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## PREFACE

Reed E. Hundt, Chairman Federal Communications Commission

One year ago, on February 8, 1996, President William J. Clinton signed the Telecommunications Act of 1996<sup>1</sup> into law. The 1996 Act is the first major overhaul of telecommunications law in almost 62 years. Through a bipartisan effort that made this landmark legislation a reality, Congress sought to break down the barriers that have inhibited competition in the communications industry. The goals of the Act include moving broadcasting from a business with a 1950's technology into the twenty-first century digital world, letting cable, wireless, and long distance companies into local telephony, enabling local telephone companies to enter the video business, and establishing conditions for the Bell telephone companies to enter long distance.

The 1996 Act and the Communications Act of 1934<sup>2</sup> together state the charter of the Federal Communications Commission. Our goal is to promote a competitive, deregulatory national policy framework for communications. The importance of our country's future in maintaining a clear and sustained commitment to competition cannot be overstated. Only then can this country realize the full benefits of the communications revolution that will improve all dimensions of life for each American well into the next millennium.

Like a Hindu tale of the struggle between good and evil, the battle between competition and monopoly will last as long as markets exist. A sobering reminder about the difficulties of competition is set forth brilliantly in a 1994 article in the *JOURNAL OF POLITICAL ECONOMY*.<sup>3</sup> The article describes the landscape of the telephone industry between 1894 and 1912, when competition was booming after the expiration of the Bell patents.<sup>4</sup>

Then, after 1910, competition was eradicated by major companies who served as barriers to entry for access and interconnection.<sup>5</sup> For the most part, the 20th century history of telecom policy is a nightmare from which we're trying to awake. The Telecommunications Act of 1996 is a massive dose of caffeine. After all, as good as our telecom system is, imagine what wonders would already be achieved if we had woken earlier to the benefits of competition.

Congress wants competition, not co-competition. Three years ago when I arrived at the Commission, everyone told me about the inevitable and imminent "convergence" in which cable would provide telephony and the telephone companies would provide cable. Today, the financial markets have concluded that the telephone companies threats to cable's video business have all but disappeared. Recently, there have been numerous announcements that the phone companies are retreating from plans to offer wireless cable. In fact, the relationship of the cable and phone industries has been described as the "forming of a détente."<sup>6</sup>

Détente is not what the Telecommunications Act of 1996 was supposed to be about.

Inevitably, while we transition from a stagnant monopolistic mode to a vigorous pro-competitive environment, there will be many complex legal, economic, and public policy issues. A scholarly publication dedicated to the field of communications law and policy is a valuable contributor to the revolution when it serves as a forum for healthy debate and documentation of history in the making.

I commend the editorial board and staff of

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<sup>1</sup> Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996) (to be codified at 47 U.S.C. § 151) [hereinafter *1996 Act*].

<sup>2</sup> 47 U.S.C. § 151 (1994).

<sup>3</sup> David F. Weiman & Richard C. Levin, *Preying for Monopoly? The Case of Southern Bell Telephone Company, 1894-1912*,

102 *J. POL. ECON.* 103 (1994).

<sup>4</sup> *Id.* at 103-04.

<sup>5</sup> *See id.* at 104.

<sup>6</sup> Reed E. Hundt, Chairman, FCC, *The Hard Road Ahead—An Agenda for the FCC in 1997*, (rel. Dec. 27, 1996) (citing Tom Wohlzien, Analyst, Sanford Bernstein).

*CommLaw Conspectus* on their dedication and commitment to the study of communications law and policy, and as participants in the communications

revolution. Congratulations on the occasion of *CommLaw Conspectus*' fifth anniversary. I wish it continued success.