance U.S. competitiveness in key technologies, how do you know you're getting your money's worth? How do you know you're coordinating your investments appropriately?

In fact, the administration is completely revamping its science and technology infrastructure. The Federal Coordinating Council for Science, Engineering and Technology (FCCSET), run out of the White House, has been dismissed as worthless. Now there's going to be a new national Science and Technology Council, which will absorb the National Space Council, the National Critical Materials Committee and the FCCSET. It's supposed to be on par with the National Security Council and Robert E. Rubin's National Economic Council. President Clinton is supposed to chair the new committee. One of the biggest questions in Washington's technocracy is whether the president will be actively involved or will defer management to his vice president.

Is this merely inside-the-Beltway baseball? Absolutely not. For better or worse, this is an administration that is putting taxpayers' money where its mouth is in the high-tech arena. This is an activist administration that wants to become even more activist. Who gets to run the show has enormous implications for everything from defense conversion to biotech to Silicon Valley to Route 128.

Prediction: Next year's science and technology budget—and how it's coordinated—will be far more interesting to watch than this year's.

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THE WHITE HOUSE
OFFICE OF THE VICE PRESIDENT

FOR IMMEDIATE RELEASE
December 21, 1993

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Remarks
by
Vice President Al Gore
at
National Press Club
December 21, 1993

Thank you. It's a great pleasure to be here. I still have jet lag, though -- nature's way of making you look like your passport photo.

I'm happy to be home. And I'm particularly happy to be talking about telecommunications to people whose lives will be shaped by the changes ahead for us.

I'm pleased to announce today that at the beginning of the year, President Clinton will present to Congress a package of legislative and administrative proposals on telecommunications. Today, I want to talk about the future we envision.

But I'd like to start by talking about an incident from the past.

There is a lot of romance surrounding the sinking of the Titanic 91 years ago. But when you strip the romance away, a tragic story emerges that tells us a lot about human beings -- and telecommunications.

Why did the ship that couldn't be sunk steam full speed into an ice field? For in the last few hours before the Titanic collided, other ships were sending messages like this one from the Mesaba: "Lat42N to 41.25 Long 49W to Long 50.30W. Saw much heavy pack ice and great number large icebergs also field ice."

And why, when the Titanic operators sent distress signal after distress signal did so few ships respond?

The answer is that -- as the investigations proved -- the wireless business then was just that, a business. Operators had no obligation to remain on duty. They were to do what was profitable. When the day's work was done -- often the lucrative transmissions from wealthy passengers -- operators shut off their sets and went to sleep. In fact, when the last ice warnings were sent, the Titanic operators were too involved sending those private messages from wealthy passengers to take them. And when they sent the distress signals operators on the other ships were in bed.

Distress signals couldn't be heard, in other words, because the airwaves were chaos -- willy-nilly transmissions without regulation.

The Titanic wound up two miles under the surface of the North Atlantic in part because people hadn't realized that radio was not just a curiosity but a way to save lives.

Ironically, that tragedy that resulted in the first efforts to regulate the airwaves.

Why did government get involved? Because there are certain public needs that outweigh private interests.

Today, as divers explore the hulk of the Titanic, we face a similar problem. A new world awaits us. It is one that can not only save lives but utterly change and enrich them. And we need to rethink the role of government once more.

How do we balance private needs and public interests?

It's important in discussing the information age that we discuss not merely technology, but communications. Because from communications comes community. Not long ago, when travel was very difficult, communities were small and communication was personal and direct. It was between families, neighbors, business partners.

Then the means of travel improved, moving us all away from each other, and making communication more difficult.

Until recently, if an immigrant came to the United States, whether from Russia, or China, or England, it meant saying goodbye to one's parents and never having a conversation with them again.

But these days, technology has brought us closer together. I read a little while ago of a family scattered all over the world. More than a hundred different members keep in touch through the Internet. They keep people informed of births and deaths and graduations. Children in more than half a dozen countries feel like they know each other -- even though they've never met.

It is important in focusing on what's ahead in communications, to zero in not on the technology, but what we use technology for.

No one says "Let's use the telephone." They say, Let's call Grandma."

We haven't always kept that in mind.

When the telephone was invented, stockbrokers in London said "Who needs so many telephones, we have messenger boys."

It didn't take long to see that there were some things messenger boys couldn't do -- transmit both ends of a conversation, for example. We figured out new uses each time the telephone changed, from big wooden boxes on the wall, to desk phones, to ones with long cords ... to the car phones and cell phones that allow us to talk while we drive or walk.

We will do this again with the changes in store over the next decade -- one of the biggest changes the human species has ever faced.

Most people today are primarily receivers of information. We watch TV. We listen to radio.

In this decade we will transmit more and more as well.

We'll send and receive, not just on the telephone but across the full range of the new technologies. We'll turn from consumers into providers.

In a way, this change represents a kind of empowerment. The quality revolution in the factory treats each individual as a source of added value. The communications revolution recognizes each individual as a source of information that adds value to our community and to our economy.

After all, interactive TV doesn't just mean yelling at the television when the referee makes a bad call. It means holding a business meeting without leaving your living room.

It means that people at home can use their television not just as entertainment but as an active tool.

These changes have neither come overnight or out of the blue. Rather, they are the outgrowth of a steady series of changes encompassing much of our history.

It used to be that nations were more or less successful in their competition with other nations depending upon the kind of transportation infrastructure they had. Nations with deep water ports did better than nations unable to exploit the technology of ocean transportation. After World War II, when tens of millions of American families bought automobiles, we found our network of two-lane highways completely inadequate. We built a network of interstate highways. And that contributed enormously to our economic dominance around the world.

Today, commerce rolls not just on asphalt highways but along information highways. And tens of millions of American families and businesses now use computers and find that the 2-lane information pathways built for telephone service are no longer adequate.

It is not that we have a shortage of information. Indeed we often find now that we have a lot more than we know what to do with.

John Stuart Mill, who lived through much of the 19th Century was said to be the last man who knew everything. Since his time, no matter what your field, you have to resign yourself to the fact that a great deal will take place completely outside your awareness.

Take the Landsat example. We're trying to understand the global environment, and the Landsat satellite is capable of taking a complete photograph of the entire Earth's surface every two weeks. It's been doing that for almost 20 years.

In spite of the great need for that information, 95% of those images have never fired a single neuron in a single human brain. Instead, they are stored in electronic silos of data.

We used to have an agricultural policy where we stored grain in Midwestern silos and let it rot while millions of people starved to death. We now have an insatiable hunger for knowledge. And the data sits rotting away -- sometimes literally rotting by remaining unused.

Why?

Part of the problem has to do with the way information is configured and presented. Someone once said that if we tried to describe the human brain in computer terms, it looks as if we have a low bit rate, but very high resolution. For example, the telephone company decided a few years ago that seven numbers were the most that we could remember. That's a low bit-rate. Then they added three.

On the other hand, we can absorb billions of bits of information instantly if they are arrayed in a recognizable pattern within which each is related to all the others -- a human face, or a galaxy of stars.

In order to communicate richly detailed images that allow us to comprehend large volumes of data, we need to combine two technologies. Computers have an ever-growing ability to transform data into recognizable images. And we are making greater use of them every year.

But to communicate these images among ourselves, we need networks capable of carrying those images to every house and business. We know how to do that technologically, but we have to unscramble the legal, regulatory and financial problems that have thus far threatened our ability to complete such a network.

In the few places where this capacity now exists we are already using them to communicate in ways that enrich and even save our lives.

We use it with Matthew Meredith, a six year old boy who recently underwent a bone marrow transplant. His doctors recommended that he shouldn't begin his classes at Randolph Elementary School in Topeka. So the school and local telephone company teamed up to bring first grade to him through two-way video services and a television camera.

Matthew was able to take part in class. He used a fax to hand in class assignments. And the kids in his class got a glimpse of videoconferencing technology that will be common in a few years.

In West Virginia, doctors are using the Mountaineer Doctor Television Project to link to specialists at West Virginia University. A while back, for example, two-month-old Zachary Buchanan had an irregular heartbeat. Using the network, his family doctor sent an image of his heart to a pediatric cardiologist 100 miles away. His diagnosis: the condition wasn't serious -- and he didn't have to travel halfway across the state for treatment.

All of these applications enhance the quality of life. Because they do, they will spur economic growth.

After all, even the quickest glance at the telecommunications sector of the economy shows what it means for jobs. Over half of the U.S. workforce is now in information-based jobs. The telecommunications and information sector of the U.S. economy accounts for more than 12% of the GDP. And it's growing faster than any other sector of our economy.

What about dollars?

Last year total sector revenues exceeded \$700 billion. And we exported over \$48 billion of telecommunications equipment alone.

When AT&T sold the first cellular phone, they said there would be 900,000 of them by the year 2000.

Well. We have 13 million now. And it's still 1993. The predictions for mobile telephone users for the year 2000 now total 60 million.

This kind of growth will create thousands of jobs in the communications industry. But the biggest impact may be in other industrial sectors where those technologies will help American companies compete better and smarter in the global economy.

Today, more than ever, businesses run on information. A fast, flexible information network is as essential to manufacturing as steel and plastic.

Virtually every business and consumer in America will benefit dramatically from the telecommunications revolution. I see even Santa Claus is now on the Internet with his own E-Mail.

If we do not move decisively to ensure that America has the information infrastructure we need every business and consumer in America will suffer.

What obstacles lie ahead in this rush to the future?

Many of them lie in the system we have created over the last 60 years.

Systems of regulation that made sense when telephones were one thing and cable another, may just limit competition in a world in which all information can flow interchangeably over the same conduits. To understand what new systems we must create, though, we must first understand how the information marketplace of the future will operate.

One helpful way is to think of the National Information Infrastructure as a network of highways -- much like the Interstates begun in the '50s.

These are highways carrying information rather than people or goods. And I'm not talking about just one eight-lane turnpike. I mean a collection of Interstates and feeder roads made up of different materials in the same way that roads can be concrete or macadam -- or gravel.

Some highways will be made up of fiber optics. Others will be built out of coaxial or wireless.

But -- a key point -- they must be and will be two way roads.

These highways will be wider than today's technology permits. This is important because a television program contains more information than a telephone conversation; and because new uses of video and voice and computers will consist of even more information moving at even faster speeds. These are the computer equivalent of wide loads. They need wide roads. And these roads must go in both directions.

The new information marketplace based on these highways include four major components:

- First, owners of the highways -- because unlike the interstates, the information highways will be built, paid for and funded by the private sector;
- Second, makers of information appliances, like televisions, telephones and computers, and new products of the future that will combine the features of all three;
- Third, information providers -- local broadcasters, digital libraries, information service providers, and millions of individuals who will have information they want to share or sell; ...and most important,
- Fourth, information customers, justly demanding privacy, affordability and choice.

At some time in the next decades we'll think about the information marketplace in terms of these four components. We won't talk about cable or telephones or cellular or wireless because there will be free and open competition between everyone who provides and delivers information.

This Administration intends to create an environment that stimulates a private system of free-flowing information conduits.

It will involve a variety of affordable and innovative appliances and products giving individuals and public institutions the best possible opportunity to be both information customers and providers.

Anyone who wants to form a business to deliver information will have the means of reaching customers. And any person who wants information will be able to choose among competing information providers, at reasonable prices.

That's what the future will look like -- say, in ten or fifteen years. But how do we get from here to there?

This is the key question for the government.

It is during the transition period that the most complexity exists and that government involvement is the most important.

It's a "phase change" -- like moving from ice to water; Ice is simple and water is simple, but in the middle of the change it's mush -- part monopoly, part franchise, part open competition. We want to manage that transition.

And so I am announcing today that the Administration will support removal, over time, under appropriate conditions, of judicial and legislative restrictions on all types of telecommunications companies: cable, telephone, utilities, television and satellite.

We will do this through both legislative and administrative proposals, prepared after extensive consultation with Congress, industry, public interest and consumer groups, and state and local governments.

Our goal is not to design the market of the future. It is to provide the principles that shape that market. And it is to provide the rules governing this difficult transition to an open market for information.

We are committed in that transition to protecting the availability, affordability, and diversity of information and information technology, as market forces replace regulations and judicial models that are no longer appropriate.

On January 11, in Los Angeles, I will outline in more detail the main components of the legislative package we will present.

Today, though, I want to set forth the principles upon which it will be based.

There are five.

First, encourage private investment.

The example of Samuel Morse is relevant here.

Basically, Morse's telegraph was a federal demonstration project. Congress funded the first telegraph link between Washington and Baltimore.

Afterwards, though -- after the first amazing transmission -- most nations treated the telegraph and eventually telephone service as a government enterprise.

That's actually what Morse wanted, too. He suggested that Congress build a national system. Congress said no. They argued that he should find private investors. This Morse and other companies did. And in the view of most historians, that was a source of competitive advantage for the United States.

We are steering a course between a kind of computer-age Scylla and Charybdis -- between the shoals of suffocating regulation on one side, and the rocks of unfettered monopolies on the other. Both stifle competition and innovation.

The Clinton Administration believes, though, that as with the telegraph, our role is to encourage the building of the national information infrastructure by the private sector as rapidly as possible.

Second, promote and protect competition.

I've talked about highways. All roads once led to Rome. But how many lead to each home? One, or two, or more? Whatever the answer, the same principle should apply: we should prevent unfair cross-subsidies and act to avoid information bottlenecks that would limit consumer choice, or limit the ability of new information providers to reach their customers.

We can see aspects of this question in the debate over the powers of the Regional Bell Operating Companies; in the passage last year of the Cable Act of 1992; in the proposal to "open up" the local telephone loop.

Third, provide open access to the network.

Let's say someone has an information service to provide over the network. They should be able to do it just by paying a fair and equitable price to the network service provider.

Suppose I want to set up a service that provides 24 hours a day of David Letterman reruns.

I don't own my own network, so I need to buy access to someone else's. I should be able to do so by paying the same rates as my neighbor, who wants to broadcast kick-boxing matches.

Without provisions for open access, the companies that own the networks could use their control of the networks to ensure that their customers only have access to their programming. We have already seen cases where cable company owners have used their monopoly control of their networks to exclude programming that competes with their own. Our legislation will contain strong safeguards against such behavior.

Mitch Kapor, the founder of Lotus, and head of the Electronic Frontier Foundation, has spoken about the need for the national information infrastructure to be an "open platform." The IBM PC is an "open platform" that any software programmer can use. They can develop software to run on the PC and if they developed a "killer applications" like Mitch did with Lotus 1-2-3 -- they could make millions of dollars.

In the 1980s, thousands of programmers developed thousands of different programs, which have increased the productivity of our businesses, helped our children learn, and helped us balance our checkbooks.

We need to ensure the NII, just like the PC, is open and accessible to everyone with a good idea who has a product they want to sell.

This is essential if we are to have many information sources on it.

Fourth, we want to avoid creating a society of information "haves" and "have nots."

You know, the original expression "haves and have nots" comes from Cervantes.

But we're not tilting at windmills here.

This is the outgrowth of an old American tradition.

Broadcasts, telephones, and public education were all designed to diminish the gap between haves and have nots.

In the past, universal service meant that local phone companies were required to provide a minimum level of plain old telephone service for a minimal price. State and federal regulations provided for subsidies to customers in poor and rural areas.

The most important step we can take to ensure universal service is to adopt policies that result in lower prices for everyone. The lower the price the less need for subsidies. We believe the pro-competitive policies we will propose will result in lower prices and better service to more Americans.

But we'll still need a regulatory safety net to make sure almost everyone can benefit.

In the past it was relatively simple to fund universal service. The local phone companies were regulated monopolies that could be required to provide lifeline services. As more companies enter the market -- as many of the regulations are removed -- we have to find new ways of doing the same thing.

Just last week, the National Telecommunications and Information Administration of the Department of Commerce held a hearing in New Mexico to examine just that question. Our bill will incorporate the findings from the hearing and others. It

will reaffirm this Administration's desire to see that all Americans benefit from the National Information Infrastructure.

As we think about the future of universal service, we as a society ought to think about what kind of service and on what group of people we must concentrate.

Schools -- and our children -- are paramount.

The new head of the FCC, Reed Hundt, recently said, "there are thousands of buildings in this country with millions of people in them who have no telephones, no cable television and no reasonable prospect of broadband services. They're called schools."

When it comes to ensuring universal service, our schools are the most impoverished institution in society.

Only 14% of our public schools used educational networks in even one classroom last year. Only 22% possess even one modem.

Video-on-demand will be a great thing. It will be a far greater thing to demand that our efforts give every child access to the educational riches we have in such abundance.

The recent article in the Washington Post on the proposed video communication network in the D.C. area is a wake-up call to all of us concerned about "electronic redlining." If we allow the information superhighway to bypass the less fortunate sectors of our society - even for an interim period -- we will find that the information rich will get richer while the information poor get poorer with no guarantee that everyone will be on the network at some future date.

We cannot relax restrictions from legislation and judicial decisions without strong commitments and safeguards that there will be a "public right of way" on the information highway. We must protect the interests of the public sector.

That's essential in building the information highway. That's essential in providing affordable services for public education, public health and government.

The less fortunate sectors of the population must have access to a minimum level of information services through subsidies or other forms of a public interest tithe.

Fifth and finally: we want to encourage flexibility.

After all, flexibility and adaptability are essential if we are to develop policies that will stand the test of time. Technology is advancing so rapidly, the structure of the industry is changing so quickly, that we must have policies broad enough to accommodate change.

Even though the Communications Act of 1934 could not anticipate many of the technological changes of the last 60 years, it was flexible enough to allow the FCC, state regulators and the successive administrations to deal with those changes without rewriting the act every few years.

As the Administration develops its legislation we are trying hard to follow the example set by the authors of the 1934 Act. We are trying hard to enunciate key principles of policy, identify which government agencies will implement that policy, and then leave many of the details to them.

I don't want to sound like I've thought all these ideas up. The fact is, in Congress, several important pieces of legislation have already been introduced.

I've already mentioned the Brooks-Dingell bill in the House. It, and the Markey-Fields bill represent major steps forward, not to mention more than a year of hard work by other Congressmen including Congressman Boucher and Congressman Oxley.

In the Senate, Senators Danforth and Inouye have introduced a major piece of legislation. Senator Hollings is working on another.

Between now and the beginning of the next session, we'll be continuing our dialogue with Congress, industry and public interest groups to formulate our proposal for legislative and administrative action that will clear the way for the communications marketplace of the future. And part of that effort will be to continue to publicly enunciate what we want and how we will achieve it.

With high-level Congressional support, a growing consensus in industry, and leadership from the President, we have a unique opportunity. We can eliminate many of the regulatory barriers on the information highway -- and perform the most major surgery on the Communications Act since it was enacted in 1934.

We will do it by avoiding both extremes: regulation for regulation's sake, and the blind adherence to the dead hand of a free market economist. We will do it with the principle that has guided so much of the Administration's efforts over the last year: the urgent need to create flexible, responsive government.

It's fitting that this address is being delivered here at the National Press Club. Almost every form of communication is present here, in this room. I'm talking to you orally. Some of you are taking notes -- others are typing on laptops. Some of you will publish your observations through the use of printing presses, others through television or radio reports. People tuned into C-Span are watching on television. Still others are listening over a prototype of the NII -- the Internet.

All of these forms of communication bring us together -- they allow us to participate in a virtually instantaneous dialogue. They will allow us to debate, and then to build a consensus, on the nature of the information infrastructure, on the details of legislation, on the nature of regulation.

But, even more, as I said at the outset, these methods of communication allow us to build a society that is healthier, more prosperous, and better educated. They will allow us to strengthen the bonds of community and to build new "information communities."

The challenge is not, in the end, the new technology. It is holding true to our basic principles. Whether our tools were the quill pens that wrote and then signed the Declaration of Independence or the laptop computers being used to write the constitutions of newly-freed countries . . . better communication has almost always led to greater freedom and greater economic growth.

That is our challenge. That is what this Administration-- and the nation -- will achieve.

There's a story about Michael Faraday, the inventor of the electric generator. Once he was showing Benjamin Disraeli through his lab, taking great pleasure in demonstrating the effects he could produce. And at the end of the tour, Disraeli said, "Well, what good are all these things?"

Faraday answered, "What good is a baby?"

If we take the narrow view, it looks like telecommunications is well out of its infancy. But if we cast our eyes ahead a few decades -- or centuries -- we see that it's barely out of diapers. We need to look ahead, to protect it when it needs protecting, but not get in the way when it needs to walk alone.

Like those wireless operators should have done in the North Atlantic, we should be alert to where the collisions could be. And we shouldn't hesitate to chart a new course.

If we do that, then much more than the telecommunications industry will grow strong. This country and much of the human race will, as well.

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BYLINE: JOHN HOLLIMAN

HIGHLIGHT:

Vice President Gore holds a press conference to discuss the Clinton administration's telecommunications policy, which attempts to balance public and private needs in the computer and communications industries.

BODY:

CLAYTON BOYCE, Pres. National Press Club: Good afternoon. Good afternoon and welcome to the National Press Club. My name is Clayton Boyce, I'm president of the National Press Club, and news editor for Knight-Ridder Tribune News Service.

I'd like to welcome club members and their guests in the audience today, as well as those of you who are watching on C-SPAN or listening to this program on National Public Radio or the Global Internet Computer Network.

Please join us tomorrow for our last lunch before the holiday break - Mr. Boom Boom Giorno will speak - [laughter] - on the future of the American Merchant Marine. [Laughter.] If you don't get that, you need to go back and study your transcript of the Larry King lunch.

Transcripts and audio and video tapes of this luncheon are available. The transcripts will be ready for fax transmission within two hours. The transcripts or tapes can be ordered by calling 1-800-500-9911.

If you have any questions for our speaker, please write them on the cards provided at your table. I'll ask as many as time permits. We're also taking questions today from the Internet Computer Network. A notice was put on the

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Internet just yesterday, and so far we've gotten over 100 questions for Vice President Gore and over 6,000 messages for Santa Claus. [Laughter]

I'd now like to introduce our head table guests and ask them to stand briefly when their names are called. Please withhold your applause until all the names are read. From your right, Mauro Espinoza, Washington editor for Dateline Mexico; Christy Wise, freelance journalist; Bob Boyd, chief correspondent for Knight-Ridder Newspapers; Seth Payne of Business Week; Eleanor Clift of Newsweek; Laura Tyson, chair of the Council of Economic Advisers; Reginald Stuart, assistant news editor, Knight-Ridder Newspapers and chairman of the National Press Club Speakers Committee; Ron Brown, secretary of the Department of Commerce; Ed Andrews of the New York Times; Siegesmund von Ilseman, Washington bureau chief, Der Spiegel; Amy Pickling, Washington editor - [laughter] - she's not here - anybody want to sit up here? [laughter] Leland Schwartz, editor and publisher, States News Service; and Jeff Ballou, White House producer for Conus Communications.

[applause]

I'd also like to thank Ms. Melissa Bender, Pat Thornsberry and Melanie Abdow Dermott for organizing today's luncheon.

Vice presidents of the United States come and go, and few remember who they were or what they did while in office, if they did anything at all. [laughter] I've already seen what one of Vice President Gore's jobs is, and that was to see if Ron Brown had enough dessert. [laughter] He passed the brownie tray down to him the second time. [laughter]

President Clinton has been trying hard to make sure that doesn't happen to Vice President Al Gore. When Clinton picked the Tennessee senator as his running mate in 1992, it was with the hope of getting inside-the-beltway fire power to complement Clinton's outside-the-beltway style of governing. Some people scoffed at the two-Bubba ticket. I thought that was an endearing term. [laughter]

The Clinton-Gore ticket was not only two new south Democrats, but two men from neighboring states. But Mr. Gore had built a bipartisan reputation in the Senate as an intelligent man with vision. Some regarded him as just the environmentalist, and a few saw him as just the husband of Tipper Gore, the record warning-label lady. [Scattered laughter] The positives outweighed the negatives, and the Clinton-Gore ticket eked out a victory in a historic three-way contest for president - that's late-breaking news, in case you - [laughter]

In the White House, as on the campaign trail, the chemistry between the two has been phenomenally good, even when things looked pretty bad. And far from being a second fiddle, Mr. Gore has been involved in formulating and carrying out government policy on a day-to-day basis. The team got off to a shaky start, and it appeared - beltway savvy or not - this pair was doomed, but in recent months they appear to have hit their stride and shown political acumen. There was Gore's lobbying for and tie-breaking vote in the Senate last summer on Clinton's budget-cutting and tax increase resolution. The two worked hand-in-glove in lobbying the legislative crowd on NAFTA, pulling it from the jaws of defeat.

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The highlight of this contentious battle was the televised debate over NAFTA between Vice President Gore and Ross Perot. The usually wooden and stuffy Gore - [laughter] - I thought those were endearing terms, also - I'm sorry - [laughter] - charged out of the gate when the debate began, and most agree Mr. Perot never caught up. We now understand next on Mr. Gore's list is Rush Limbaugh. [laughter]

More recently, the vice president has been designated lead player by the president on foreign policy matters having just returned from Russia where he has sought to ascertain first-hand the status of that country's continuing political revolution.

Today the vice president will speak about one of his favorite topics - the information superhighway.

Ladies and gentlemen, please welcome to the National Press Club Vice President Al Gore.

[applause]

Vice Pres. AL GORE: Thank you very much Clayton, thank you. [applause]

Thank you very much ladies and gentlemen, and Clayton Boyce thank you for your introduction. I want to also thank Reginald Stuart, the chair of the Speakers Committee, who is a long-time close friend and with whom I served as a journalist at the Nashville Tennessean some years ago.

Let me also acknowledge some of the distinguished guests who are present. I know that I will miss several, but I want to start by acknowledging Secretary of Commerce Ron Brown, who in addition to his other duties within the administration, is the chairman of the Information Infrastructure Task Force, and has worked very closely with me and our administration team in putting together the legislation that I am going to talk about in general terms here today, and on communications policy generally, and has been providing outstanding leadership for the administration.

Also, Laura Tyson who is not only chairman of the Council of Economic Advisers, but a key member of that working group on communications that has been meeting weekly in the White House for quite a long time now, working through the issues involved here.

May I also acknowledge out in the audience President Clinton's nominee and the newly confirmed chairman of the Federal Communications Commission, a long time friend, Reid Hunt.

I want to say that it's a great pleasure to be here after a lengthy trip to Russia, and Kyrgyzstan and Kazakhstan and Germany. I still have jet lag, though nature's way of making you look like your passport photograph. [laughter]

I can assure you that I have fully readjusted from the trip and I'm waiting for the interpreter to finish that. [laughter]

Actually I am really happy to be home and I'm very happy to be talking about telecommunications to people whose lives will be shaped by the changes ahead for

us.

How we engineer those changes is critically important. There are good ways to do it and there are bad ways to do it. It's a little bit like the story that Governor Ned McWhorter tells frequently in Tennessee, and I'm sure many of you have heard it, about the veterinarian and the taxidermist who went into

business together, and the sign on the front of their establishment said, 'Either way, you get your dog back.' [laughter] And for those in the communications policy business, that might be an example of the need to unbundle some services. [laughter]

But I'm pleased to announce today that at the beginning of the new year, President Clinton will present to Congress a package of legislative and administrative proposals on telecommunications.

Today I want to talk about the future that we envision, but I'd like to start by talking about an incident from the past. There's a lot of romance surrounding the sinking of the Titanic 91 years ago, but when you strip away the romance, a tragic story emerges that tells us a lot about human beings and something about telecommunications. Why did the ship that couldn't be sunk steam full-speed ahead into an ice field, for in the last few hours before the Titanic hit the iceberg, other ships were sending messages like this one from the Masaba [sp?]- 'Latitude 42 North' and so forth, 'saw much heavy pack ice and a great number of large icebergs, also ice field?' Why, when the Titanic operators sent distress signal after distress signal, did so few ships respond?

Well, the answer, as the investigations after the tragedy proved, is that the wireless radio business at that time was just that, a business. Operators had no obligation to remain on duty to listen for important messages that might carry some warning. They were to do what was profitable and nothing else. When the day's work was done, often consisting of the lucrative transmissions from wealthy passengers, operators shut off their sets and caught up on their sleep. In fact, when the last ice warnings were sent that night, the Titanic operators were awake but they were too involved sending those private messages from the well-to-do in order to listen to incoming messages.

And when they sent the distress signals after the collision, the operators on the other ships had themselves gone to bed. The distress signals couldn't be heard, in other words, because the airwaves were chaotic, willy-nilly transmissions without regulation.

The Titanic wound up two miles under the surface of the North Atlantic, in part because people had not yet realized that radio was not simply a curiosity but could be a way to save lives.

Ironically, that tragedy resulted in the first efforts to bring some order to the airwaves. Government got involved because there are certain public needs that sometimes outweigh private interests.

Today, as divers explore the hulk of the Titanic, we face a similar problem. A new world awaits us. It is one that can not only save lives, but utterly change and enrich lives. And we need to rethink the role of government, once more in order to balance the private needs and public interest.

It is important in discussing the information age that we discuss not merely technology, but the essence of communications, because from communications comes community. For example, not long ago when travel was very difficult, communities were small and communication was personal and direct, between families, neighbors, those doing business together. Then the means of travel improved, moving us all away from each other and making communication more difficult.

Until recently, for example, if an immigrant came to the United States from England, or France, or China, or Russia, it meant saying good-bye to one's family that stayed in the old world and never having a conversation with them again. Now we see television advertisements from companies competing for the lucrative business of communicating - of providing the communication links between families that are separated by the oceans. And technology has brought us together in other ways as well.

I read a little while ago about a family that was scattered in many countries around the world, wherein more than 100 different members of the same family keep in touch through the Internet.

They keep people informed of births, and deaths, and graduations and children in dozens of country who have never met each other, feel as if they know each other and understand the bond of family.

Last week when I was in Kyrgyzstan, the president - President Akayev of that country said that his eight year old son said to him, 'Father, I must learn English.' He said, 'Why?' He said, 'Because the computer speaks English.' [laughter]

Our world is being brought closer together, and it's important in focussing on what is ahead in communications to zero in not just on the technology, but on what we use the technology for. When one of those families wants to communicate across the oceans, they don't say, 'Let's use the telephone.' They say, 'Let's call grandmother.' We haven't always kept that distinction in mind.

You may know the story about the reaction in London at the stock exchange when the telephone was first invented and someone said, 'Who needs so many telephones? We have messenger boys.' It didn't take long to see that there were some things those messenger boys couldn't do - like handling two way communication in the same conversation. We figured out new uses each time those telephones changed from wooden boxes on the wall to desk phones, to more convenient models with long cords, and then cordless phones, and car phones, and cell phones that allow us to talk while we drive or while we walk.

We'll go through the same process again with the changes that are in store over the next decade. And make no mistake about it, these changes coming in the related fields of telecommunications and computing and telephony and the other related fields are going together to make up one of the most powerful revolutions in the entire history of humankind.

Today, most people are primarily receivers of information through the electronic media. We watch television. We listen to the radio. In this coming decade, we will each transmit more and more information as well, over the same lines of communications. We'll send and receive, not just on the telephone as we do now.

but across the full range of the new technologies. Each person will turn from being just a consumer to being a consumer and a provider.

In a way, this change represents another kind of empowerment. The quality revolution in the factory treats each individual as a source of added value. The communications revolution recognizes each individual as a source of information that adds value to our community and to our economy.

After all, interactive television will not mean just yelling at the television when the referee makes a bad call. It will mean holding a business meeting without leaving your living room. It will mean that people at home can use the television set not simply as passive entertainment but as an active tool. These changes are coming not overnight or out of the blue, rather they are the outgrowth of a steady series of changes that encompass much of our history.

It used to be that nations were more or less successful in their competition with other nations depending upon the quality of their transportation infrastructure. The nation with the best deep water ports, or the most efficient railroads had a competitive advantage over others. And we began to think about infrastructure in those terms. After World War II when tens of millions of American families first purchased automobiles, and thousands of businesses began to rely on truck every single day, we quickly found our network of two-lane highways to be hopelessly inadequate. And so we built a network of interstate highways, and that contributed enormously to our post-war economic dominance of the world.

Well today, commerce rolls not just on asphalt highways, but along information highways, and tens of millions of American families and businesses now use computers and find that the two-lane information roads built for telephone service are no longer adequate. It's not that we have a shortage of information, indeed, we often now have a lot more than we know what to do with.

It was said once that John Stewart Mill, who lived through much of the 19th century, was described as the last man to know everything. Since his time, no matter what field you chose, it was hopeless to expect that you could have an approximation of the entirety of knowledge in that field. We face a much more serious version of that problem now. Take just one brief example, the Landsat satellite.

We are trying to understand the global environment, and the Landsat satellite is capable of taking a complete photograph of the earth's surface every 18 days and it has been up there for 20 years. And yet, 95 percent of all of the images it has made have never been seen by human eyes, have never fired off a single neuron in a single human brain. The images are just stored in electronic silos.

It's sort of like the criticism of our old agricultural policy, where we stored lots and lots of grain in silos and let it rot while millions (interrupted)

Now, similarly we have an insatiable hunger for knowledge as we try to find the information we need to solve the challenging problems that confront us, and yet in many cases, the information just sits, rotting away, unused.

Part of the problem has to do with a change in the way we configure and present information. Someone once said that if we tried to use computer terms to

describe the way our brains operate, we could say that we have a low bit rate but very high resolution, meaning - [laughter] - that, for example, the telephone company decided a few years ago that seven numbers presented bit by bit, seven numbers was the most we could retain in short-term memory. That's a low bit rate. Then they added three more numbers. [laughter] On the other hand, we can absorb billions of bits of information if they are arrayed in a pattern that is recognizable, like a human face or a galaxy of stars.

In order to communicate richly-detailed images of a kind that allow us to deal with large quantities of information, we have to combine two technologies - first computers, and then transmission lines or networks. Computers now have a rapidly growing capacity to transform data into recognizable patterns or images that allow us to use them handily, and we're making greater use of them every year. But in order to communicate those images or those conglomerations of vast quantities of data among ourselves, we need networks capable of carrying those images to every house and business. We know how to do that technologically, but in order to accomplish it, we have to unscramble the legal, regulatory and financial problems that have thus far threatened our ability to complete such a network.

In the few places where such a capacity now exists, we are already using it to communicate in ways that enrich and even save our lives. For example, we use it with Matthew Meredith, a six-year old boy who recently underwent a bone marrow transplant. His doctors recommended that because his immune system was still gaining strength, he shouldn't begin his classes in Topeka at the Randolph Elementary School. So the school and the local telephone company teamed up to bring first grade to him, through two-way video services and a television camera. He was able to take part in class.

Matthew used a fax machine to hand in his assignments and participate in class almost as if he was right there. The kids in his class got a glimpse of videoconferencing technology that will be common in a few years.

In West Virginia, doctors are using the Mountaineer Doctor Television Project to link with specialists at West Virginia University. A while back, two month old Zachary Buchanan had an irregular heartbeat. Using the network his family doctor sent an image of his heart to a pediatric cardiologist 100 miles away. The diagnosis was that the condition wasn't serious, meant that Zachary did not have to travel half way across the state for treatment.

All of these applications will enhance the quality of life and will spur economic growth. After all, even the quickest glance at the telecommunications sector of the economy shows what it means for jobs. Over half of the U.S. work force is now in jobs that are information based. The telecommunications and information sector of the U.S. economy now accounts for more than 12 percent of the gross domestic product and it's growing much faster than any other sector of our economy.

Last year the revenues in this sector exceeded \$700 billion, and we exported over \$48 billion of telecommunications equipment alone. When AT&T sold the first cellular phone, they did their calculations and predicted that by the year 2000, there would be 900,000 cellular phones in the United States. Well, we have 13 million now and it's still 1993. The predictions now for the year 2000 for mobile telephone users totals 60 million, not 900,000.

This kind of growth in this and other industries in telecommunications will create thousands and tens of thousands of new jobs. But the biggest impact may be in other industrial sectors, where those technologies will help American companies compete better and smarter in the global economy.

Today more than ever, businesses run on information. A fast flexible information network is as essential to manufacturing as steel and plastic. If we do not move decisively to ensure that America has the information infrastructure we need, every business and consumer in America will suffer. But there are obstacles that lie in our path. Many of them are there in the system we have created over the last 60 years.

Systems of regulation that made sense when telephones were one thing and cable another may simply limit competition in a world in which all information can flow interchangeably over the same conduits.

To understand what new systems we must create, though, we must first understand how the information marketplace of the future will operate. One helpful way is to think of the national information infrastructure as a network of highways much like the interstates of the 1950s. These are highways carrying information rather than people or goods, and it's not just one eight-lane turnpike but a collection of interstates and feeder roads made of different materials, in the same way that highways are concrete or macadam or gravel.

Some highways will be made of fiber optics, others of coaxial cable, others will be wireless. But this is a key point - They must and will be two-way highways so that each person will be able to send information in video form as well as just as words, as well as receiving information. These new information highways will be wider than today's technology permits. That's because a television program contains so many more bits of information than a telephone conversation and because new uses of video and voice and computers will consist of even more information moving at even faster speeds. These are the computer equivalent of wide loads that need wide roads, again in both directions.

This new information marketplace based on these highways include four major components - first, the owners of the highways, because unlike the interstates, the information highways will be built, paid for and funded principally by the private sector; second, the makers of information appliances, like telephones, televisions and computers, and the new products of the future that will combine aspects of all three; third, information providers - local broadcasters, digital libraries, information service providers and millions of individuals who will want to share or sell information; and most important, fourth, information customers who will justly demand privacy, affordability and choice.

At some time in the next two decades, we will think about the information marketplace in terms of these four components. We will not talk about cable or telephone or cellular or wireless because there will be free and open competition between everyone who provides and delivers information.

This administration intends to create an environment that stimulates a private system of free-flowing information conduits. It will involve a variety of affordable and innovative appliances and products, giving individuals and public institutions the best possible opportunity to be both information customers and

providers. Anyone who wants to form a business to deliver information will have the means of reaching customers, and any person who wants information will be able to choose among competing information providers at reasonable prices. That's what the future will look like in, say, 10 or 15 years. That's the future we must create.

But how do we get there from here. This is the key question now facing government. It is during the transition period that the most complexity exists and that government involvement is the most important. It's a so-called phase change, like moving from ice to water - ice is simple and water is simple, but in the middle of the change there is a mixture of both - in this case part monopoly, part franchise, part open competition. We want to manage that transition.

And so, I am announcing today that the administration will support removal, over time and under appropriate conditions, of judicial and legislative restrictions on all types of telecommunication's companies - cable, telephone, utilities, television, and satellite. We will do this through both legislative and administrative proposals, prepared after extensive consultation with Congress, industry, public interest, and consumer groups, and state and local governments.

Our goal is not to design the market of the future. It is to provide the principles that shape that market, and it is to provide the rules governing this difficult transition to an open market for information.

We are committed in that transition to protecting the availability, affordability, and diversity of information and information technology as market forces replace regulations and judicial models that are simply no longer appropriate.

On January 11th in Los Angeles, I will participate in a day long session, during which I will outline in more detail the main components of the legislative proposals we will present. Today, though, I want to set forth the principles upon which it will be based - and there are five principles.

First, encourage private investment. The example of Samuel Morse is relevant here. His telegraph was a federal demonstration project, funded by Congress between Washington and Baltimore. Afterwards, though, after the first amazing transmission, most nations treated the telegraph and eventually the telephone service as a government enterprise.

That's what Morse wanted, too, but the Congress said, 'No, find private investors.' This he and other entrepreneurs eventually did, and in the view of most historians, our nation has a tremendous advantage in telecommunications because we encourage private investment instead of a government monopoly.

We face a similar choice now. We must steer a course between a modern Scylla and Charybdis, between the shoals of suffocating regulation on one side and the rocks of unfettered monopolies on the other. Both stifle competition and innovation. The Clinton administration believes, though, that as with the telegraph, our role is to encourage the building of the national information infrastructure by the private sector as rapidly as possible.

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The second principle is to promote and protect competition. I've talked about highways, and you know that all roads once led to Rome, but how many lead to each home? One or two or more? Whatever the answer to that question, the same principles should apply. We must prevent unfair cross subsidies and act to avoid information bottlenecks that would limit consumer choice or limit the ability of new information providers to reach their customers. Because of the nature of these networks, there are certain links that are vulnerable to control by a very few. And that can lead to the expansion of monopoly power to other parts of the network. And we must guard against that. We can see aspects of this question in the debate over the powers of the regional Bell operating companies, and in the passage last year of the Cable Act of 1992, and in the proposal to open up or unbundle the local telephone loop.

The third principle is to provide open access to the network. If someone has an information service to provide over the network, they should be able to do it just by paying a fair and equitable price to the network service provider. Without provisions for open access, the companies that own the networks could use their control of the networks to ensure that their customers only have access to their programming. We've already seen cases where cable company owners have used their monopoly control over their networks to exclude programming that competes with their own programming. Our legislation will contain strong safeguards against such behavior.

Mitch Kapur [sp?], the founder of Lotus and head of the Electronic Frontier Foundation, has spoken about the need for the national information infrastructure to be a so-called 'open platform.' The IBM personal computer is an open platform that any software programmer can use. They can develop software to run on the PC, and if they develop a so-called 'killer application,' as he did with Lotus I, II, III, they can make a lot of money. In the 1980s, thousands of programmers developed thousands of different programs which increased the productivity of our businesses, helped our children learn, and helped families balance their checkbooks.

We need to ensure that the national information infrastructure, just like the personal computer, is open and accessible to everyone with a good idea who has a good idea they want to sell. It's essential.

Fourth, we want to avoid creating a society of information haves and have-nots. That original expression - haves and have-nots - comes from Cervantes, but we're not tilting at windmills here. This is the outgrowth of an old American tradition. Broadcasts, telephones and public education were all designed to diminish the gap between haves and have-nots. In the past, universal service meant that local phone companies were required to provide a minimum level of plain old telephone service for a minimal price. State and federal regulations provided for subsidies to customers in poor and rural areas.

The most important step we can take to ensure universal service is to adopt policies that result in lower prices for everyone, and the lower the price, the less need for subsidies. We believe the pro-competitive policies we will propose will result in lower prices and better service to more Americans, but we will still need a regulatory safety net to make sure that virtually everyone will be able to benefit.

In the past, it was relatively simple to fund universal service. The local

telephone companies were regulated monopolies that could be required to provide lifeline services. As more companies enter the market, as many of the regulations are removed, we have to find new ways of doing the same thing. Just last week the National Telecommunications and Information Administration of the Department of Commerce held a hearing in New Mexico to examine just that question, and we're going to incorporate their findings in our legislation.

As we think about the future of universal service, as a society ought to think - we as a society ought to think about what kind of service and on what group of people we have to concentrate.

Well, for one thing, schools and our children have to be paramount. Reid Hunt, the new head of the FCC, said recently there are thousands of buildings in this country with millions of people in them who have no telephones, no cable television, and no reasonable prospect of broad-band services. They are called schools. But when it comes to ensuring universal service, our schools cannot remain the most impoverished institutions in our society.

We cannot relax restrictions from legislation and judicial decisions without strong commitments and safeguards that there will be a public right-of-way on the information highway. We have to protect the interests of the public sector in order to provide affordable services for education, public health, and government.

Fifth, and the final principle, is that we want to encourage flexibility. After all, flexibility and adaptability are essential if we are to develop policies that will stand the test of time. Technology is advancing so rapidly and the structure of the industry is changing so quickly that we must have policies broad enough to accommodate change.

As the administration develops this legislation, we're trying hard to follow the example set by the authors of the 1934 act and anticipate the certainty of many, many changes that will come just ahead. We're trying hard to enunciate key principles of policy, identify which government agencies will implement the policy, and then leave many of the details to them.

I don't want to sound like I've thought all these ideas up; I haven't. The fact is, in Congress several important pieces of legislation have already been introduced - the Brooks-Dingell bill in the House, for example. It and the Markey-Fields bill represent major steps forward, not to mention more than a year of hard work by those four members of Congress and others, including Congressman Boucher and Congressman Oxley. In the Senate, Senators Danforth and Inouye have introduced a major piece of legislation, and Senator Fritz Hollings is working on another. We're communicating carefully with all of these leaders in the Congress. Between now and the beginning of the next session, we'll continue our dialogue with them, with industry and public interest groups to formulate our proposal for legislative and administrative action.

With high-level congressional support, a growing consensus in industry and leadership from the president, we have a unique opportunity. We can eliminate many of the regulatory barriers now in the path of the information superhighway and perform the most major surgery on the Communications Act since it was enacted in 1934. We will do it by avoiding both extremes - regulation for regulation's sake, or the blind adherence to the dead hand of a free-market

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economist. We will do it with the principle that has guided so much of the administration's efforts over the last year - the urgent need to create flexible and responsive government.

It's fitting that this address is being delivered here at the National Press Club because almost every form of communication you can imagine is present here in this room, from the spoken word to people who are taking notes, some typing on laptops.

Some of you will publish your observations through the use of printing presses, others on television or radio reports.

People tuned into C-SPAN are watching on television; still others are listening on NPR or over a prototype of the NII - the Internet. All of these forms of communication bring us together. They allow us to participate in a virtually instantaneous dialogue to debate and then to build a consensus on the nature of America's information infrastructure.

But even more, as I said at the outset, these methods of communication allow us to build a society that is healthier, more prosperous, and better educated. They will allow us to strengthen the bonds of community and to build new information communities.

The challenge is not, in the end, the new technology; it is holding true to our basic principles. Whether our tools were the quill pens that wrote and then signed the Declaration of Independence or the laptop computers being used to write the constitutions of newly freed countries, better communication has almost always led to greater freedom and greater economic growth. That is our challenge and that is what this administration and our nation will achieve.

Once when Michael Faraday, the inventor of the electric generator, was showing Benjamin Disraeli through his lab and taking pleasure in demonstrating his new inventions. At the end of the tour, Disraeli said, 'Well, what good are all of these things?' Faraday answered, 'What good is a baby?' If we take the narrow view, it looks as if telecommunications is out of its infancy, but if we cast our eyes ahead a few decades or even a century, we see that it's barely out of diapers. We need to look ahead to protect it when it needs protecting, but not get in the way when it needs to walk alone.

Like those wireless operators should have done in the north Atlantic, we should be alert to where the collisions could take place, and we shouldn't hesitate to chart a new course. If we do that, then much more than the telecommunications industry will grow strong. This country will grow strong, and human kind will as well.

Thank you very much. [Applause] Thank you.

Mr. BOYCE: If you're talking about totally deregulating the information highway, what steps do you think should be taken to ensure that the information super-highway is not captured by a few mega-corporations for-

Vice Pres. GORE: One of the policymakers who has been meeting with us on a regular basis for the last several months is Anne Bingaman, the assistant attorney general for antitrust, and our administration believes very strongly -

as I said in part of this presentation - that just as suffocating over-regulation can stifle competition and innovation, so the abandonment of antitrust principles and the surrender to private agglomerations of monopoly power can have the same effect.

We intend, in this administration, to make certain that the laws are enforced fairly and thoroughly, including those that are designed to prevent anti-competitive practices.

Mr. BOYCE: Where does the administration stand on the pending legislation, the Markey-Fields bill, the Dingell-Brooks bill and the Danforth-Inouye bill in the Senate? Are you asking that those be shelved now?

Vice Pres. GORE: No, not at all. In fact, we have worked very carefully with the sponsors of those bills, each of which take on a slightly different part of the larger set of issues. They've done a lot of heavy lifting; they have achieved some significant breakthroughs. We are still in communication with them about how to incorporate our view of the right outcome on particular parts of the problems they address, but the basic principles of the Brooks-Dingell bill, for example, and the Markey-Fields bill are ones that we endorse.

Mr. BOYCE: What is the administration's position on the proposed TCI-Bell Atlantic merger? Sen. Metzenbaum said he expects the Justice Department will modify it substantially. Do you agree?

Vice Pres. GORE: Well, that will be for the Justice Department to determine, and we have no intention of interfering in the legal-analysis of a pending matter of that kind. We have not done so, and we will not do so.

Mr. BOYCE: To what extent does the - your legislation package that you're formulating now extend to encompass an international information highway.

Vice Pres. GORE: When I was in the former - the republics of the former Soviet Union last week, one of the most important requests by these various leaders was to gain access to the Internet and to the successors to the Internet. And there are already communications links over this prototype network in many, many nations around the world. That is in our interest, it is to our advantage to continue and broaden those links, and we'll do that.

Mr. BOYCE: You mentioned this, but how specifically could you make sure that people of all economic strata gain simultaneous access to the information super-highway?

Vice Pres. GORE: The principle of universal service has been interpreted in the case of telephone service to mean that - what we now have is about 93, 94 percent of all American families have telephone service and it is regarded as affordable to virtually - by virtually everyone. Our definition of universal service, once the cluster of services that are encompassed is agreed upon, is that approximately the same percentage should have access to the richer information products as well, so that a school child in my hometown of Carthage, Tenn., population 2,000, could come home after class and sit down and instead of playing a video game with a cartridge, plug into the Library of Congress, and learn at his or her own pace, according to the curiosity that seized that child at the moment, not just in the form of words but color, moving graphics and

pictures.

We know how to do that. There are no technological obstacles; there are no discoveries remaining to be made to put that kind of resource at the disposal of school children and families and small businesses throughout this country. The only obstacles are legal, regulatory and financial. We have the capacity to solve those problems. What I'm saying here today is, we want to create an information marketplace 10 to 15 years from now that makes that possible. We want to manage the transition from our current marketplace to that one in ways that provide universal service, protect competition, stimulate investment and enrich our nation.

There is a growing consensus in private industry, among leaders on Capitol Hill and in the public-interest community about how we can do that. That's why you've seen the emergence of important bills in the Congress over the past year. That's why the national debate has heated up so much since President Clinton authorized Ron Brown and me to put out the National Information Infrastructure Blueprint soon after we took office in January.

The good news is we're headed in the right direction, we know where we want to end up, now we have to tackle the difficult transition issues about how to get there.

Mr. BOYCE: If I could put in a plug here, the National Press Club and the National Press Foundation are working to develop a state-of-the-art electronic library here for journalists and the public, including a link to the Internet. As a former journalist, could you talk about how technology has changed a reporter's job?

(Laughter)

Vice Pres. GORE: When I first started working at the Nashville Tennessean with Reggie Stuart, we did it the old-fashioned way and typed it out on a piece of paper and handed it in, and it would be marked up with a lead pencil and we'd go and type it again. We then went to a transition technology calling for something known as scanner-ready copy. Anybody here remember that? Where you would type it with a different kind of typewriter and then feed it into a machine that read it into the computer. Now, of course, there are the regular word processors on every desk that feeds electronic impulses straight into the typesetter.

We as a nation are going through a similar transition now. We're moving from the old technology through a transition stage that is partly old and partly new, and we're going to end up with a new information infrastructure that relies on digits of information, bits of information - zeros and ones. Televisions signals will be digitized, radio, videos; all of it will be just in the form bits. But because we're in this transition stage, we still have regulatory and legal frameworks that were built up around the old technologies, which have all these distinctions that are no longer especially relevant. But moving from one to the other will be just about as awkward as that scanner-ready copy was in the newsroom.

Mr. BOYCE: Switch topics here. You've just returned from Russia, what are your impressions of Zhirinovsky and the future of democratic reform?

Vice Pres. GORE: Well, Vladimir Zhirinovskiy, the ultra-nationalist whose party gained almost twice the number of votes of any other party in the election that provided for half of their lower house of parliament, has made statements and expressed views that, as I've said previously, I think are reprehensible and an anathema to those of us in this world who love freedom.

I think his victory has to be put into context. As President Clinton said, much of it is attributable to a protest against the serious economic conditions in Russia. Their depression is much deeper than our Great Depression of the 1930s. They have lost, just in one year, the same number of defense jobs that we've lost over the last five years. And there is a growing impatience there.

The victory of the constitution in Russia, is in my opinion a more important outcome of that election. It contains a world class bill of rights, and even though the strength it provides to the executive branch has inspired some controversy in the American context, it nevertheless provides a legal basis for a government of laws and not people. And the forces of reform and democratization will probably have after all is said and done, a narrow majority in the new parliament.

Now how the coalitions form and which independents go in which direction, that all remains to be seen. But the overall result should cause us to redouble our efforts and I hope will cause nations around the world to listen more carefully to what President Clinton has been saying all year long about the need for the world to rally much more effectively to support the process of reform and democratization underway there.

Mr. BOYCE: Your suggestion that conditions for aid to Russia should be loosened, how exactly do you propose to do that and why?

Vice Pres. GORE: Well first of all, let me tell you what I am not saying there. The so called conditions imposed upon a lot of multilateral aid by the International Monetary Fund are designed to ensure that hyperinflation doesn't get out of hand, and that basic economic conditions essential to inspiring the confidence of private investors inside Russia and from other countries, are established. And that's a legitimate task which has to be pursued.

But the way these conditions are imposed now, the people in charge don't always take into account the social impact of the implementation of these restrictions and conditions. Ambitious targets will be set, the Russian authorities will make great efforts to meet those targets. If they fall just short then it's a yes or no decision. They don't get any of the aid that is conditioned upon exactly meeting the targets.

I think it's good that the IMF has begun to change and search for ways to take social impact into account. The World Bank has been a little faster off the mark and has changed more readily than the IMF, but both are beginning to change.

Now these are good people who are administering these programs. They recognize the message of these elections as it applies to what they are doing, and I think not only here in the United States, but in other countries with representatives on the boards of these institutions, you're seeing a great effort to look at the pace of the reform process implicit in these conditions, to look at the way the

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conditions are administered, and to try to take the social impact more into account even as we continue to have conditions that work to establish the right macroeconomic conditions.

Mr. BOYCE: One last question that came in from the Internet, this is from the University of Texas at Austin. Recently groups of artists and scholars on the Internet have been discussing the lack of input from people in the arts and humanities in policymaking for the national information infrastructure. What plans do you have to make sure that the needs of the arts and humanities are met by the science and business interests?

Vice Pres. GORE: Well, the arts and humanities communities have been very active users of the Internet and we are keenly interested in the views of those in that community about the future of our national information infrastructure, during the hearing process that NTIA is carrying out, and during the consultation process that our task force will be carrying out over the next few weeks and months, we will certainly seek out such views.

Mr. BOYCE: Before asking the final question I'd like to present you with a certificate for appearing here today. [Laughter]

Vice Pres. GORE: Thank you very much. This means a lot to me and I appreciate that very much.

Mr. BOYCE: A disk with all the comments and questions that came in on the Internet, for you.

Vice Pres. GORE: Pretty impressive, thank you very much. [Laughter]

Mr. BOYCE: A book by National Press Club member Herbert Block, Herblock, A Cartoonist's Life, and I have marked the place where you are mentioned, it's right in here.

Vice Pres. GORE: There's only one place in here? [Laughter]

Mr. BOYCE: There is only one cartoon, I'm sorry.

And also, it would not be a luncheon without the mug.

Vice Pres. GORE: Thank you very much.

[Applause]

Mr. BOYCE: I also wanted to correct, we did have more than 6,000 questions for Santa Claus, and I said 100 for you; actually it was 200. -- [Laughter] A lot better than I thought.

Vice Pres. GORE: Twice as good.

Mr. BOYCE: With all the remarks about your wooden appearance -- [Laughter] -- I must quote Barbara Walter: 'If he could be any kind of tree, what kind of tree would you be?' [Laughter]

Vice Pres. GORE: What's your favorite color? -- [Laughter] -- Let me say that I

just don't understand all of these comments. Didn't you see me dance inauguration night? Didn't you see that? I mean, you know, the next day, after Tipper and I danced, there were all these people who came up and said, 'You know, your wife is a great dancer.' [Laughter] - And I waited, and, you know, I kind of thought there was another half to the remark, but for some reason it didn't come. But even that did not prepare me for the Jay Leno/Al Gore dance party contest. I don't know if you saw that, where he called five guys at random out of the audience and had a contest to see if anyone could dance more stiffly or worse than Al Gore, and nobody won. - [Laughter]

Thank you all very much. I'm glad to be here.

The preceding text has been professionally transcribed. However, although the text has been checked against an audio track, in order to meet rigid distribution and transmission deadlines, it may not have been proofread against tape.

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AT THE
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- 25 Parts of Foster's Files Were Given to Clinton, White House Says
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GORE

From page B7

sible antitrust violations and that phone companies set up separate subsidiaries for new businesses.

Mr. Gore said antitrust protections will be part of the administration package.

Spokesmen for regional Bell telephone companies said they liked Mr. Gore's drift. The seven regional "Baby Bells" were carved out of the old Bell System 10 years ago by a U.S. District Court judgment that barred them from long-distance services, manufacturing and providing electronic information services.

R.L. "Mickey" McGuire, executive vice president of BellSouth Corp. and chairman of a Bells task force on legislative tactics, said technology and mergers are creating new phone services at lower prices. "The message is clear: Congress and the administration are ready to

move forward on this issue.

"We hope they not only change the rules, but change them now, effective immediately, so we can start delivering educational, health care and other valuable services to the American public," he said.

Tom Thuke, a former Iowa congressman and Nynex Corp.'s executive vice president for government affairs, said: "There's a lot that's unsaid in the speech obviously. But what was said we concur with."

Long-distance phone companies, which also were created by the Bell System breakup, were more cautious.

An MCI Communications Corp. spokesman in the District said the company endorsed the Gore outline, especially the points about opening local phone service to competition.

Sprint Corp., based in Kansas City, Mo., said the administration should keep the phone companies out of long-distance service until there is local phone competition.

GORE: Laws to Be Revised

Continued from B4

fects the slow pace at which regional Bell telephone companies have invested in modernizing the last link in local phone systems—the limited-capacity, twin-copper wires that extend into individual homes and businesses.

Efforts to reform telecommunications laws have been complicated by the desire to provide affordable universal service and to guard against monopolistic business practices. Following Gore's speech, some regional Bells and major long-distance carriers remained bitterly divided over the conditions that must be met before barriers to competition are dropped.

Tom Norris, vice president of regulatory affairs at American Telephone & Telegraph Co., said in response to Gore's speech that AT&T opposes allowing regional phone companies into the long-distance business unless rivals, such as cable TV operators, make significant inroads against the regional Bells' near-total control of the local telephone market.

While some telephone executives and consumer groups praised

Gore's Goals

The vice president unveiled a five-point initiative to promote telecommunications competition and modernize the telecommunications infrastructure. Key points:

- Encourage private investment with federally funded demonstration projects, and by reducing regulatory barriers.
- Encourage competition by eliminating "unfair cross-subsidies" as well as bottlenecks that would limit consumer choice or the ability of new information providers to reach customers.
- Discourage proprietary communications networks in favor of an open system that connects everyone and is accessible to all.
- Ensure universal service—not only to the poor but also to underserved institutions such as public schools—by adopting policies that promote lower prices.
- Make reforms flexible so they stand the test of time.

Los Angeles Times

the general objectives outlined by Gore, they predicted a major battle as the Administration and Congress try to nail down the specific language of any legislative initiative.

"The key will be in the details," said Bradley Stillman, legislative director for the Consumer Federation of America. "The access to information, which is the lifeblood of a democracy, is at stake here. We are going to hold the Administration to their pledge that they are going to make sure affordable service is provided for everyone."

Added Aubrey Sarvis, vice president of federal relations for Atlantic Bell: "What we had today was a speech about broad principles. I think few on Capitol Hill and in the private sector will object to the principles."

Aubrey noted, however, that it took more than 50 years to get near-universal telephone service. The unanswered questions about the Administration's initiative involve the potential cost and the time frame for achieving the level of service described by Gore, he said.

Gore Says Telecommunications Laws Need Easing, but 'Safety Net' to Stay

By DANIEL PEARL

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON— The Clinton administration said it will try to replace laws that are obstructing new telecommunications services but will keep a "regulatory safety net" to ensure that everybody can use the services.

In particular, schools should have the same access as homes to the new "information superhighways," Vice President Al Gore said in a speech to the National Press Club. And he said the new services, including picture telephones, two-way television and links to the Library of Congress archives, should be available to "virtually everyone," just as basic telephone service is now.

Mr. Gore's speech came as the administration works to draft legislation to fulfill a campaign pledge of promoting investment in fiber-optic "highways." While the vice president provided no specifics, the speech shows the administration has a broader definition of guaranteed services than some people had expected.

Also, while Mr. Gore said the administration would steer a middle ground between "the shoals of suffocating regulation on one side and the rocks of unfettered monopolies on the other," his speech may give heart to companies that are more worried about the shoals than the rocks.

Other Deregulation

For example, Mr. Gore said the administration "will support removal, over time and under appropriate conditions, of judicial and legislative restrictions on all types of telecommunications companies: cable, telephone, utilities, television and satellite." Already, Congress is considering bills that would let cable operators offer telephone service and would let telephone companies offer video, long-distance and other services. As expected, Mr. Gore gave general praise to those efforts.

But his statement seems to open the door to other types of deregulation, too. For example, electric utilities met with administration officials this month seeking relaxation of regulations that could keep them from laying fiber-optic lines and leasing them to others. Broadcasters want the administration to consider relaxing rules that keep a single company — such as a network — from owning stations that reach more than 25% of the public, and rules that keep somebody from owning a television station and cable system in the same market.

"It's really pretty ridiculous for broadcasters to be faced with all these structural restrictions when you've got Bell Atlantic and TCI merging," a spokeswoman for the National Association of Broadcasters said yesterday. An administration official said the cross-ownership rule is "on the table, but there certainly are no decisions on it."

Mr. Gore said the administration is

seeking changes that would regulate companies by the service they're providing instead of the type of company they are. "Our goal is not to design the market of the future. It is to provide the principles that shape that market," he said.

Two Competing Services

He skirted the question of whether every market needs two competing services. Whatever the answer, he said, "we must prevent unfair cross-subsidies" and ensure that nobody uses monopoly power to limit consumer choice. Some government officials have insisted there should be "two wires to the home," but cable and telephone companies have said there's no way most markets could support such an expenditure.

Industry officials generally reacted favorably to Mr. Gore's speech but said they are eagerly waiting for the administration to spell out how it will achieve its broad goals, which it has pledged to do next month.

"The devil is in the details, and we haven't seen the details yet," said Tom Tauke, Nynex Corp.'s executive vice president for government affairs. Still, he said Mr. Gore's comments about schools mean the concept of universal service "has been broadened," and that could create new battles over the issue.

Mr. Gore said, "Our schools cannot remain the most impoverished institutions in our society" when it comes to communications services.

Restructure Subsidy

Currently, cable companies have no requirement to serve all customers. Telephone companies do, and they subsidize residential and rural customers by charging business customers more. But schools don't share in that benefit, because they are charged the same rate as businesses.

The administration hasn't decided how to restructure the subsidy now that the lines between cable and telephone companies are blurring, and it's not clear how schools would benefit from the subsidy, or whether hospitals, universities and other institutions also would participate. "There's a long way to go between discussing wiring everybody and discussing rates," an administration official said.

Last week, the House telecommunications subcommittee, which is considering a bill to break down barriers between cable and telephone companies, sent a letter to cable companies asking whether they would be opposed to providing free hookups to schools. The cable industry says it "has already" hooked up 62,000 schools for free.

PM-Gore-Telecommunications, 600

Administration Readies Bills for Creating Information 'Highway'

Eds: Speech scheduled for 1 p.m. EST; top prospects uncertain

By DIANE DUSTON= Associated Press Writer=

WASHINGTON (AP) After months of talking about information highways, the Clinton administration is close to sending legislation to Congress that would define the government's role in creating such a national information network.

The goal of the measure, expected to go to lawmakers soon after they return next month, would be to ease restrictions on companies developing new communications systems and foster competition.

The bill also would protect public access to the latest technology so that no matter how poor, no one would be closed off from information necessary to compete for work or education.

Vice President Al Gore was to give more details of the administration's plans during a speech at the National Press Club today. It was to be the first of three that have been scheduled by the White House to outline its goals for telecommunications policy.

The administration will support pending legislation permitting greater competition between the cable and telephone industries, The New York Times reported Monday. The administration also will support efforts to ease restrictions barring local phone companies from competing in long-distance service, the newspaper said.

'All of the bills are a step in the right direction,' an administration official told The Associated Press on Monday. The official spoke on condition of anonymity.

In addition, the Times said, the administration is working on plans to establish an electronic procurement system for the federal government and plans to expand the amount of government information available over computer networks for free.

The government is faced with the task of regulating a new world of telecommunications that hasn't taken shape yet.

Mergers between telephone companies, cable TV companies and computer firms are occurring rapidly as corporations gather the expertise and technology they need to give consumers interactive television, picture telephones and computer systems that provide access to the major data centers of the world.

Although the great visions of the communications corporations haven't hit the mass market yet, it's quite clear, officials say, that the Communications Act of 1934 needs an overhaul.

Also, the court agreement that broke up American Telephone & Telegraph 10 years ago is too restrictive in the rapidly changing media environment, administration officials say.

'The fundamental switch is from scarcity to plenty,' the administration official said. In 1934, the government needed to protect the scarce public airwaves from being dominated by a single voice.

Now, digital technology has dramatically expanded the capacity of the airwaves for competing wireless communications devices. Coaxial and fiber-optic cable offer other high-capacity channels for even more information from a broad range of sources.

The telephone companies have gone from a monopoly, AT&T delivering local and long-distance voice transmissions to three major long-distance companies and seven regional Bell systems all interested in global services that include both voice, data and video transmissions.

American telecommunications companies lead the world in the communications industry and are viewed by the administration and Congress as a big, bright spot in the U.S. economy.

Many new jobs are expected to be created by companies manufacturing for the mass consumer market as new technologies are refined. Individual access to vast information networks through home computers could revolutionize the way people work. Interactive TV could bring about an explosion in programming, with home shopping networks significantly altering the way people buy goods.

bc-MFJ-Task-Force-Gore
TO BUSINESS EDITOR:

MFJ TASK FORCE CHAIRMAN REACTS TO GORE SPEECH
ON ADMINISTRATION TELECOMMUNICATIONS POLICY

WASHINGTON, Dec. 21 /PRNewswire/ -- R.L. Mickey McGuire (spokesman for the Regional Bell Companies), chairman of the MFJ Task Force, issued the following statement in reaction to a speech by Vice President Gore on the Clinton administration's telecommunications policy:

"The vice president painted an accurate picture -- technology is changing, business relationships are changing and maturing, and the American public is on the threshold of having lower prices and better telecommunications services. The message is clear -- Congress and the administration are ready to move forward on this issue.

"We hope they not only change the rules but change them now -- effective immediately -- so we can start delivering educational, health care and other valuable services to the American public -- not later but now.

"We should be concerned about protecting and enhancing competition, and we should immediately abandon the idea that any American company should be prohibited from delivering to the American people the benefits of Information Age technology."

McGuire, executive vice president of BellSouth Corporation (NYSE: BLS), is chairman of the MFJ Task Force, an ad hoc committee of the seven Bell companies which was formed to coordinate legislative strategy for removing the restrictions on the Bell companies contained in the AT&T consent decree and the Cable Act of 1984.

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12/21/93

/CONTACT: Bill McCloskey of the MFJ Task Force, 202-463-4129/
(BLS) CO: MFJ Task Force; BellSouth Corporation ST: District of
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BC-CLINTON-TELECOMMUNICATIONS (SCHEDULED)

Gore UNVEILS TELECOMMUNICATIONS PROPOSAL

By Joanne Kelley

WASHINGTON (Reuter) - Vice President Al Gore Tuesday unveiled the Clinton administration plan for a "superhighway" that would allow information to flow freely to and from homes, schools, businesses and other institutions at high speeds.

In a National Press Club speech, Gore said the White House supports the gradual removal of restrictions that separate the cable television and telephone industries and keep local phone companies from offering long-distance service.

A recent string of mergers and increased competition in all of those industries are fast eroding the relevance of the decade-old regulations governing those industries.

"At some time in the next decades ... we won't talk about cable or telephones or cellular or wireless because there will be free and open competition between everyone who provides and delivers information," Gore said.

The proposed changes mark the administration's attempt to encourage the private sector to build so-called data highways.

Gore said the changes would require both legislative and administrative action but would be made in consultation with Congress and both the public and private sectors. He said he will give more details on the administration's legislative package in a speech in Los Angeles on January 11.

Several bills aimed at dismantling restrictions on telephones and cable companies have been introduced by a bipartisan group of influential House lawmakers, who have vowed to push them through early in the next session.

Gore declined to endorse specific legislative proposals, saying he agreed only with the basic principles of allowing for greater competition. He said the White House legislation would contain provisions for "open access" to prevent companies that own networks from monopolizing them.

"Our legislation will contain strong safeguards against such behavior," he said.

He stressed the need for a "regulatory safety net" to ensure that customers in rural and poor areas continue to have access to services.

"In the past, it was relatively simple to fund universal service," he said. "As more companies enter the market -- as many of the regulations are removed -- we have to find new ways of doing the same thing."

REUTER

**** filed by:RB--(--) on 12/21/93 at 16:32EST ****

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Clinton administration wants easy access to information highway for all

By Dori Meinert
Copley News Service

WASHINGTON The Clinton administration wants to ensure that poor Americans not just the affluent have access to the emerging national high-tech information network, Vice President Al Gore said Tuesday (Dec. 21).

"We want to avoid creating a society of information haves and have-nots," Gore said in a speech at the National Press Club.

In addition, the administration wants to promote and protect competition, encourage private investment and ensure flexibility needed to deal with the rapidly advancing technology, Gore said.

He said he will give more details of the White House plan in a speech Jan. 11 in Los Angeles.

With the development of new technologies, consumers will have access to broad information networks through home computers and similar devices, and will experience lifestyle changes as well with interactive TV.

New technologies will require new regulatory schemes. The administration and many in Congress acknowledge the Communications Act of 1934 won't do the job and are attempting to write new regulations to deal with the fast-changing technology.

Historically, federal and state laws have helped ensure that affordable telephone service is available to all Americans. Business users have paid more to keep residential telephone rates down. As a result, about 93 percent of American families have telephone service.

Gore said the federal government should ensure that the same percentage of the population have access to the "information superhighway" of the future.

Several proposals for ushering in this new Age of Information already are pending in Congress, and Gore said the administration supports their "basic principles."

As for making new sources of information available to everyone, Rep. Edward J. Markey, D-Mass., who chairs the House telecommunications subcommittee, has proposed creating a board that would set up a new system of subsidies to ensure low-income Americans have access to a minimum amount of telecommunications service.

Ultimately, the White House also wants to remove judicial and legislative restrictions on joint operations among telecommunications companies, including cable, telephone, utilities, television and satellite, Gore said. Today, anti-trust laws bar some forms of collaboration.

The debate is expected to focus on who pays and what minimum amount of service should be guaranteed.

Shortly after Gore's speech, Rep. Howard M. Metzenbaum, D-Ohio, who chairs a Senate subcommittee on antitrust, monopolies and business rights, urged greater emphasis on the anti-trust laws to protect consumers.

"I am concerned that in its zeal to promote the information superhighway, the administration will bypass the antitrust laws which are the only sure route to lower prices and expanded choices for consumers," Metzenbaum said.

RAMIREZ-CNS-SD-12-21-93 1528PST

Gore discusses new telecommunications proposal

WASHINGTON (UPI) Vice President Al Gore announced Tuesday the administration will present to Congress legislation early next year to eventually remove all judicial and legislative restrictions on telecommunications companies.

During a speech at the National Press Club, Gore said the administration package would include both legislation and administration proposals for deregulation.

He said fuller details would be revealed next month after he meets Jan. 11 in Los Angeles with industry and government representatives and scores of others to discuss the subject.

But in making the case for greater competition in the telecommunications industry in order to benefit U.S. businesses and consumers, Gore said, "I am announcing today that the administration will support removal over time and under appropriate conditions of judicial and legislative restrictions on all types of telecommunications companies cable, telephone, utilities, television and satellites."

The move toward a fully deregulated "information superhighway" would call for a sweeping revamp of the Telecommunications Act of 1934 and the modified final judgment from the American Telephone & Telegraph Co. divestiture judicial restrictions on communications industry.

AT&T's Bell System was broken up into seven regional Bell companies a decade ago but the Baby Bells, which operate under a consent decree enforced by U.S. District Judge Harold Green, have been pushing hard for lifting restrictions on their operations.

An administration official said the ultimate aim of the decision was to loosen restrictions that affect what services a company can offer until the point is reached "where any company can offer any services through any network to any set of consumers."

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Communications and Society Program of the Aspen Institute, a public policy group in Queenstown, Md. But it remains to be seen how the administration will address how to ensure that Americans have the same sort of 'universal access' in the computer age they have enjoyed in the telephone age.

(EDITORS: STORY CAN END HERE)

When the 1934 Communications Act was enacted, such 'universal service' meant access to a party line connecting users to the one communications network Ma Bell's crisscrossing the country on telephone poles.

Now, Americans have multiple networks to choose from, involving wires, strands of glass, radio waves and satellites hovering 23,000 miles above the Earth. Telephones, televisions and computers all will be 'nodes' on such networks, and the notion of a single basic service the telephone call is being swamped by a flood of features, from caller identification to 750 television channels, that may not be necessary for every user.

'Is call-waiting part of universal service? Is a modem (a device that connects a computer to a telephone network) hookup part of universal service? Those are some of the questions we have to answer,' an administration official said in a briefing. 'We don't expect to have all the answers.'

Said Firestone of the Aspen Institute: 'Everybody does not have a right to HBO. Everybody does not have the right to get everything for free.' But local libraries may have to become 'community information stations,' allowing widespread access to databanks of government information and commercial services, for instance.

Otherwise, people who can't afford to buy such machines and services could be frozen out of new forms of electronic education, shopping and entertainment. 'If you're not online, are you effectively disenfranchised?' Firestone said. 'That's the issue.'

Not being 'online' may also mean not being on the job. Already, more than half of the U.S. workforce of 131 million works in 'information-based' jobs, Gore noted.

Measures boosting the creation of information highways spanning the country could also add \$321 billion to the economy by the year 2007, estimates a Washington think tank, the Economic Strategy Institute.

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building the information highway.

Some, such as telephone companies, are heavily regulated and complain that the current rules will keep them from owning and selling information, considered the most lucrative business in the digital future. Less-regulated cable companies want the regulations changed to allow them to offer local phone service and to gain access to existing telephone networks but argue that simply lifting current regulations would give wealthy phone companies an unfair advantage by letting them subsidize the highway's construction from their monopoly phone business.

Gore cautioned that the government would have to work to "prevent unfair cross-subsidies" and make sure that the design of the network doesn't permit a handful of large corporations to control key "information bottlenecks" in the system.

"The only obstacles we have to overcome are legal, regulatory and financial," Gore said.

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bc-bizlaw
DECISIONLINE/Business Law
USA TODAY Update
Dec. 22, 1993
Source: USA TODAY/Gannett National Information Network

BELLSOUTH WANTS ACT CHANGED:

BellSouth Corp. on Tuesday asked a federal court to declare unconstitutional certain sections of the Cable Communications Policy Act of 1984. Such a move could open the way for BellSouth to provide video programming over its local telephone network. The lawsuit alleges the act's provisions violate BellSouth's free speech and equal protection rights.

TELE COMPANIES GET MORE CONTROL:

The Clinton administration will work to wipe out restrictions on all kinds of telecommunications companies, Vice President Gore said Tuesday. But it won't let companies run amok. Gore said the new laws should guide the nation through a difficult transition period, as telephone and cable TV systems move from monopolies to competitive businesses.

DOMINO'S ENDS DELIVERY PROMISE:

Domino's Pizza said Tuesday its 30-minute delivery guarantee is history. The company added it will appeal a decision last week in a St. Louis court of \$750,000 in damages and \$78 million in punitive damages. The damages were awarded to the family of a victim of a car accident involving a Domino's driver. The company said it will shift its emphasis to its existing product satisfaction guarantee.

STEEL DUMPING TARIFFS ANNOUNCED:

The Department of Commerce announced Tuesday new tariffs of between 24.63 percent and 26.5 percent on imports of stainless steel wire rod from Brazil and France. The move is the final step in the antidumping proceedings against those imports. Commerce's investigation began in December 1992 when five domestic makers and United Steelworkers of America petitioned the government.

GAO UPHOLDS CONTRACT PROTEST:

The General Accounting Office on Tuesday upheld Foundation Health Corp.'s protest of a reform initiative contract. The company protested because the Department of Defense had given the follow-on CHAMPUS Reform Initiative contract for California and Hawaii to another bidder. The rival was not named. The GAO said the department did not appropriately solicit and evaluate bids.

ARBITRATION IS FOR SMALL CLAIMS:

California Insurance Commissioner John Garamendi on Tuesday announced an arbitration program. The Department of Insurance and the Judicial Arbitration and Mediation Services initiated a system for consumers who have filed complaints with their insurance companies over claims. They will now be able to seek resolution through binding arbitration, saving some thousands of dollars.

AMERICA WEST LOSES AWA:

America West Airlines said Tuesday that AWA Partners has withdrawn from its reorganization process. AWA Partners is a partnership that includes Hyatt Air Subco Inc. and the WSW Fund. The fund is a private investment partnership co-managed by Wertheim Schroder & Co. Inc. and Alpine Capital Group Inc. The termination of the agreement is subject to approval in Bankruptcy Court.

APPEAL ATTEMPT IS DISMISSED:

A federal appeals court on Tuesday dismissed an appeal by three individuals against Pfizer and Shiley. They were challenging a class-action

THE WHITE HOUSE
WASHINGTON

January 3, 1994

MEMORANDUM FOR VICE PRESIDENT GORE AND SECRETARY OF COMMERCE
BROWN

FROM: Legislative Task Force

SUBJECT: Outline of legislative proposal

Below, in outline form, are the preliminary decisions of the Legislative Task Force on the major policy issues that will have to be addressed in telecommunications legislation in the 103rd Congress:

1. **Telco/Cable Crossownership:**

- a. Telco Entry into Cable: Permit telcos to provide video services in their local exchange areas, subject to certain conditions and safeguards, including some form of nondiscriminatory access (e.g., FCC "video dialtone" rules).
- b. In-Region Acquisitions: Prohibit telco acquisition of cable systems operating in telco service areas, but give the FCC authority to permit telco/cable mergers within telco service areas after some period of time.
- c. Remaining Issue: How much time should elapse before the FCC may begin to grant waivers to the anti-buyout policy, or to change the policy by rule? The group is divided between granting this authority immediately, or waiting for a longer period of time (e.g. 10 years). Also, how should we ensure that information service providers have non-discriminatory access to the customers of cable companies?

2. **Local Competition:** Promote the development of local telephone competition, by:

- a. Interconnection: Requiring telcos to unbundle their services and interconnect with competing providers.
- b. Preemption: Preempting state entry and rate regulation of new entrants into the local telephone service market.

3. **Universal Service:**

- Make the preservation and advancement of "universal service" as explicit objective of the Communications Act.
- Oblige all carriers to contribute to the preservation and advancement of universal service.
- Establish a Federal/State Joint Board to make recommendations concerning the fundamental elements of universal service.

4. **Forbearance:**

- Allow the FCC to reduce regulation of nondominant carriers.

5. **MFJ Issues (generally):**

- Transfer jurisdiction over the decree and its restrictions to the DOJ and FCC.
- When BOC provision of local telephone service can no longer be used to impair competition in other markets, remove the restrictions.
- If BOCs establish a separate affiliate that contains the "last mile" portion of their business, the threshold for allowing them into new lines of business would be lower. [There is no agreement on whether the components of the "last mile" affiliate should be defined initially in legislation, or whether the FCC should be given this authority.]

6. **Information Services:**

- BOCs should be permitted to offer information services.
- If a BOC does not establish a "last mile" separate affiliate, they should have to establish a separate subsidiary for BOC provision of electronic publishing, as required under Brooks-Dingell.

7. **Manufacturing:**

- The Administration should generally adopt the approach of the Hollings bill on the manufacturing issue, without its domestic content restrictions.

8. Long Distance:

- There should be an immediate and limited exception for long distance services incidental to BOC provision of cellular, cable, and at least some information services (e.g., videotext, database services).
- There is also consensus that opening up the local exchange to competition should be a prerequisite to BOC entry into long distance.
- If a BOC establishes a "last mile" affiliate, a less stringent entry test should be applied. Essentially, the burden of proof would shift to Justice to find that entry would impair competition.
- If a BOC does not establish a "last mile" affiliate, the existing test under the MFJ would be applied.
- This approach differs from Brooks-Dingell, which allows entry into two significant portions of the long distance market without meeting an MFJ-like entry test (intrastate, resale of interexchange service for all calls originating within a state). BOCs are also allowed to apply to resell service 18 months after enactment, and facilities-based service 5 years after enactment, but must get FCC and DOJ approval.

9. Open Access:

- A cable operator serving more than 20% of all cable subscribers nationwide should be barred from owning in a video programming service. However, in calculating a cable operator's share of subscribers, regulators would not count subscribers served by systems operated on a common carrier basis.
- We are seeking an opinion from the Solicitor General as to the constitutionality of this provision.

10. The Future of Telecommunications Regulation:

- The group wants to produce legislation that will stand the test of time and address tomorrow's challenges as well as today's. To that end, we are working to develop a regulatory regime for the competitive provision of wideband, interactive digital programming and services to home and office [see attached]. This would require writing a new title of the Communications Act to define and regulate a new communications entity. We feel that this project is very ambitious, but worth pursuing.

A NEW CATEGORY FOR COMMUNICATIONS ENTITIES:
"TITLE VII" COMMUNITY INFORMATION NETWORKS
January 3, 1994

Goal: To enact a flexible, adaptable regulatory regime that encourages the competitive provision of wideband, interactive digital programming and services to home and office.

Approach: Rather than regulate according to the technology used to transport information, "Title VII" will focus on the services (both conduit and content) the firm supplies.

Premise: Converging technologies are making current regulatory approaches obsolete. A streamlined regulatory regime could encourage firms to enter the interactive services market. Open access, interoperability, and universal service requirements should be included in such a regime. Rate regulation will be needed in those markets that lack effective competition as determined by the FCC.

Eligibility: To be designated a "Title VII" firm, a potential entrant must propose to provide interactive, wideband services that meet FCC-developed technical standards within a specified geographic area.

Provisions: "Title VII" firms would be regulated as follows:

- a) The FCC would establish open access requirements that would allow anyone to provide programming by prohibiting firms from establishing unfair conditions (e.g., discriminatory pricing).
- b) The FCC would establish interoperability standards to facilitate interconnection with existing communications systems.
- c) The FCC would establish universal service standards, consistent with the Administration's universal service proposal.
- d) The FCC is a "standby" regulator of rates which may step in if it determines that a dominant provider has emerged in a market.
- e) Existing Communications Act requirements in areas (a) through (d), and related entry barriers (e.g., cable-telco) would be lifted.
- f) State and local regulations impacting the provision of these services would be preempted.



THE VICE PRESIDENT
WASHINGTON

January 4, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: THE VICE PRESIDENT

SUBJECT: OUTLINE OF ADMINISTRATION'S TELECOMMUNICATIONS
POLICY

On January 11th, I will be giving a speech on the Administration's telecommunications policy. I have been meeting with officials from Commerce, Justice, NEC, OSTP, OMB and CEA to develop a consensus Administration position on these issues. I believe this is critical because telecommunications policy reform crucial to setting the "rules of the road" for the information highway is a key commitment of this Administration. Key members of Congress are also committed to passing legislation this session. Before proceeding further, I wanted to let you know where we are headed and to get your input.

As I stated in my speech at the National Press Club on December 21st, I believe that the Administration's policy in this area should be guided by five principles. We should:

1. Encourage private sector investment so that the information highway is built as rapidly as possible;
2. Promote and protect competition by encouraging entry into markets dominated by monopolies and preventing abuse of monopoly power;
3. Provide open access to this network so that entrepreneurs and individuals can easily provide content -- in the same way that anyone can write software for the personal computer;
4. Avoid creating a society of information "haves" and "have nots"; and
5. Encourage flexibility so that our policies can evolve over time as markets and technologies change.

Below, in outline form, are the positions that we believe best implement these principles. I have also attached summaries of major existing legislation.

1. **Telco/Cable Crossownership:**

- Currently, telephone companies ("telcos") are not permitted to own cable systems in the region that they serve. We believe that telcos should be permitted to provide video services in their local exchange areas, subject to certain conditions and safeguards. To prevent "multimedia monopolies", we would prevent telcos from buying existing cable systems in their service areas for at least five years.

2. **Local Competition:**

- We would promote the development of local telephone competition by requiring that phone companies (a) "unbundle" their services; and (b) provide interconnection with competing providers. This would require preempting state entry and rate regulation of new entrants into the local telephone service market.
- States will still have the authority to establish "price caps" to prevent sharp increases in residential rates that might occur as cross-subsidies from business to residential customers are eliminated.

3. **Universal Service:**

- We would make the preservation and advancement of "universal service" an explicit objective of the Communications Act, and oblige all carriers to contribute to the preservation and advancement of universal service. Carriers could provide "in-kind" contributions to universal service as well as contribute to a fund. A Federal/State Joint Board, with input from public interest groups, would make recommendations concerning the fundamental elements of universal service.
- We would also set a national goal to connect all classrooms, hospitals and libraries to the emerging information highway.

4. **Forbearance:**

- We would allow the FCC to reduce regulation of non-dominant carriers.

5. **Modified Final Judgment:**

- Under the consent decree which forced the break-up of AT&T, the Bell Operating Companies ("BOCs") were prevented from entering certain lines of business such as long-distance, manufacturing, and information services.
- Brooks and Dingell have introduced legislation, which we generally support, that would transfer jurisdiction over the decree and its restrictions to the DOJ and FCC, and gradually allow the BOCs into new markets, subject to certain conditions and safeguards.
- On long-distance, we have adopted a slightly different approach. We would encourage BOCs to establish a separate "local loop" affiliate to handle that portion of their business that would remain a regulated monopoly. This would minimize the potential for anti-competitive behavior. In exchange, a less stringent entry test for entry into long distance would be applied.
- Brooks and Dingell would allow BOC entry into two significant portions of the long distance market immediately, but force them to wait for at least five years before providing the full range of long-distance services.

6. **Open Access:**

- We are working to develop legislative provisions that will allow open and non-discriminatory access to the network, and prevent companies from abusing their control of the network.

7. **The Future of Telecommunications Regulation:**

- We want to produce legislation that will stand the test of time and address tomorrow's challenges as well as today's. To that end, we are working to develop a regulatory regime for the competitive provision of wide-band, interactive digital programming and services to home and office.

cc: Mack McLarty
David Gergen
George Stephanopoulos
John Podesta
Pat Griffin
Mark Gearan

THE WHITE HOUSE
OFFICE OF THE VICE PRESIDENT

January 11, 1994
FOR IMMEDIATE RELEASE

Contact: 202-456-7035

VICE PRESIDENT PROPOSES NATIONAL TELECOMMUNICATIONS REFORM

Bring the Information Revolution to Every Classroom, Hospital, and Library in the Nation By the End of the Century

Los Angeles, CA--Citing the need to bring the economic, health, and educational benefits of the information revolution to all Americans, Vice President Al Gore, in a speech to the Academy of Television Arts and Sciences, today outlined the Clinton Administration's proposals to reform the communications marketplace.

Gore challenged his audience to provide free links from the information superhighways to every classroom, library, hospital, and clinic in the country. "You here today represent the companies that can do it," said the Vice President. Following The Vice President's pledge during the 30 minute speech, he stated the Administration's support for removing the legal and regulatory barriers that prevent telephone, cable and long distance companies from entering each others business.

The Vice President recalled the dream of the interstate highway system of his youth. "Today," he explained, "we have a dream for a different kind of superhighway -- an information superhighway that can save lives, create jobs and give every American young and old, the chance for the best education available to anyone, anywhere."

The Vice President said the Clinton Administration's position grew out of the following five principles, which he outlined in a December speech at the National Press Club in Washington, D.C.:

- ✓ Encourage private investment
- ✓ Provide and protect competition
- ✓ Provide open access to the network
- ✓ Avoid creating information "haves and have nots"
- ✓ Encourage flexible and responsive government action

In a much anticipated announcement, Gore presented a series of policy decisions that will "clear from the road the wreckage of outdated regulations and allow a free-flowing traffic of ideas and commerce for the benefit of all Americans."

Specifically, Gore's proposal would allow telephone companies to get into the cable business, and let cable and other companies into the telephone business.

To make such new ventures possible, the Administration will prevent states from imposing barriers to new companies entering the local phone business and will require local phone companies to make their facilities available to all comers without discrimination and to allow competitors to provide all kinds of telephone services the phone company provides now.

On the issue of the court decree governing the breakup of AT&T, Gore said he supported the effort by key Congressional chairmen to take the courts out of the phone business and provide a pathway by which the local phone companies can enter other lines of business -- like long distance service -- but including also electronic publishing and manufacturing. Gore praised the work of Congressman John Dingell (D-MI) and Jack Brooks (D-TX) and pledged his support to work with them to enact a bill this year.

Gore also recognized the work of his colleagues in the U.S. Senate; Senators Ernest Hollings (D-SC), Daniel Inouye (D-HI), and John Danforth (R-MO) and in the U.S. House of Representatives; Ed Markey (D-MA), and Jack Fields (D-TX). "In many ways our legislative goals complement (their) work, said Gore. "We expect to introduce our legislative package shortly, and to work with Congress to ensure its speedy passage."

###

BACKGROUND ON THE ADMINISTRATION'S TELECOMMUNICATIONS POLICY REFORM INITIATIVE

On September 15, 1993, the Administration issued "The National Information Infrastructure: Agenda for Action," which unveiled our National Information Infrastructure (NII) initiative. There is a national consensus that construction of an advanced NII will "help unleash an information revolution that will change forever the way people live, work, and interact with each other." The "Agenda for Action" recognized that realizing the full potential of the NII will require aggressive, far-sighted government action on a number of fronts. The legislative proposals that Vice President Al Gore has outlined today are the culmination of extensive Administration efforts in one critical area -- telecommunications regulatory reform. Similar work is being done in other important areas, including support for innovative applications that will use the NII, improving access to government information, and protecting individual privacy and intellectual property rights.

In a December 21 speech at the National Press Club in Washington, DC, the Vice President announced the Administration's plans to present a package of legislative and administrative proposals concerning telecommunications and information policy. He stated that the Administration's policy would be based on the following fundamental principles:

- ✓ Encouraging private investment in the NII;
- ✓ Promoting and protecting competition;
- ✓ Providing open access to the NII by consumers and service providers;
- ✓ Preserving and advancing universal service to avoid creating a society of information "haves" and "have nots";
- ✓ Ensuring flexibility so that the newly-adopted regulatory framework can keep pace with the rapid technological and market changes that pervade the telecommunications and information industries.

The major elements of the Administration's legislative initiative are identified below, along with a brief discussion of how each proposal advances the principles set forth above. In doing so, the Administration has studied carefully the legislative initiatives of Senators

Hollings, Inouye, and Danforth and Representatives Brooks, Dingell, Markey, and Fields. Its proposals reflect the strengths of, and build on, those bills. The Administration is building upon the dramatic steps taken by the states, including substantial and innovative regulatory reforms. The Administration intends to work closely with the states, some of which are moving aggressively to encourage competition, infrastructure modernization, and NII applications in health care, education, and government services.

In addition to the legislative package, it is a goal of this Administration that by the year 2000 all of the classrooms, libraries, hospitals, and clinics in the United States will be connected to the NII.

ENCOURAGING PRIVATE INVESTMENT AND PROMOTING COMPETITION

To fully realize the benefits of private investment and more competition in the information infrastructure, regulatory change is needed. For many years, government regulation assumed clear, stable boundaries between industries and markets. This assumption sometimes prompted regulators to view (and to regulate) firms in various industries differently, even when they offered similar services. It also caused regulators to address the threat of anticompetitive conduct on the part of some firms by barring them from certain industries and markets.

The time has come for another approach. Even if the lines between industries and markets were clear in the past, technological and market changes are now blurring them beyond recognition, if not erasing them entirely. Regulatory policies predicated on such perceived distinctions can harm consumers by impeding competition and discouraging private investment in networks and services. The Administration is therefore committed to removing unnecessary and artificial barriers to participation by private firms in all communications markets, while making sure that consumers remain protected and interconnected.

CABLE-TELCO CROSS-OWNERSHIP

The Administration proposes to remove the current cross-ownership restriction of the 1984 Cable Act, and allow telephone companies to provide video services in their local exchange areas in order to promote investments that expand consumer choices and services. To ensure that telephone company entry does not harm consumers or competition, such entry will be subject to certain safeguards, most notably a requirement that the telephone company make channel capacity available to unaffiliated video program providers on a nondiscriminatory basis. This requirement should create market opportunities for competing providers of video services, thereby reducing prices and expanding the diversity of services available to television viewers.

Further, to deter premature and potentially anticompetitive mergers between telephone companies and their most likely competitors -- existing cable companies -- the Administration proposes to prohibit telephone companies from acquiring cable systems located in the companies' local exchange areas. There would be an exception for those telephone companies operating in rural areas, which may be unable to support more than one carrier. However, to ensure that this measure does not outlive its usefulness, the Administration proposes to authorize the Federal Communications Commission (FCC) to begin proceedings that could allow such acquisitions five years after the date of legislative enactment, if certain conditions are met (e.g., the presence of sufficient competition in the telco's service area). Any telephone company/cable system acquisition would also be subject to the antitrust laws in the same manner as an acquisition in any other industry.

LOCAL COMPETITION

Competition has generated substantial benefits for consumers in a host of communications and information service markets, including customer premises equipment and long distance service. The varieties of customer premises equipment have expanded dramatically since deregulation. In addition, the price of interstate long distance telephone service for the average residential user has declined more than fifty percent in real dollars since 1984, due to competition and regulatory reform. Consumers will realize similar benefits by the expansion of competition in the local telephone service market. Competition in that market will reduce the ability of any telephone company to harm competition and consumers through monopoly control and will encourage investment and innovation in the "on and off ramps" of the NII.

Accordingly, the Administration proposes to ensure that competing providers have the opportunity to interconnect their networks on reasonable, nondiscriminatory terms, with the facilities of all local telephone companies. Such companies should also be required to unbundle their service offerings so that alternative providers can offer similar services using a combination of, for example, telephone company-provided switching and their own transmission facilities. Finally, the Administration's plan will preempt state entry barriers, as well as rate regulation of carriers that the FCC finds or has found to lack market power.

The Administration understands that the growth of competition for local telephone services may require repricing of some local services. Such repricing must not be allowed to cause "rate shock" for consumers. Therefore, in implementing network interconnection and unbundling, the FCC and state regulators will be directed to prevent undue rate increases for any class or group of ratepayers.

MODIFIED FINAL JUDGEMENT (MFJ) RESTRICTIONS

The Administration is grateful for and appreciative of the excellent job done by the courts in connection with the MFJ. The break-up of AT&T has helped spur the competition and innovation that have kept America at the vanguard of the telecommunications industry. Now, the time has come to move beyond a decree remedying only specific violations of law administered by the courts and to enact a far-reaching and comprehensive plan reflecting a vision of the telecommunications world of the future. A key element of that plan must be to promote and protect competition, the engine of progress and jobs.

LONG DISTANCE SERVICE

The Administration supports the Brooks-Dingell bill provision that requires Department of Justice (DOJ) and FCC approval before the Regional Bell Operating Companies (RBOCs) may provide interexchange services -- most notably long distance service. In determining whether to lift the restriction, the Department of Justice will apply the test contained in Section VIII(C) of the MFJ. The FCC will apply a public interest test like that set forth in the legislative proposal offered by Chairmen Brooks and Dingell. These entry tests are designed in part to ensure competition and to protect consumers and local telephone ratepayers against cross-subsidization and other potential abuses of monopoly power. In working with the Congress, the Administration will explore the creation of incentives for RBOCs to increase the transparency of their facility-based local services, because of concerns associated with cross-subsidization and abuses of monopoly power. The Administration's plan will also include an immediate and limited exception to the prohibition of the provision of long distance services incidental to RBOC provision of wireless, cable television, and certain other services.

INFORMATION SERVICES

As current law provides, the RBOCs are permitted to offer information services. The Administration supports the approach taken in the Brooks-Dingell legislation that requires a separate affiliate for electronic publishing.

MANUFACTURING

In keeping with the principle of removing barriers to participation by all firms in all markets except where necessary, the Administration proposes to remove the current ban on RBOC research, development, and manufacturing subject to safeguards to prevent cross-subsidization and discriminatory practices. The safeguards to be applied before entry would include a

notification-and-waiting-period procedure, as contained in the legislation proposed by Chairmen Brooks and Dingell, under which an RBOC would submit relevant information about its proposal to the Department of Justice, which could investigate and sue to enjoin the proposed entry. The Administration also supports substantive post-entry safeguards, as contained in legislation introduced by Chairman Hollings and passed by the Senate in the last Congress. Those safeguards include, among other things, requirements that manufacturing be kept separate from the monopoly portion of the telephone company's business, that the RBOC not discriminate in either procurement or sales, and that needed network information be timely disclosed to competing manufacturers.

OPEN ACCESS/PROGRAMMING DIVERSITY

There is a long-standing national policy, embodied in the First Amendment, of protecting diversity and competition in the flow of ideas. This fundamental interest is critical not only with respect to the provision of entertainment, but also with respect to educational material, health information, information necessary to an informed citizenry, and other programming matter. To further this goal, the Administration plans to require the FCC, one year after enactment, to impose nondiscriminatory access obligations on cable television systems, except when technology, costs, and market conditions make it inappropriate.

ENSURING REGULATORY FLEXIBILITY AND FAIRNESS

The new regulatory framework that the Administration seeks to create is designed to adjust to the technological and market changes that have undermined the regulatory regime created by the Communications Act. Legislation in this area must stand the test of time, by addressing tomorrow's challenges as well as today's. The Administration's lodestars in this efforts are flexibility, adaptability, and fairness. The regulatory instruments we choose must be supple enough to accommodate the continual change that will typify communications industries in the future. At the same time, those instruments must be equitable; similarly situated services should be subject to the same regulatory requirements.

Beyond tackling the problems that have arisen as a result of current technological and market changes, the Administration recognizes that a new kind of communications service provider will emerge, one that offers switched, broadband digital transmission services to home and office. Such firms face the potential of being regulated under two different parts of the Communications Act -- Titles II (common carriers) and VI (cable communications). These firms will also be regulated

at the state level for the intrastate component of their Title II services and at the local level for their Title VI services, creating a needlessly overlapping and complex regulatory environment.

The nation needs a flexible, adaptable regulatory regime that encourages the competitive provision of the broadband, switched digital transmission services that can truly knit homes and businesses together. The Administration will propose a future-oriented regulatory regime, to be enacted as a new Title VII to the Communications Act, that will encourage firms to provide these services.

The keys to regulatory reform:

- Flexibility
- Adaptability
- Fairness

The Administration's proposal would provide the FCC with broad forbearance authority while maintaining key public policy goals, including open access and interoperability requirements, along with obligations to support universal service. In addition, consistent with the approach taken in the 1992 Cable Act, the proposal will provide for rate regulation until competition is established in these service markets, with a presumption of forbearance for new entrants that are not dominant in related services. State and local regulation of services not subject to competition could take place subject to FCC guidelines. Under the Administration's plan, the FCC would adopt transition rules to move to this new regime. Firms would elect to be regulated under the new framework, provided that they meet threshold criteria established by the FCC.

In addition, the Administration proposes to allow the FCC to reduce regulation for telecommunications carriers that lack market power. This provision will ensure that unnecessary government regulation -- however well-intentioned -- does not harm users of the infrastructure, or impede competitive entry, investment, and the introduction of new services.

UNIVERSAL SERVICE

The United States has long been dedicated to "universal service" -- widespread availability of basic telephone service at affordable rates. As stated in the "Agenda for Action," the Administration is committed to developing a new concept of universal service that will serve the information needs of the American people in the 21st century. Indeed, the full potential of the NII will not be realized unless all Americans who desire it have easy, affordable access to advanced communications and information services, regardless of income, disability, or location.

It is a goal of this Administration that by the year 2000, all of the classrooms, libraries, hospitals, and clinics in the United States will be connected to the NII.

The Administration recognizes, however, that crafting a new, meaningful, and practical definition of universal service will require flexibility, foresight, and the balancing of diverse interests. Given these circumstances, the proposed legislation will establish several overarching guidelines and charge the expert agencies -- the FCC and the state regulatory commissions -- with establishing the details.

The Administration therefore proposes to:

- ✓ Make the preservation and advancement of "universal service" an explicit objective of the Communications Act, in order to establish the goal that advanced services be available to rural and urban lower income users, to users in areas where the costs of service are high, and to social institutions, especially schools and health care facilities.
- ✓ Charge the FCC and the states with continuing responsibility to review the definition of universal service to meet changing technological, economic, and societal circumstances.
- ✓ Establish a Federal/State Joint Board to make recommendations concerning FCC and state action on the fundamental elements of universal service. In its deliberations, the Joint Board must gather input from non-governmental organizations.
- ✓ Oblige those who provide telecommunications services to contribute to the preservation and advancement of universal service. However, the FCC, in consultation with the states, would be authorized to permit "sliding scale" contributions (e.g., to avoid burdening small providers and new entrants), or "in-kind" contributions in lieu of cash payments (e.g., to reduce the monetary payments owed by providers that offer to connect with schools, hospitals, etc.).

TELECOMMUNICATIONS POLICY REFORM

New technologies and market forces have led to a convergence of once separate communications industries, and this convergence requires a new framework to ensure that the United States remains a leader of the information age. This new framework is the Administration's legislative agenda on communications outlined by Vice President Gore. It is only one in a series of steps to encourage the development of the National Information Infrastructure (NII), a seamless web of communications networks, computers, databases, and consumer electronics that will put vast amounts of information at users' fingertips.

The Administration's legislative agenda on telecommunications seeks to facilitate greater economic growth by removing regulatory barriers, and to create new jobs, new business opportunities and expanded diversity of choice for American consumers. An advanced information infrastructure will bring into millions of homes information that will enrich people's economic, social, and political lives. Ensuring that this technology is used to promote education, health care, and information access for the benefit of all Americans is a major goal of the legislative initiatives.

Specifically, the initiatives aim to create a flexible, adaptable approach to the communications industry that will encourage the development of the information infrastructure -- a network that eventually will link homes and businesses together in multimedia community networks. The legislative initiatives promote what is known as a broadband interactive network, or a network that enables vast amounts of information to flow back and forth. In addition, the legislation will:

- ✓ Increase competition and private investment in communications by removing unnecessary regulations and artificial barriers to participation by private firms in all communications markets. For example, the Administration proposes to permit cable companies and others to provide local telephone service;
- ✓ Secure open access to the network for consumers and service providers. For example, the legislation requires all local telephone companies upon reasonable request to interconnect their networks with the facilities of competing providers on nondiscriminatory terms;
- ✓ Preserve and advance universal service for all Americans across all sectors of society. Because full and productive participation in American society will increasingly depend on access to information, the Administration is committed to promoting the availability of information resources to all people at affordable prices;
- ✓ Develop a new regulatory framework that is flexible and fair by allowing the FCC to reduce regulation for telecommunications carriers that lack market power.

The Administration's legislative agenda outlines a comprehensive approach to communication. It is a broad vision of the future of the information infrastructure, with a commitment to using communications technology to improve and enhance the lives of all Americans.

TELECOMMUNICATIONS POLICY REFORM

The Administration's Legislative Initiative



January, 1993

BACKGROUND ON THE ADMINISTRATION'S TELECOMMUNICATIONS POLICY REFORM INITIATIVE

On September 15, 1993, the Administration issued "The National Information Infrastructure: Agenda for Action," which unveiled our National Information Infrastructure (NII) initiative. There is a national consensus that construction of an advanced NII will "help unleash an information revolution that will change forever the way people live, work, and interact with each other." The "Agenda for Action" recognized that realizing the full potential of the NII will require aggressive, far-sighted government action on a number of fronts. The legislative proposals that Vice President Al Gore has outlined today are the culmination of extensive Administration efforts in one critical area -- telecommunications regulatory reform. Similar work is being done in other important areas, including support for innovative applications that will use the NII, improving access to government information, and protecting individual privacy and intellectual property rights.

In a December 21 speech at the National Press Club in Washington, DC, the Vice President announced the Administration's plans to present a package of legislative and administrative proposals concerning telecommunications and information policy. He stated that the Administration's policy would be based on the following fundamental principles:

- ✓ Encouraging private investment in the NII;
- ✓ Promoting and protecting competition;
- ✓ Providing open access to the NII by consumers and service providers;
- ✓ Preserving and advancing universal service to avoid creating a society of information "haves" and "have nots";
- ✓ Ensuring flexibility so that the newly-adopted regulatory framework can keep pace with the rapid technological and market changes that pervade the telecommunications and information industries.

The major elements of the Administration's legislative initiative are identified below, along with a brief discussion of how each proposal advances the principles set forth above. In doing so, the Administration has studied carefully the legislative initiatives of Senators

Hollings, Inouye, and Danforth and Representatives Brooks, Dingell, Markey, and Fields. Its proposals reflect the strengths of, and build on, those bills. The Administration is building upon the dramatic steps taken by the states, including substantial and innovative regulatory reforms. The Administration intends to work closely with the states, some of which are moving aggressively to encourage competition, infrastructure modernization, and NII applications in health care, education, and government services.

In addition to the legislative package, it is a goal of this Administration that by the year 2000 all of the classrooms, libraries, hospitals, and clinics in the United States will be connected to the NII.

ENCOURAGING PRIVATE INVESTMENT AND PROMOTING COMPETITION

To fully realize the benefits of private investment and more competition in the information infrastructure, regulatory change is needed. For many years, government regulation assumed clear, stable boundaries between industries and markets. This assumption sometimes prompted regulators to view (and to regulate) firms in various industries differently, even when they offered similar services. It also caused regulators to address the threat of anticompetitive conduct on the part of some firms by barring them from certain industries and markets.

The time has come for another approach. Even if the lines between industries and markets were clear in the past, technological and market changes are now blurring them beyond recognition, if not erasing them entirely. Regulatory policies predicated on such perceived distinctions can harm consumers by impeding competition and discouraging private investment in networks and services. The Administration is therefore committed to removing unnecessary and artificial barriers to participation by private firms in all communications markets, while making sure that consumers remain protected and interconnected.

CABLE-TELCO CROSS-OWNERSHIP

The Administration proposes to remove the current cross-ownership restriction of the 1984 Cable Act, and allow telephone companies to provide video services in their local exchange areas in order to promote investments that expand consumer choices and services. To ensure that telephone company entry does not harm consumers or competition, such entry will be subject to certain safeguards, most notably a requirement that the telephone company make channel capacity available to unaffiliated video program providers on a nondiscriminatory basis. This requirement should create market opportunities for competing providers of video services, thereby reducing prices and expanding the diversity of services available to television viewers.

Further, to deter premature and potentially anticompetitive mergers between telephone companies and their most likely competitors -- existing cable companies -- the Administration proposes to prohibit telephone companies from acquiring cable systems located in the companies' local exchange areas. There would be an exception for those telephone companies operating in rural areas, which may be unable to support more than one carrier. However, to ensure that this measure does not outlive its usefulness, the Administration proposes to authorize the Federal Communications Commission (FCC) to begin proceedings that could allow such acquisitions five years after the date of legislative enactment, if certain conditions are met (e.g., the presence of sufficient competition in the telco's service area). Any telephone company/cable system acquisition would also be subject to the antitrust laws in the same manner as an acquisition in any other industry.

LOCAL COMPETITION

Competition has generated substantial benefits for consumers in a host of communications and information service markets, including customer premises equipment and long distance service. The varieties of customer premises equipment have expanded dramatically since deregulation. In addition, the price of interstate long distance telephone service for the average residential user has declined more than fifty percent in real dollars since 1984, due to competition and regulatory reform. Consumers will realize similar benefits by the expansion of competition in the local telephone service market. Competition in that market will reduce the ability of any telephone company to harm competition and consumers through monopoly control and will encourage investment and innovation in the "on and off ramps" of the NII.

Accordingly, the Administration proposes to ensure that competing providers have the opportunity to interconnect their networks on reasonable, nondiscriminatory terms, with the facilities of all local telephone companies. Such companies should also be required to unbundle their service offerings so that alternative providers can offer similar services using a combination of, for example, telephone company-provided switching and their own transmission facilities. Finally, the Administration's plan will preempt state entry barriers, as well as rate regulation of carriers that the FCC finds or has found to lack market power.

The Administration understands that the growth of competition for local telephone services may require repricing of some local services. Such repricing must not be allowed to cause "rate shock" for consumers. Therefore, in implementing network interconnection and unbundling, the FCC and state regulators will be directed to prevent undue rate increases for any class or group of ratepayers.

MODIFIED FINAL JUDGEMENT (MFJ) RESTRICTIONS

The Administration is grateful for and appreciative of the excellent job done by the courts in connection with the MFJ. The break-up of AT&T has helped spur the competition and innovation that have kept America at the vanguard of the telecommunications industry. Now, the time has come to move beyond a decree remedying only specific violations of law administered by the courts and to enact a far-reaching and comprehensive plan reflecting a vision of the telecommunications world of the future. A key element of that plan must be to promote and protect competition, the engine of progress and jobs.

LONG DISTANCE SERVICE

The Administration supports the Brooks-Dingell bill provision that requires Department of Justice (DOJ) and FCC approval before the Regional Bell Operating Companies (RBOCs) may provide interexchange services -- most notably long distance service. In determining whether to lift the restriction, the Department of Justice will apply the test contained in Section VIII(C) of the MFJ. The FCC will apply a public interest test like that set forth in the legislative proposal offered by Chairmen Brooks and Dingell. These entry tests are designed in part to ensure competition and to protect consumers and local telephone ratepayers against cross-subsidization and other potential abuses of monopoly power. In working with the Congress, the Administration will explore the creation of incentives for RBOCs to increase the transparency of their facility-based local services, because of concerns associated with cross-subsidization and abuses of monopoly power. The Administration's plan will also include an immediate and limited exception to the prohibition of the provision of long distance services incidental to RBOC provision of wireless, cable television, and certain other services.

INFORMATION SERVICES

As current law provides, the RBOCs are permitted to offer information services. The Administration supports the approach taken in the Brooks-Dingell legislation that requires a separate affiliate for electronic publishing.

MANUFACTURING

In keeping with the principle of removing barriers to participation by all firms in all markets except where necessary, the Administration proposes to remove the current ban on RBOC research, development, and manufacturing subject to safeguards to prevent cross-subsidization and discriminatory practices. The safeguards to be applied before entry would include a

notification-and-waiting-period procedure, as contained in the legislation proposed by Chairmen Brooks and Dingell, under which an RBOC would submit relevant information about its proposal to the Department of Justice, which could investigate and sue to enjoin the proposed entry. The Administration also supports substantive post-entry safeguards, as contained in legislation introduced by Chairman Hollings and passed by the Senate in the last Congress. Those safeguards include, among other things, requirements that manufacturing be kept separate from the monopoly portion of the telephone company's business, that the RBOC not discriminate in either procurement or sales, and that needed network information be timely disclosed to competing manufacturers.

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Remarks as Delivered
by Vice President Al Gore
to The Superhighway Summit
Royce Hall, UCLA
Los Angeles, California
January 11, 1994

Let me begin by saying it is great to be here at the Television Academy today. I feel as if I have a lot in common with those of you who are members of the Academy. I was on Letterman. I write my own lines.

I'm still waiting for residuals.

At first, I thought that the Letterman show could lead to a whole new image, maybe a new career. No more Leno jokes about being stiffer than the Secret Service, or about being so stiff you need a strobe light to make it look like I'm moving. I thought maybe it would even lead to an opportunity to do some other shows. I was just thrilled when I was asked by "Star Trek: The Next Generation" to come on the show and do a guest shot -- I was crestfallen when they made it clear they wanted me to replace Lieutenant Commander Data.

The historian Daniel Boorstin, who used to be the Librarian of Congress, once wrote that for Americans "nothing has happened unless it is on television." This, of course, leaves out a few major events in our history. But this meeting today is on television -- so apparently it is actually occurring. And it's great to be here.

I join you to outline not only this Administration's vision of the National Information Infrastructure but our proposals for creating it.

Last month in Washington, I set forth some of the principles behind our vision. Today I'll talk about the legislative package necessary to ensure the creation of that national infrastructure in a manner which will connect and empower the citizens of this country through broadband, interactive communication.

We've all become used to stumbling over cliches in our efforts to describe the enormity of the change that is now underway and the incredible speed with which it is taking place. Often we call it a revolution -- the digital revolution.

Speaking of stumbling over cliches, I often used to use the analogy to automobiles, saying that if cars had advanced as rapidly as computer chips over the last few years, a Rolls Royce would go a million miles per hour and cost only twenty-five cents.

That is, I used to use it until I used it at a meeting of computer experts and one of them spoke up and said, "Yeah -- but the Rolls Royce would be about one millimeter long."

In any event, what we have been seeing with this incredible pace of change, especially in the last decade, really is amazing. But even this change is nothing compared to what will happen in the decade ahead. The word revolution by no means overstates the case.

But this revolution is based on traditions that go far back in our history.

Since the transcontinental telegraph that transmitted Abraham Lincoln's election victory -- where they were assembling the vote totals in the East all the way to California in real time for the first time in history -- our ability to communicate electronically has informed and shaped America.

It was only a year before that election that the Pony Express was the talk of the nation, able to send a message across our nation in seven days. Of course, the next year it was out of business.

Today's technology has now made possible a global community united by instantaneous information and analysis. Protesters at the Berlin Wall communicated with their followers through CNN news broadcasts. The fax machine connected us with demonstrators in Tiananmen Square.

So it's worth remembering that while we talk about this digital revolution as if it's about to happen, in many places it is already underway. Even in the White House.

Let me give you an example. The day after the Inauguration, I was astonished to see how relatively primitive the White House communications system was. President Clinton and I took a tour and found operators actually having to pull cords for each call that came in and plug them into the right jack in order to complete the connection. It reminded me of the switchboard used by Ernestine, that wonderful character created by Lily Tomlin. And there were actually phones like these (PICKS UP STANDARD BLACK AT&T PHONE), straight from the White House. They're still there. We have made some progress. They're only in the press room now.

But these phones just didn't meet our needs. So now we use modern phones. And on trips I use a cellular phone like this one, which some of you have probably used. (PICKS UP CELLULAR PHONE. AS HE DOES, IT RINGS.) Has that ever happened to you when you... Excuse me. Hello? (WE HEAR LILY TOMLIN, AS ERNESTINE THE OPERATOR, ON THE PHONE.)

TOMLIN: A gracious hello. Have I reached... Hello? Have I reached the party to whom I am speaking?

GORE: I'm not sure. This is the Vice President.

TOMLIN: The Vice President?

GORE: Al Gore.

TOMLIN: Al Gore? Al Gore? Little Albert? Oh my goodness. This is Ernestine the Operator. My wires must have got crossed. I was trying to reach the 'VP' of AT-T. That's a little company I work for sometimes. GORE: Well, he may be here somewhere. But perhaps I can help you. (TOMLIN WALKS ON STAGE.)

TOMLIN: I'm sure you can help me. Oh, Mr. Vice President, thank you. I think maybe you can help me after all. I'm so glad I have this time with you. I must admit I've been somewhat of a technophobe. Me and my switchboard have been codependent. But I'm not sure exactly which track to take.

GORE: Well, we're...

TOMLIN: Are you sure you can help me?

GORE: We're here talking about the information revolution that's going to provide lots and lots of information to people.

TOMLIN: Yes, but it's been so hard to change. First I had to give up the bell. There is no ringy-dingy any more. There's only this kind of low muffled buzz. And I never see a repairman anymore -- that's the part I really miss. But I want to be a futurist, Mr. Vice President. I want to be a futurist like you because I think, well, frankly, I'd have a better future.

GORE: Well, you may have come to the right place because we're talking about all of these new changes and all of the new information it's going to provide to people.

TOMLIN: Oh, really? Let me pretend that I know nothing about this. See if this is an accurate description. Is it kind of like billions and billions of tiny

little Macobits of valuable information strewn in every direction across that great salad bar in cyberspace? Is that it?

GORE: That's close.

TOMLIN: Or does that sound more like your local Sizzler?

GORE: You've got the part about the bits right, it does involve lots of bits.

TOMLIN: What I really want to know is who's going to connect these bits? Is it going to be the electronically elite, or is it going to be all of us -- the people?

GORE: As a matter of fact, that's also one of the things we're talking about here. We're trying to design it in a way that will help the people and will help you, Ernestine.

TOMLIN: You're not counting me as one of the people, are you?

GORE: Well, yes. And we've got this problem in the White House I was telling these folks about earlier. We're trying to get rid of the old switchboard. Now, you know about these billions of bits. Do you think you might be willing to give us your switchboard and equipment and help us in the White House?

TOMLIN: Have access to your telephone calls? In a heartbeat. (SHE HANDS HIM HER HEADSET.) Here, give this to the Smithsonian. I'm going to go now to the library so that I can cram and fill up with information and lots of those little info bits. It's been a pleasure. Give my best to Tipper.

She is terrific.

Our new ways of communicating after this revolution will entertain as well as inform. More importantly, they will educate, promote democracy, and save lives. And in the process they will also create a lot of new jobs. In fact, they're already doing it.

The impact on America's businesses will not be limited just to those who are in the information business, like Ernestine. Virtually every business will find it possible to use these new tools to become more competitive. And by taking the lead in quickly employing these new information technologies, America's businesses will gain enormous advantages in the worldwide marketplace. And that is important because if America is to prosper, we must be able to manufacture goods within our borders and sell them not just in Tennessee but Tokyo -- not just in Los Angeles but Latin America.

Last month, when I was in Central Asia, the President of Kyrgyzstan told me his eight-year-old son came to him and said, "Father, I have to learn English."

"But why?" President Akayev asked.

"Because, father, the computer speaks English."

By now, we're becoming familiar with the ability of the new communications technologies to transcend international boundaries and bring our world closer together. But many of you are now in the process of transcending other old boundaries -- the boundary lines which have long defined different sectors of the information industry. The speed with which these boundaries are eroding is quite dramatic.

I'm reminded of an idea of Stephen Hawking, the British physicist. Hawking has Lou Gehrig's disease. But thanks to information technology he can still communicate not only with his students and colleagues but with millions

January 11th of the year 2000, you will connect and provide access to the National Information Infrastructure for every classroom, every library, and every hospital and clinic in the entire United States of America.

I challenge all of the CEO's who are on the panel and in the audience during the CEO Summit at the end of the day to make this commitment at the conclusion of your meeting, and then to challenge in turn the CEO's of every other company in your industries to accept and help us meet this goal. If you will make this commitment today, our Administration will issue the same challenge to state regulators, governors, mayors, school boards, teachers, librarians, hospital administrators and citizens throughout this country.

By meeting this challenge we can realize the full potential of the information revolution to educate, to save lives, provide access to health care and lower medical costs.

Our nation can and must meet this challenge. The best way to do it is by working together. Just as communications industries are moving to the unified information marketplace of the future, so must we move from the traditional adversarial relationship between business and government to a more productive relationship based on consensus. We must build a new model of public-private cooperation that, if properly pursued, can bring great benefits to the American people and avoid the huge transaction costs which are often associated with the old, adversarial approach.

But make no mistake about it -- one way or another, we will meet this goal. The American people want it. Industry supports it. Our future demands it. It is one of the principal reasons we are moving this year on national telecommunications reform.

As I announced last month, we will introduce a legislative package that aggressively confronts the most pressing telecommunications issues, and is based on five principles.

This Administration will:

- Encourage Private Investment
- Provide and Protect Competition
- Provide Open Access to the Network
- Take Action To Avoid Creating a Society of Information "Haves" and "Have Nots"
- Encourage Flexible and Responsive Governmental Action

Many of you have our White Paper today, outlining the bill in detail. If you did not get your copy, it's available on the Internet, right now.

Let me run through the highlights with you briefly -- and talk about how they grow out of our five principles.

We begin with two of our basic principles -- the need for private investment and fair competition. The nation needs private investment to complete the construction of the National Information Infrastructure. And competition is the single most critical means of encouraging that private investment.

I referred earlier to the use of the telegraph to bring the news here to California in 1850 of Abraham Lincoln's election. Congress had funded Samuel Morse's first demonstration for the telegraph in 1844. Morse then suggested to the Congress that a national system be built by the federal government. But Congress said no, and insisted that private investment should build that information infrastructure. And that's what happened to the great and continuing competitive advantage of our country to this day.

Today, we must choose competition again and protect it against both suffocating regulation on the one hand and unfettered monopolies on the other.

To understand why competition is so important, we need only recall what has happened since the breakup of AT&T ten years ago this month.

As recently as 1987, AT&T was still projecting that it would take until the year 2010 to convert 95% of its long distance network to digital technology.

Then it became pressed by the competition. And as a result, AT&T made its network virtually 100% digital by the end of 1991. Meanwhile, over the last decade the price of interstate long distance service for the average residential customer declined over 50%.

Now it's time to take the next step. We must open the local telephone exchanges, those wires and switches that link homes and offices to the local telephone companies.

The pressure of competition on the information superhighway will be great -- and it will drive continuing advancements in technology, quality and cost. Incidentally, when I first coined the phrase "information superhighway" 15 years ago, I was not prepared for some of the unusual images it would ultimately bring into our language. For example, one businessman made this point I'm making here about competition and the pressure of competition when he told me last week that his company was accelerating its investment in new technology to avoid ending up as "road kill on the information superhighway." And just this week I received a letter from a group of companies wanting to be allowed to compete, who complained that they were scared of being "parked at the curb" on the information superhighway.

In any event, to take one example of what competition means, cable companies, electric utilities and long distance companies must be free to offer two-way communications and local telephone service. To accomplish this goal, our legislative package will establish a federal standard that permits entry to the local telephone markets. Moreover, the FCC will be authorized to reduce regulation for telecommunications carriers that lack market power.

We expect open competition to bring lower prices and better services. But let me be clear: We insist upon safeguards to ensure that new corporate freedoms will not be translated into sudden and unjustified rate increases for telephone customers.

The advancement of competition will necessarily require more opportunity, as well, for the Regional Bell Operating Companies. Current restrictions on their operations are themselves the legacy of the break-up of AT&T and must now be re-examined.

The Administration endorses the basic principles of the Brooks-Dingell bill, which proposes a framework for allowing long-distance and local telephone companies to compete against each other.

Regulation and review of this framework should be transferred from the courts to the Department of Justice and the Federal Communications Commission.

This process of change must be carefully calibrated. We must make sure that the Regional Bells will not be able to use their present monopoly positions as unfair leverage into new lines of business. That is why the Administration supports the approach of the Brooks-Dingell provision that requires the approval of the Department of Justice and the FCC before the Regional Bells may provide interexchange services -- most notably in long distance.

In working with Congress, the Administration will explore the creation of incentives for the Regional Bells. We want to increase the transparency of those facility-based local services that raise concerns associated with cross-subsidization and abuses of monopoly power.

Our view of the entry of local telephone companies into cable television also balances the advantages of competition against the possibility of competitive abuse. We will continue therefore to bar the acquisition of existing cable companies by telephone companies within their local service areas. We need this limitation to ensure that no single giant entity controls access to homes and offices. But to increase diversity and benefit consumers, we will permit telephone companies to provide video programming over new, open access systems.

Even these measures, however, may not eliminate all scarcity in the local loop - of course, the local loop meaning those information byways that provide the last electronic connection with homes and offices. For some time, in many places, there are likely to be only one or two broadband, interactive wires, probably owned by cable or telephone companies. In the long run, the local loop may contain a wider set of competitors offering a broad range of interactive services, including wireless, microwave and direct broadcast satellite. But for now we cannot assume that competition in the local loop will end all of the accrued market power of past regulatory advantage and market domination.

We cannot permit the creation of information bottlenecks that adversely affect information providers who use the highways as a means of supplying their customers.

Nor can we permit bottlenecks for information consumers who desire programming that may not be available through the wires that enter their homes or offices.

Preserving the free flow of information requires open access, our third basic principle. How can you sell your ideas, your information, your programs, if an intermediary who is also your competitor has the means to unfairly block your access to customers? We cannot subject the free flow of content to artificial constraints at the hands of either government regulators or would-be monopolists.

We must also guard against unreasonable technical obstacles. We know how to do this; we've seen this problem in our past. For example, when railroad tracks were different sizes, a passenger could not travel easily from a town served by one railroad to a town served by another. But the use of standardized tracks permitted the creation of a national system of rail transport.

Accordingly, our legislative package will contain provisions designed to ensure that each telephone carrier's networks will be readily accessible to other users. We will create an affirmative obligation to interconnect and to afford nondiscriminatory access to network facilities, services, functions and information -- with the customer keeping the same telephone number. We must also ensure the future of non-commercial broadcasting; there must be public access to the information superhighway.

These measures will preserve the future within the context of our present regulatory structures. But in our view that's not enough. We must move toward a regulatory approach that encourages investment, promotes competition and secures open access. And one that's not just a patch-work quilt of old approaches, but is instead a new approach that promotes fair competition in the future.

We begin with a simple idea: similar entities must be treated similarly. But let's be clear: Our quest for equal treatment of competing entities will not blind us to the economic realities of the new information marketplace, where apparent similarities may mask important differences.

This idea is best expressed in the story about the man who went into a restaurant and ordered the rabbit stew.

When it came, he took a few bites, then called the manager over, and said "This doesn't taste like rabbit stew!" "It tastes... well, it tastes like horse meat!"

The manager was embarrassed, and he admitted that he had run out of rabbit, and he said, "Well, I did put some horse meat in it."

The guy said, "How much horse meat did you put in it?"

The manager said, "Well, it's equally divided."

The customer said, "What do you mean, 'equally divided'?"

He said, "Well, one rabbit, one horse."

Maybe the lesson is obvious. A start-up local telephone company isn't the same as a Baby Bell.

What we favor is genuine regulatory symmetry. That means that regulation must be based on the services that are offered and the ability to compete -- not on corporate identity, regulatory history or technological process.

For example, our legislative package will grant the Federal Communications Commission the future authority, under appropriate conditions, to impose non-discriminatory access requirements on cable companies. As cable and telephone service become harder and harder to distinguish, this provision will help to ensure that labels derived from past regulatory structures are not translated into inadvertent and unfair competitive advantages.

As different services are grouped within a single corporate structure, we must ensure that these new, combined entities are not caught in a cross-fire of conflicting and duplicative regulatory burdens and standards. This Administration will not let existing regulatory structures impede or distort the evolution of the communications industry.

In the information marketplace of the future, we will obtain our goals of investment, competition and open access only if regulation matches the marketplace. That requires a flexible, adaptable regulatory regime that encourages the widespread provision of broadband, interactive digital services.

That's why the Administration proposes the creation of an alternative regulatory regime that is unified, as well as symmetrical. Our new regime would not be mandatory, but it would be available to providers of broadband, interactive services. Such companies could elect to be regulated under the current provisions of the Communications Act or under a new title, Title VII, that would harmonize those provisions in order to provide a single system of regulation. These "Title VII" companies would be able to avoid the danger of conflicting or duplicative regulatory burdens. But in return, they would provide their services and access to their facilities to others on a nondiscriminatory basis.

The nation would thus be assured that these companies would provide open access to information providers and consumers and the benefits of competition, including lower prices and higher-quality services, to their customers.

This new method itself illustrates one of our five principles -- that government must be flexible. Our proposals for symmetrical, and ultimately unified, regulation demonstrate how we will initiate government action that furthers our substantive principles but that adapts, and disappears, as the need for government intervention changes -- or ends. They demonstrate, as well, the new relationship of which I spoke earlier -- the private and public sectors working together to fulfill our common goals.

The principles that I have described thus far will build an open and free information marketplace. They will lower prices, stimulate demand and expand access to the National Information Infrastructure.

They will, in other words, help to attain our final basic principle -- avoiding a society of information "haves" and "have nots". There was a Washington Post headline last month that read this way: "Will the 'Information Superhighway' Detour the Poor?" Not if we have anything to do about it. Our Administration believes that it is basic to require that all be served. After all, governmental action to ensure universal service has been part of American history since the days of Ben Franklin's Post Office. We will have in our legislative package a strong mandate to ensure universal service in the future. -- and I want to explain why.

We have become an information-rich society. Almost 100% of households have radio and television, and about 94% have telephone service. Three-quarters of all households have a VCR, about 60% now have cable, and roughly 30% of households have personal computers.

As the information infrastructure expands in breadth and depth, so too will our understanding of the services that are deemed essential. This is not a

matter of guaranteeing the right to play video-games. It is a matter of guaranteeing access to essential services.

We cannot tolerate -- nor in the long run can this nation afford -- a society in which some children become fully educated and others do not; nor can we tolerate a society in which some adults have access to training and lifetime education, and others do not.

Nor can we permit geographic location to determine whether the information highway passes by your door. I've spoken often about a vision of a schoolchild in my home town of Carthage, Tennessee being able to come home after school, turn on her computer and plug into the Library of Congress. Carthage is a small town. Its population is only about 2,000. So let me emphasize the point: We must work to ensure that no geographic region of the United States, rural or urban, is left without access to broadband, interactive service. Yes, we support opening the local telephone exchange to competition. But we will not permit the dismantling of our present national networks.

All this won't be easy. It is critically important, therefore, that all carriers must be obliged to contribute, on an equitable and competitively neutral basis, to the preservation and advancement of universal service.

The responsibility to design specific measures to achieve these aims will be delegated to the Federal Communications Commission and, of course, to the states. But where the FCC is concerned, their actions will be required in the legislation. They have the flexibility, and it will be carefully defined. But our basic goal is simple: There will be universal service; that definition will evolve as technology and the infrastructure advance; and the FCC -- and we're confident the states as well -- will get the job done.

Reforming our communications laws is only one element of the Administration's NII agenda. We'll be working hard to invest in critical information infrastructure technologies. We'll promote applications of the NII in areas such as scientific research, energy efficiency and advanced manufacturing. We'll work to deliver government services more efficiently. We'll also update our policies to make sure that privacy and copyright are protected in the networked world.

We'll help law enforcement agencies thwart criminals and terrorists who might use advanced telecommunications to commit crimes.

The Administration is working with industry to develop the new technologies needed for the Information Infrastructure Initiative. I have been working as well with the First Lady's Health Care Task Force, former Surgeon General C. Everett Koop and others to develop ways we can use networks to improve the quality of health care.

Beginning this month, we are concentrating first of all on the legislative package that I outlined earlier. We haven't invented all of the ideas that it contains. Representatives Dingell and Brooks, Markey and Fields, Boucher and Oxley -- and Senators Hollings, Inouye, and Danforth -- have all focused on these issues in constructive ways.

In many ways our legislative goals reflect or complement their work. We expect to introduce our legislative package in short order, and to work with Congress to ensure speedy passage this year of a bill that will stand the test of time.

Our efforts are not, of course, confined only to government. The people in this room, and the private sector in general, symbolize the importance of private enterprise.

Our economic future will depend in a real sense on your ability to grasp opportunity and turn it into concrete achievement.

As we move into the new era, we must never lose sight of our heritage of innovation and entrepreneurship.

In some ways, we appreciate that heritage more when we see countries that don't have it. Last month, in Russia, I had a chance to see close up a country that tried to hold back the information age -- a country that used to put armed

guards in front of copying machines. In a way I guess we should be grateful they did that; it helped to strengthen the desire and courage of the Russian people to bring about the end of Communism.

My hope is that now Central and Eastern Europe and all the states of the former Soviet Union can use technology and the free market to build democracy -- and not thwart it.

And my hope is that America, born in revolution, can lead the way in this new, peaceful world revolution.

Let's work on it together.

A few months ago, Toni Morrison won the Nobel Prize for Literature. It was a proud and signal moment for this country: Recognition of an African-American woman who has communicated her insight and narrative power to readers all over the world.

In her acceptance speech, Toni Morrison used one version of an old story -- a parable, really -- to make an interesting point. It was about a blind old woman renowned for her wisdom, and a boy who decided to try to play a trick on her. He captured a small bird, cupped it in his hands, and said to her, "Old woman, is this bird alive or dead?"

If she said "Dead," he planned to set it free and prove her wrong. If she said "Alive," he planned to quickly crush its life away and prove her wrong. She thought a moment and said, "The answer is in your hands."

Her point is that the future of language is in our hands. Or put more broadly, the future of communications.

As we prepare to enter the new millennium, we are learning a new language. It will be the lingua franca of the new era. It is made up of ones and zeros and bits and bytes. But as we master it, as we bring the digital revolution into our homes and schools, we will be able to communicate ideas and information -- in fact, entire Toni Morrison novels -- with an ease never before thought possible.

And so we meet today on common ground, not to predict the future but to make firm the arrangements for its arrival. Let us master and develop this new language together.

The future really is in our hands.

Thank you.

2000 Senate Race

Speculation is growing that Rep. Harold Ford Jr. (D-09) may mount a challenge to incumbent Sen. Bill Frist (R) for his Senate seat in the 2000 election. A potential Ford bid for the Senate is being strongly encouraged by Tennessee Democratic Party Chairman Doug Horne. Ford has also met with Senator Torricelli to discuss potential support for the bid by the Democratic Senatorial Campaign Committee. The election promises to be a tough contest for any Democratic opponent of the incumbent Senator, as Frist has raised more than \$2.6 million for his re-election efforts to date. Should he decide to run, Ford may face opposition for the Democratic nomination from outgoing Nashville Mayor Phil Bredesen, who is also considering challenging Frist.

Nashville Mayoral Election

The hunt to replace outgoing Nashville mayor Phil Bredesen (D) has heated up over the past few weeks, becoming a three-man race between former Nashville Mayor and U.S. Congressman Dick Fulton (D), current Vice Mayor Jay West (D) and former House Majority Leader Bill Purcell (D), who is on leave of absence from his role as Director of the Child and Family Policy Center at Vanderbilt University for the campaign. Current polls show Fulton leading both second-place West and Purcell for the non-partisan position, in addition to other minor candidates. The Metro General Election will take place on August 5th.

Fulton also shows a substantial lead in fundraising and is expected to report more than \$1 million in contributions by the end of the next disclosure period on July 27th. As of Feb. 1, Fulton had raised \$617,000 and Purcell had raised \$319,000. West, who entered the race late in the cycle, has not yet disclosed his contributions. A run-off is anticipated between Fulton and either West or Purcell, as it is likely that no candidate will carry a majority in the general election.

Pending Nominations for the Middle District of Tennessee

Judge Joseph Haynes was nominated by President Clinton on May 27, 1999 to fill the federal judicial vacancy for the Middle District of Tennessee created by the retirement of Judge Thomas A. Higgins. Haynes, 49, has spent the past 14 years as a United States Magistrate Judge for the Middle District of Tennessee and is a former Tennessee deputy attorney general. If confirmed, he would be the first African-American federal judge in Middle Tennessee.

Nashvillian Quenton White is currently undergoing a background investigation and a series of interviews at the Department of Justice as a candidate for U.S. Attorney for the Middle District of Tennessee. Provided all goes well, the Administration plans to nominate White to the position. If confirmed, White would become the district's first African-American U.S. Attorney. He currently serves as Executive Director for 100 Black Men of Tennessee, Inc.

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MEMORANDUM FOR GREG SIMON
OFFICE OF THE VICE PRESIDENT
THE WHITE HOUSE

SUBJECT: GORE'S SPEECH ON TELECOMMUNICATIONS

TUESDAY, JANUARY 11, 1993

Vice President Al Gore further raised the curtain on the Administration's telecommunications strategy with a speech today in Los Angeles. Gore sketched the regulatory structure that would be required for a world where "there may not be cable companies, or phone companies, or computer companies as such. There will be information conduits, information providers, information appliances, and information consumers."

Gore and Lily Tomlin whoop it up. In a continuing effort to inject levity in his image, Gore began with a surprise appearance by Lily Tomlin in her role as "Ernestine the Operator" who apparently was trying to reach a vice president of AT&T, but somehow wound up on stage with the Vice President of the United States.

Gore said five principles should guide governmental action: encourage private investment; provide and protect competition; provide open access to the network; take action to avoid a society of information haves and have nots.

Specific actions and positions announced by Gore include:

- The Administration endorses the "basic principles" of the Brooks-Dingell bill on new flexibility for the "Baby Bells."
- Cable companies, electric utilities, and long distance companies must be free to offer two-way communications and local telephone service.
- At the same time, there should be a federal standard for entry into local telephone markets.
- Oversight of the telecommunications industry held by the courts should be transferred to the Department of Justice and the Federal Communications Commission.
- Local telephone companies would remain barred from acquiring existing cable companies within their local service areas.

According to an Administration official, the next step for the Administration is not yet clear. "Looking at submitting a legislative package," said the official, adding: "That is not to say [which should just be] one comprehensive bill -- we haven't quite determined our legislative strategy for a bill and some amendments to other bills. ... We are looking at probably early February, possibly late this month."

-- END OF FAX --

Remarks Prepared for Delivery
Vice President Al Gore
International Telecommunications Union
Monday, March 21, 1994

I have come here, 8,000 kilometers from my home, to ask you help create a Global Information Infrastructure. To explain why, reading you something that I first read in high school, 30 years

"By means of electricity, the world of matter has become a g thousands of miles in a breathless point of time. The round globe instinct with intelligence!"

This was not the observation of a physicist -- or a neurolo visionary words were written in 1851 by Nathaniel Hawthorne, one greatest writers, who was inspired by the development of the tele Much as Jules Verne foresaw submarines and moon landings, Hawthor we are now poised to bring into being.

The ITU was created only 14 years later, in major part for t an internationally compatible system of telegraphy.

For almost 150 years, people have aspired to fulfill Hawthor nerves of communications around the globe, linking all human know

In this decade, at this conference, we now have at hand the breakthroughs and economic means to bring all the communities of We now can at last create a planetary information network that tr images with the speed of light from the largest city to the small continent.

I am very proud to have the opportunity to address the first conference of the ITU because the President of the United States essential prerequisite to sustainable development, for all member is the creation of this network of networks. To accomplish this regulators, and businesspeople must do this: build and operate a Infrastructure. This GII will circle the globe with information s all people can travel.

These highways--or, more accurately, networks of distributed allow us to share information, to connect, and to communicate as From these connections we will derive robust and sustainable econ democracies, better solutions to global and local environmental c health care, and--ultimately--a greater sense of shared stewardsh

The Global Information Infrastructure will help educate our to exchange ideas in within a community and among nations. It wi which families and friends will transcend the barriers of time an possible a global information marketplace, where consumers can bu

I ask you, the delegates to this conference, to set an ambit help all governments, in their own sovereign nations and in inte build this Global Information Infrastructure. For my country's p continued participation in achieving this goal--in the developmen other sectors and in plenipotentiary gatherings of the ITU, and i held by our Departments of State and Commerce and our Federal Com Commission.

The development of the GII must be a cooperative effort amon peoples. It cannot be dictated or built by a single country. It

effort.

And the distributed intelligence of the GII will spread part

To illustrate why, I'd like to use an example from computer

In the past, all computers were huge mainframes with a single solving problems in sequence, one by one, each bit of information between the CPU and the vast field of memory surrounding it. Now parallel computers with hundreds -- or thousands --- of tiny self distributed throughout the memory field, all interconnected, and powerful and more versatile than even the most sophisticated single they each solve a tiny piece of the problem simultaneously and when assembled, the problem is solved.

Similarly, the GII will be an assemblage of local, national, that are not only like parallel computers but in their most advanced a distributed, parallel computer.

In a sense, the GII will be a metaphor for democracy itself. democracy does not work with an all-powerful central government, decisions to itself. That is why communism collapsed.

Instead, representative democracy relies on the assumption that a nation to make its political decisions is for each citizen -- that self-contained processor -- to have the power to control his or her

To do that, people must have available the information they to express their conclusions in free speech and in votes that are millions of others. That's what guides the system as a whole.

The GII will not only be a metaphor for a functioning democracy promote the functioning of democracy by greatly enhancing the part in decision-making. And it will greatly promote the ability of one each other. I see a new Athenian Age of democracy forged in the create.

The GII will be the key to economic growth for national and economies. For us in the United States, the information infrastructure U.S. economy of the 1990s what transport infrastructure was to the 20th century.

The integration of computing and information networks into the U.S. manufacturing companies more productive, more competitive, in changing conditions and it will do the same for the economies of

These same technologies are also enabling the service sector to grow, to increase their scale and productivity and expand their offerings and ability to respond to customer demands.

Approximately 60% of all U.S. workers are "knowledge workers" jobs depend on the information they generate and receive over our infrastructure. As we create new jobs, 8 out of 10 are in information our economy. And these new jobs are well-paying jobs for financial programmers, and other educated workers.

The global economy also will be driven by the growth of the Hundreds of billions of dollars can be added to world growth if we fervently hope this conference will take full advantage of this growth, and not deny any country or community its right to participate.

As the GII spreads, more and more people realize that information that must be shared to be valuable. When two people communicate, enriched--and unlike traditional resources, the more you share, the Thomas Jefferson said, "He who receives an idea from me, receives without lessening mine; as he who lights his taper at mine, receives darkening me."

Now we all realize that, even as we meet here, the Global In

Infrastructure is being built, although many countries have yet to
Digital telecommunications technology, fiber optics, and new
satellite systems are transforming telecommunications.

And all over the world, under the seas and along the roads,
railroads, companies are laying fiber optic cable that carries 100
per second over a single strand of glass.

These developments are greatly reducing the cost of building

In the past, it could take years to build a network. Linking
major cities might require laying thousands of kilometers of expensive
single satellite and a few dozen ground stations can be installed
much lower cost.

The economics of networks have changed so radically that the
competitive, private market can build much of the GII. This is a
sensible regulation.

Within the national boundaries of the U.S. we aspire to build
highways according to a set of principles that I outlined in January
National Information Infrastructure, as we call it, will be built
private sector.

It will consist of hundreds of different networks, run by different
using different technologies, all connected together in a giant "backbone"
providing telephone and interactive digital video to almost every

Our plan is based on five principles:

First, encourage private investment;

Second, promote competition;

Third, create a flexible regulatory framework that can keep pace with
technological and market changes;

Fourth, provide open access to the network for all information

Fifth, ensure universal service;

Are these principles unique to the United States? Hardly.
international principles endorsed by many of you. I believe these
and aid the development of the Global Information Infrastructure
to incorporate them, as appropriate, into the Buenos Aires Declaration
drafted this week.

Let me elaborate briefly on these principles.

First, we propose that private investment and competition be
development of the GII. In the U.S., we are in the process of opening
communications markets to all domestic private participants.

In recent years, many countries, particularly here in Latin America,
privatize their state-owned telephone companies in order to obtain
incentives that drive competitive private enterprises, including
investment, efficiency and responsiveness to market needs.

Adopting policies that allow increased private sector participation in the
telecommunications sector has provided an enormous spur to telecommunication
development in dozens of countries, including Argentina, Venezuela, and Chile.
I urge you to follow their lead.

But privatization is not enough. Competition is needed as well as
make sense to have telecommunications monopolies.

In many cases, the technology and the economies of scale mean
to build more than one network. In other cases--Finland, Canada, and
example--national networks were built in the early part of this century
small, independent phone companies and cooperatives.

Today, there are many more technology options than in the past,
possible, but desirable, to have different companies running comp

interconnected--networks, because competition is the best way to telecommunications sector more efficient, more innovative--and more consumers make more calls and prices decline.

That is why allowing other companies to compete with AT&T, a largest telephone monopoly, was so useful for the United States.

Over the last ten years, it has cut the cost of a long-distance U.S. more than 50%.

To promote competition and investment in global telecommunications to adopt cost-based collection and accounting rates. Doing so will be of the GII.

International standards to ensure interconnection and interoperability as well. National networks must connect effectively with each other. A simple vision of linking schools, hospitals, businesses, and home infrastructure.

Hand in hand with the need for private investment and competition of appropriate and flexible regulations developed by an authority.

In order for the private sector to invest and for initiative competition to be successful, it is necessary to create a regulator and protect competition and private sector investments, while at the same time protect consumers' interests.

Without the protection of an independent regulator, a potent competitor would be hesitant to provide service in competition with the incumbent that the incumbent's market power would not be adequately controlled.

Decisions and the basis for making them must also be made by consumers and potential competitors are assured that their interests are protected.

This is why in the U.S., we have delegated significant regulatory authority to an independent agency, the Federal Communications Commission. This agency is equipped to make difficult technical decisions and to monitor, in cooperation with the National Telecommunications and Information Administration and the Department of Justice, changing market conditions.

We commend this approach to you.

We need a flexible, effective system for resolution of international issues that can keep up with the ever-accelerating pace of technological change.

I understand that the ITU has just gone through a major reorganization to increase its effectiveness. This will enable the ITU, under the leadership of Tarjanne, to streamline its operations and redirect resources to where they are most needed. This will ensure that the ITU can adapt to future and unforeseen changes.

Our fourth principle is open access. By this I mean that telecommunications network owners should charge non-discriminatory prices for access to the network. This principle will guarantee every user of the GII can use thousands of services--information--video programming, electronic newspapers, computer services--in every country, in every language.

With new technologies like direct broadcast satellites, a competitor will no longer be able to control your access to information--as long as you permit new entrants into the information marketplace.

Countries and companies will not be able to compete in the global market if they cannot get access to up-to-date information, if they cannot attract and train customers around the globe. Ready access to information is essential for training the skilled workforce needed for high-tech industries.

The countries that flourish in the twenty-first century will be those that have telecommunications policies and copyright laws that provide their citizens with a wide choice of information services.

Protecting intellectual property is absolutely essential.

The final and most important principle is to ensure universal access.

Global Information Infrastructure is available to all members of the world. It is a kind of global conversation, in which everyone who wants can participate.

We must ensure that whatever steps we take to expand our world telecommunications infrastructure, we keep that goal in mind.

Although the details of universal service will vary from country to country, several aspects of universal service appear clearly. One is making service available at affordable prices at all levels.

It also includes making high quality service available regardless of location or other restrictions such as disability.

Constellations of hundreds of satellites in low earth orbit can provide telephone or data services to any point on the globe. Such systems are both practical and affordable.

An equally important part of universal access is teaching people to use communications effectively. That means developing easy-to-use applications of contexts, and teaching people how to use them. The most sophisticated networks will be completely useless if users are unable to access and take full advantage of their offerings.

Another dimension of universal service is the recognition that economics should not be the sole determinant of the reach of the infrastructure.

The President and I have called for positive government action to extend the NII to every classroom, library, hospital, and clinic of the century.

I want to urge that this conference include in its agenda an item to determine how every school and library in every country can be connected to the Internet, the world's largest computer network, in order to create a global library. Each library could maintain a server containing books and journals along with indexes to help users find other materials. As more materials are stored electronically, this global library would become more and more useful.

It would allow millions of students, scholars and businesspeople to access information they need whether it be in Albania or Ecuador.

Private investment ... competition ... flexibility ... open markets.

In addition to urging the delegates of this conference to adopt the principles of the Buenos Aires Declaration, guiding the next four years of development, I assure you that the U.S. will be discussing in many forums outside the ITU, whether these principles might be usefully adopted by other nations.

The commitment of all nations to enforcing a regulatory regime that is vital to world development and many global social goals.

But the power of the Global Information Infrastructure will not be able to reach large segments of the world population.

We have heard together Dr. Tarjan's eloquent speech setting out the challenges we face. As he points out: the 24 countries of the OICD account for 70 percent of the world's population. But they account for 70 percent of global fixed-line and 50 percent of mobile phone subscribers.

There are those who say the lack of economic development causes poor telecommunications. I believe they have it exactly backwards. Poor telecommunications systems causes poor economic development.

So we cannot be complacent about the disparity between the rich and the poor nations, whether in how many phones are available to people or in how many people have access to such new technologies as high speed computer networks or videoconferencing.

The United States delegation is devoted to working with each and every nation to ensure that the benefits of the Global Information Infrastructure are shared by all.

Conference to address the many problems that hinder development.

And there are many.

Financing is a problem in almost every country, even though has proven itself to be an excellent investment.

Even where telecommunications has been identified as a top priority, countries lack trained personnel and up-to-date information.

And in too many parts of the world, political unrest makes it impossible to maintain existing infrastructure, let alone lay new capacity.

How can we work together to overcome these hurdles? Let me show things industrialized countries can do to help.

First, we can use the Global Information Infrastructure for links between industrialized nations and developing countries. All major governments are potential sources of information and knowledge that can be shared across the globe.

The Global Information Infrastructure can help development in every nation and enable them to solve common problems. For example, the World Health Organization has conducted hemisphere-wide teleconferences using new methods to diagnose and prevent the spread of AIDS.

Second, multilateral institutions like the World Bank, can be helping in the building of telecommunications infrastructure.

Third, the U.S. can help provide the technical know-how needed for these new technologies. USAID and U.S. businesses have helped the Telecommunications Training Institute train more than 3500 telecommunication professionals from the developing world, including many in this region.

In the future, USTTI plans also to help businesspeople, bankers, and others from the developing world find ways that computer network technology, satellites, video links, and other telecommunications can improve their effectiveness and efficiency.

I challenge other nations, the development banks, and the UN to explore similar training opportunities.

The head of our Peace Corps, Carol Bellamy, intends to use Peace Corps volunteers both to help deploy telecommunications and computer systems and to explore innovative uses for them.

Here in Argentina, a Peace Corps volunteer is doing just that.

To join the GII to the effort to protect and preserve the global environment, the Administration will soon propose using satellite and personal computers to create a global network of environmental information.

We will propose using the schools and students of the world to disseminate environmental information on a daily basis and communicate that data through television.

But regulatory reform must accompany this technical assistance for it to work. This requires top-level leadership and commitment, investment in telecommunications and commitment to adopt policies that encourage deployment and widespread use of the information infrastructure.

I opened by quoting Nathaniel Hawthorne, inspired by Samuel Morse

Morse was also a famous portrait artist in the U.S.-- his portrait of Monroe hangs today in the White House. While Morse was working on the General Lafayette in Washington, his wife, who lived about 500 kilometers away, died. But it took seven days for the news to reach him.

In his grief and remorse, he began to wonder if it were possible to overcome time and space, so that no one would be unable to reach a loved one. Pursuing this thought, he came to discover how to use electricity

so he invented the telegraph and, indirectly, the ITU.

The Global Information Infrastructure offers instant communication to the human family.

It can provide us the information we need to dramatically improve their lives. By linking clinics and hospitals together, it will allow patients to have access to the best possible information on diseases and providing early warning on natural disasters like volcanic eruptions and typhoons, it can save the lives of thousands of people.

By linking villages and towns, it can help people organize to solve local and regional problems ranging from improving water supply to deforestation.

To promote; to protect; to preserve freedom and democracy, we need telecommunications development as an integral part of every nation's infrastructure. The link we create strengthens the bonds of liberty and democracy and opening markets to stimulate the development of the global information open lines of communication.

By opening lines of communication, we open minds. This country's cameras will bring the World Cup Championship to well over 2 billion people. To those of you from the 23 visiting countries whose teams you wish you luck--although I'll be rooting for the home team.

The Global Information Infrastructure carries implications far greater than soccer.

It has brought us images of earthquakes in California, of the fall of the Berlin Wall, of the effects of mortar shells in Sarajevo and of the Berlin Wall. It has brought us images of war and peace, and tragedy we all can share.

There's a Dutch relief worker, Wim Kat, who has been broadcasting a diary from Zagreb for more than a year and a half on the Internet about his observations of life in Croatia.

After reading Kat's Croatian diary, people around the world organized relief efforts. The result: 25 houses have been rebuilt in Croatia.

Governments didn't do this. People did. But such events are rare in the future.

When I began proposing the NII in the U.S., I said that my home country, born in revolution, can lead the way to this new, peaceful world. I believe we will reach our goal faster and with greater certainty if we walk the path together. As Antonio Machado, Spanish poet, once said, "Path is not made, we create the path as we walk."

Let us build a global community in which the people of every nation view each other not as potential enemies, but as potential partners in the same family in the vast, increasingly interconnected human family. Let us seize this moment.

Let us work to link the people of the world.

Let us create this new path as we walk it together.