be conducted outside of Bosnia—in Croatia or Slovenia, for example.

Madam President, administration officials should quit fighting amongst themselves and begin real consultations with the Congress, consultations based on the facts and not on wild accusations or unrealistic scenarios. It is time to take sides—with the victims of this aggression. It is also high time for America to exercise leadership and end its participation in this international failure.

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## VETO OF RESCISSIONS BILL

Mr. DOLE. Madam President, I will just say that on the rescissions veto by the President today, it is highly regrettable President Clinton chose a bill cutting spending for the first veto. The $16.4 billion rescissions bill would have provided for $9 billion—$9 billion, a lot of money in real savings—an important downpayment in getting our country's financial house in order.

The President made a serious mistake in judgment in vetoing this measure. It would have provided funding to the Federal Emergency Management Agency for disaster relief, to Oklahoma for reconstruction, and debt relief for Jordan to support the peace process, money for California.

Speaker GINGRICH and I have previously said we met the administration more than halfway. The President asked for Jordan debt relief, we met his request. The President asked for FEMA funds for disaster relief in 40 States, and we met his request. The President threatened to veto if striker replacement language was included in the bill, we took it out. We left AIDS funding, breast cancer screening, childhood immunization, Head Start, and other programs untouched, and still we came up with $9 billion in net real savings.

We, in the Congress, held up our end of the bargain, but President Clinton missed a valuable opportunity—a golden opportunity—to join us cutting spending.

Now, with three-quarters of the fiscal year almost gone, we are losing the opportunity to enact real savings this year. In the face of the budget deficit that mortgages our children's future, we in the Congress will proceed to pass a budget that puts us on the path to balance by the year 2002. We owe it to our children, and we owe it to our grandchildren.

For the sake of generations to come, it is time for the President to stop being an obstacle in the road and join us in our responsibility to secure our Nation's economic future.

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## THE TELECOMMUNICATIONS COMPETITION AND DEREGULATION ACT

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of calendar No. 45, S. 652, the telecommunications bill.

The PRESIDING OFFICER (Mr. BENNETT). The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 652) to provide for a pro-competitive, deregulatory national policy framework designed to accelerate rapidly private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. PRESSLER. Mr. President, I rise to begin Senate floor consideration of S. 652—the comprehensive communications bill which the Committee on Commerce, Science, and Transportation overwhelmingly approved late last month on a vote of 17 to 2—The Telecommunications Competition and Deregulation Act of 1995.

The future of America's economy and society is inextricably linked to the universe of telecommunications and computer technology. Telecommunications and computer technology is a potent force for progress and freedom, more powerful than Gutenberg's invention of the printing press five centuries ago, or Bell's telephone and Marconi's radio in the last century.

This force has helped us reach today's historic turning point in America.

The telecommunications and computer technology of 21st-Century America will be hair-thin strands of glass and fiber below; the magical crackling of stratospheric spectrum above; and the orbit of satellites 23,000 miles beyond. With personal computers interconnected, telephones untethered, televisions and radios reinvented, and other devices yet to be invented bringing digitized information to life, the telecommunications and computer technology unleashed by S. 652 will forever change our economy and society.

At stake is our ability to compete and win in an international information marketplace estimated to be over $3 trillion by the close of the decade. The information industry already constitutes one-seventh of our economy, and is growing.

As chairman of the Committee on Commerce, Science and Transportation, the core of my agenda is to promote creativity in telecommunications and computer technology by rolling back the cost and reach of government. Costly big-government laws designed for another era restrain telecommunications and computer technology from realizing its full potential. My top priority this year is to modernize and liberalize communications law through passage of the bill before us today, S. 652: Telecommunications Competition and Deregulation Act of 1995.

### A. THE ADVENT OF TELECOMMUNICATONS REGULATIONS

Most telecommunications policy and regulation in America is based upon the New Deal era Communications Act of 1934. The 1934 Act incorporated the premise that telephone services were a natural monopoly, whereby only a single firm could provide better services at a lower cost than a number of competing suppliers. Tight government control over spectrum based services was justified on a scarcity theory. Neither theory for big government regulation holds true today, if it ever did.

The 1934 Act was intended to ensure that AT&T and other monopoly telephone companies did not abuse their monopoly power. However, regulatory protection from competition also ensured that AT&T would remain a government-sanctioned monopoly. In exchange for this government-sanctioned monopoly, AT&T was to provide universal service. AT&T retained its government-sanctioned monopoly until antitrust enforcement broke up the Bell System and transferred the monopoly over local services to the Bell Operating Companies.

The Communications Act has become the cornerstone of communications law in the United States. The 1934 Act established the Federal Communications Commission, and granted it regulatory power over communications by wire, radio, telephone, and cable within the United States. The Act also charged the Federal Communications Commission with the responsibility of maintaining, for all the people of the United States, a rapid, efficient, Nationwide and worldwide wire and radio communications service with adequate facilities and reasonable charges.

Prior to 1934, communications regulation had come under the jurisdiction of three separate Federal agencies. Radio stations were licensed and regulated by the Federal Radio Commission; the Interstate Commerce Commission had jurisdiction over telephone, telegraph, and wireless common carriers; and the Postmaster General had certain jurisdiction over the companies that provided these services. As the number of communications providers in the United States grew, Congress determined that a commission with unified jurisdiction would serve the American people more effectively.

The 1934 Communications Act combined the powers that the Interstate Commerce Commission and the Federal Radio Commission then exercised over communications under a single, independent Federal agency.

The Communications Act of 1934 was based, in part, on the Interstate Commerce Act of 1888. For example, the requirement for approval of construction or extension of lines for railroads was taken directly from the ICC Act. Prior to 1934, wire communications were regulated by the same set of laws that regulated the railroads. Radio communications were regulated under the 1927 Federal Radio Act. In 1934, the Federal Communications Commission was created to oversee both the wireline communications and radio communications.

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The telecommunications industry today is a dynamic and innovative industry, with new technology being introduced on daily basis. The telecommunications industry, however, is regulated under a set of laws that are antiquated and never designed to handle the challenges of today's industry.

Telecommunications laws and regulations are not able to adequately take into account the advent of telecommunications competition, and, indeed, have slowed the introduction of competition into many segments of the industry. These laws did not contemplate the development of fiber optics, the microchip, digital compression, and the explosion of wireless services. It is time to revise and amend the 1934 act to fit the new and future competitive telecommunications industry.

B. THE MODIFICATION OF FINAL JUDGMENT

Since 1984, the Bell operating companies have been restricted from entering various lines of businesses as a result of the consent decree entered in the antitrust case, United States versus Western Electric.

The consent decree, commonly referred to as the modification of final judgment, or the MFJ, places the U.S. District Court for the District of Columbia and Judge Harold Greene as the administrator of the decree, and establishes a procedure by which the Bell operating companies can obtain waivers from the decree's restrictions.

Recent years have seen a proliferation of legislative and judicial action to change the provisions of the original consent decree that divested American Telephone and Telegraph of its local exchange service and created the regional Bell operating companies. Currently prohibited from providing long distance service, manufacturing telecommunications equipment, and, up until July 1991, providing information services, the Bell operating companies and others have long advocated open entry into these new lines of business, contending that such action would invigorate the telecommunications marketplace.

In opposition, certain consumer organizations, electronic publishers, long distance carriers, the Justice Department, and other industry groups over the past few years have opposed entry on the grounds that the courts should administer an antitrust consent decree and that so long as the Bell operating companies face little or no competition in their core business of providing local telephone service, they should not be permitted to enter competitive lines of business.

During the past 10 years a number of waivers have been granted, but the process has slowed in recent years. More fundamentally, the judicial process is necessarily limited; the district courts constitutional role is simply to apply the law and administer the decree, and not make informed policy decisions about how communications law and the communications and computer industry should develop.

Moreover, given the vulnerability of the telephone industry to selective, cherry-picking competition, it is likely that the limited nature of today's competition will have a significant effect on the industry's revenues in general, and on local telephone rates in particular.

Consequently, although the consent decree served a useful purpose initially, it no longer serves the public interest at this dynamic time in the evaluation of the communications and information industry. In place of a process that subjects the communications industry to the terms of a consent decree entered 12 years ago and administered by a single district court, the Congress will reassert its proper policy role and administer a new Federal policy designed to promote competition, innovation, and protect consumers.

Prior to the implementation of the MFJ in 1984, as noted previously, AT&T was the monopoly telecommunications provider in the United States. AT&T's Long Lines Department provided long distance telephone service to virtually everyone in the country. AT&T maintained owership of the 22 Bell operating companies, which provided local telephone service on a monopoly basis to approximately 85 percent of the population.

In addition, AT&T owned Western Electric, which manufactured almost all the equipment needed for the operation of the telephone network. AT&T also owned Bell Telephone Laboratories, Bell Labs, which conducted the most extensive research involving high technologies and telecommunications of any industrial research center in the world.

The roots of the MFJ go back over 100 years. In 1882, Bell Telephone, the predecessor of AT&T, designated Western Electric Co. as the exclusive manufacturer of its patented telecommunications equipment. During the early 1900's Bell Telephone maintained a majority interest in Western Electric; by 1925 it had 100 percent owership of the company.

By that same year, Bell Telephone established Bell Telephone Laboratories to conduct its research and development. The Bell system's rapid expansion triggered interest from the Department of Justice and the Interstate Commerce Commission—which then had jurisdiction over interstate telephone service—for possible antitrust violations.

Following other antitrust action, in 1974, the Department of Justice filed an antitrust suit against AT&T. The suit claimed that AT&T misused its Bell system monopoly of the local exchange network to restrict competition in the manufacturing of telecommunications equipment, and in the market for interchange service through refusal to provide competitors with interconnection to the local networks and, therefore, access to end customers. After years of litigation, the case was settled in 1982 with entry of a modification of final judgment by Jud[illegible] H[illegible] Greene, which was negotiat[illegible] [illegible]y [illegible] and the Justice Department [illegible]

The debate about the pro[illegible] o[illegible] the Bell operating compani[illegible] [illegible]he communications industry ha[illegible] [illegible]ter overshadowed the larger question o[illegible] which government bodies should be establishing national telecommunications policy. Courts make rulings, as they should, solely on the narrow questions confronting them. Consequently, courts do not and cannot ensure that broader concerns about sound economic goals are fully considered.

As a result of these concerns, which have been fueled by a period of globalization and intense international competition in the telecommunications industry, I believe, and the committee believes that we in Congress as the expert in the oversight of the telecommunications industry, should have authority to manage these issues in order to develop telecommunications and information policy in a coordinated manner.

At this juncture in the evolution of the communications industry the Congress should be the locus of authority on questions involving telecommunications competition, deregulation and consumer protection. We have the ability to see a more complete spectrum of issues, as compared to the narrow view of discrete issues which a court and the Department to Justice necessarily takes in the context of litigation. Moreover, we can consider broa[illegible]licy goals in establishing and admi[illegible]g telecommunications policy.

C. REGULATORY LAG

While America is still the world's leader in information technology, we are no longer in the position of being unchallenged. Historically we were an economic and technological Gulliver standing astride a world of competitive Lilliputians. But that's just not true any longer. America—especially we in the American legislative and regulatory system—must respond and respond now.

At a minimum, government should try to avoid doing harm. Unfortunately, government and regulators have a rather sorry history of slowing the introduction of new technologies and competition. The examples of this regulatory lag are numerous and all too common. Regulatory lag means we don't get investment stimulus that competition and new entry spur and, more importantly, the public is denied new service and product options.

1. Competition in customer premises equipment:

Competition and open entry first came to telecommunications with respect to customer premises equipment (CPE). This competition, however, was initially resisted by the FCC. For many years, AT&T prohibited customers or anyone else from connecting any equipment to its telephone netwo[illegible] [illegible]o telephones themselves that A[illegible] [illegible]d not supply. Bell tariffs forbade [illegible]oreign attachments—meaning equipment not provided by Bell itself. Unfortunately, regulators endorsed this anticompetitive practice for almost 70 years.

Through prodding from the Federal courts, the commission eventually allowed devices deemed not injurious to the telephone network to be connected to the network. This was only after the courts conferred on subscribers the right to use their telephones in a way that had private benefits without being publicly detrimental

It took the Commission more than a decade to extend the new law to include equipment that was connected electronically, not just physically, to the network. The Commission limited restrictions on interconnection to protecting the network from harm. The details of equipment interconnection were not fully implemented until the commission adopted part 68 of its rules in 1975, nearly 20 years after the original court determination so that carriers themselves would be free to compete on equal terms in the open market.

2. Competition in long distance services:

The commission was equally slow in authorizing interexchange—or long distance—competition. In the 1940s, long distance service was provided exclusively over wires, and the same basic economics that seemed to preclude competition in local service applied equally to long distance service. The development of microwave and satellite technologies radically changed that picture, making competition both practical and inevitable. The first few, faltering steps in the direction of a competitive marketplace, were taken by the commission in 1959 but it wasn't until 1980 that the commission formally adopted an open entry policy for all interstate services.

Competition in the interexchange market developed slowly as the commission gradually and incrementally responded to changes in market pressures, technology, and consumer demand for new and varied long distance services. Microwave relay technology, developed by Bell Laboratories during World War II, prompted the beginning of IXC competition by offering a viable, less expensive alternative to AT&Ts existing wireline facilities for transmitting long distance communications.

The commission first permitted entry of non-AT&T services for provision of private services. In 1959, the FCC, finding a need for private services and foreseeing no risk of harm to established services, authorized certain private companies to provide microwave services and to establish private microwave networks for their own internal use. Although described as a narrow, limited decision, the Above 890 decision prompted a flood of applications from private organizations seeking authorization to establish private microwave long-distance networks. It also brought pressure for entry into other fields.

MCI applied to the FCC for authority to provide private, non-switched communications service between St. Louis and Chicago. This service still did not involve interconnection with AT&T's public network. In 1969, the commission approved MCI's limited point-to-point system, saying it was designed to meet the interoffice and interplant communications needs of small businesses. Again, however, the decision was narrow.

The commission was concerned about permitting unregulated carriers to engage in creamskimming, and it generally still adhered strongly to the philosophy that the public network should remain a regulated monopoly. Nonetheless, it prompted a deluge of applications seeking authorization of similar microwave facilities, reflecting a public demand for competitive alternatives.

A few years later, the commission formalized a policy of allowing entry of new carriers into the private line, or Specialized Common Carrier (SCC), field to provide alternatives to certain interstate transmission services traditionally offered only by the telephone company. The commission did not, however, define the scope of services it was opening up to competition, a matter that would prove troublesome as pressures for increased competition rose.

Although each time emphasizing the limited nature of its decision, the commission had, over the course of 2 decades, continued to approve the entry of new providers of telephone services, albiet at times reluctantly and with prodding by the courts, and only in provision of private line services.

When it came to permitting direct competition with AT&Ts public switched long distance service, the Commission's reluctance hardened. MCI had eventually obtained approval for its private line offerings, but when it later proposed new switched service in direct competition with AT&T's MTS services, the FCC refused approval.

In doing so, the Commission reiterated that its Specialized Common Carrier decision was meant to allow entry only into private line service and not into direct competition with the public network. The Court of Appeals, however, reversed the commission's failure to approve MCI's proposed offering, rejecting the commission's argument that its Specialized Common Carrier decision authorized only private line services.

After Execunet I, the commission still refused to order AT&T to interconnect with MCI. The Court of Appeals, in Execunet II, then explicitly mandated interconnect, emphasizing that Specialized Common Carrier was a broad decision to permit competition in the long distance market and that such competition necessarily required AT&T to provide physical interconnection to the public network.

The Execunet decisions opened virtually all interstate IXC market to competition. In response to this new judicially imposed reality, the FCC lowered entry barriers, eliminated rules prohibiting sharing of heavy use, bulk rate circuits, and directed AT&T to permit the resale and sharing of these circuits by competitors.

During this same era, the commission approved interstate packet-switched communications network offerings that introduced value-added networks which resold data processing functions through basic private line circuits, and unlimited resale and shared use of private line services and facilities. Tariff restrictions against the resale and shared use of public switched long distance services were removed in 1980. Since this time, the FCC has strongly supported the growth of competition.

The resulting competition has had well documented public benefits of great scale and scope.

3. Enhanced Services:

The MFJ Consent Decree's information services restriction required the Bell Companies to seek waivers for the provision of voice answering services, electronic mail, videotext, electronic versions of Yellow Pages directories, E911 emergency service, and directory assistance services provided to customers of nonassociated independent telephone companies.

The restriction on the provision of voice mail services was lifted in the late 1980's. In the first 2 years of RBOC participation, the voice mail equipment market grew threefold and prices declined dramatically. Between 1988 (when the RBOCs were permitted entry) and 1989, the market for voice mail services grew by 40 percent, with total revenues rising from $452 million to $635 million.

Prices have also fallen. For example, telephone companies today charges as little as $5 per month for its residential voice messaging service. Similar services in 1987 cost 2 to 10 times more. Output has risen. The U.S. market for voice mail and voice response equipment increased from $300 million in 1988 to over $900 million in 1989. The number of voice message mailboxes increased from 5.3 million in 1987 to 7.7 million in 1988 to 11.6 million in 1989.

4. Spectrum Allocation:

The introduction of both FM radio and television was significantly delayed by years of FCC equivocation over which bands would be assigned to which uses. Equally egregious delays preceded the introduction of cellular telephone service.

FM Radio. FM radio technology was invented in 1933, but did not receive widespread use until the 1960s. Lack of FCC support contributed to FM's lack of popularity. One glaring example occurred in 1945. By 1945, 500,000 FM receivers had been built, but were all rendered useless when the FCC decided to move FM channels to a different spectrum band. FM languished for so long that the inventor of FM eventually committed suicide in despair.

TV. The modern television was developed in the 1930s and exhibited by RCA in 1939, but the FCC took 2 more years to adopt initial standards. It was then discovered that channel allocation was inadequate, and the FCC froze all applications for TV licenses for 4 years, until 1952. In the year after the freeze alone, the number of stations tripled. It took another 10 years before regulations for UHF/VHF frequencies were finalized.

Cellular. In 1947 Bell Labs developed the concept of cellular communications and by 1962, AT&T had developed an experimental cellular system. It took another 15 years for regulation to catch up with the new technology; in 1977 the FCC finally granted Illinois Bell's application to construct a developmental celluar system in Chicago. The FCC took 8 years to finalize the boundaries of cellular service areas. The delay cost the cellular industry an estimated $86 billion.

5. Out of Region Competition by Bell Companies:

The Department of Justice, with the concurrence of Judge Greene, originally held that the MFJ consent decree forbade the RBOCs from providing services outside their own regions. The D.C. Circuit however overruled them both and found that the BOCs are not restricted to providing service only within their home territories; they are free to offer intraLATA services anywhere in the country. The RBOCs now compete heavily against one another in cellular service. The provision of other local services, however, is impeded by the interexchange restriction, which the Department and the decree court have so far refused to lift even outside the service areas of the individual RBOCs.

6. Bell Company Manufacturing:

In June 1991, outages in 5 states and the District of Columbia forced Bell Atlantic and other Bell companies to work closely with a switch manufacturer to determine the cause of the outages and prevent their recurrence. The Department of Justice told Bell Atlantic that, notwithstanding the emergency, Bell Atlantic could not work with the manufacturer without a waiver of the decree's manufacturing restriction. On July 9, 1991, Judge Greene ordered a hearing with Bell Atlantic, the Department of Justice, AT&T, and MCI and granted the waiver on July 10, 1991.

7. Cable Networks:

The FCC—at the behest of broadcasters—crippled and almost killed cable television, by means of a number of regulatory restrictions such anti-siphoning rules. The commission's stated justification for restricting cable was that it did not want to jeopardize the basic structure of over-the-air television.

8. Video Dialtone:

By defining video dialtone service as common carriage, not broadcast, the FCC has successfully preempted a raft of State cable regulation and franchise fees. It has also subjected these services to a raft of regulations. Telephone companies have been invited to provide a basic platform that delivers video programming and basic adjunct services to end users, under Federal, common-carrier tariff.

Video dialtone providers must offer sufficient capacity to serve multiple video programmers; they must make provision for increased programmer demand for transmission services over time; and they must offer their basic platform services on a nondiscriminatory basis. The dial tone moniker is misleading; the video connections are strictly between the telco central office and customers. But the number of programs offered from a video dialtone server can be expanded indefinitely. The commission has attempted to maintain strict separation between the provision of video dialtone conduit, and provision of the programming itself. Video dialtone as defined by the commission is plainly more like telephone carriage than like cable or broadcasting.

9. Direct Broadcast Satellite:

When the FCC first considered licensing Direct Broadcast Satellite service (DBS) in the early 1980s, the National Associate of Broadcasters raised the specter of siphoning. DBS would result in the loss of service to minorities, rural areas, and special audiences by siphoning programming, fragmenting audiences, and reducing advertising support. It would rob free local television service of advertising revenues. UHF stations would be especially threatened. The cable television industry joined in the assault on DBS by denying access to programming. The service has only recently become available.

10. Computer and Software:

AT&T—which invented the transistor and in the 1960s and 1970s developed some of the most powerful computers—was barred for years (by the 1956 antitrust consent decree) from competing in the computer market against IBM. The upshot was that IBM completely dominated computing for many years. AT&T had also developed the Unix operating system around which the Internet was built—it couldn't commercialize that aggressively either. Now Microsoft is being accused of monopolizing the industry with the MS-DOS and Windows alternatives.

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

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

On April 3, 1990, the U.S. Court of Appeals for the District of Columbia remanded Judge Greene's decisio o continue the ban on RBOC inform n services. Eventually, on July 25, Judge Greene relented and per RBOCs to provide information se RBOCs were finally granted the rig to provide information services more than 4 years after the Justice Department recommended that the restriction be removed.

There have been numerous examples of egregious delays in granting even non-controversial decree waivers. For example, Bell Atlantic sought a waiver in 1985 to allow it to serve Cecil County, Maryland as part of its Philadelphia cellular system. Bell Atlantic submitted another waiver to provide cellular service to 3 New Jersey counties through its Philadelphia-Wilmington system on October 24, 1986.

These waivers were necessary to the provision of uninterrupted cellular service between Washington and New York. Judge Greene finally granted the second waiver on February 2, 1989, almost two-and-a-half years after it was filed and the Cecil County waiver was not approved until 1991, nearly 5 years after it was first sought.

RBOCs have filed more than 200 MFJ waivers that Judge Greene has ruled on. These waiver requests first go to the Department of Justice, and then move to Judge Greene. Unfortunately, the waiver process is also very time consuming. The average age of an RBOC waiver request pending before the Department of Justice is about years old.

Once the Justice Department pa the waiver on to Judge Greene, it takes approximately 2 years before Judge Greene rules on it. This has made the average waiver process more than 4½ years to work its way through the system.

D. THE NEW COMPETITIVE LANDSCAPE

The competitive landscape is changing, and, if Congress does not act to overhaul the telecommunications legal landscape, consumers will once again be denied benefits of competition and new technology. Wireless services have exploded since the Bell System breakup. Wireless counted less than 100,000 customers at that time.

Today, there are more than 25 million cellular subscribers. Additionally, companies just spent more than $7.7 billion for the major trading area PCS licenses. There is obviously a market for more wireless communications. Cable has more than doubled its subscriber base since the MFJ.

For local telephone services, States such as New York, Illinois, and California, have been leading the way in opening the local market to competition. Competitive access providers did not even exist at the time of the MFJ. Today, CAP's are in 72 cities, and have built 133 competing networks. Rapid changes in technology have bro down the natural monopoly Cong based the 1934 act on. Competitio still slow to fully develop in some areas, and in some markets.

History teaches us that, under existing law, the FCC and the courts have not been able to respond to market and technology changes in an expeditious manner. This delay prevents the consumer from gaining the benefits of competition, such as lower rates, better services, and deployment of new and better technologies.

The courts, FCC and Justice Department have been micro-managing the growth of competition in the telecommunications industry. That is why the committee believes it is incumbent upon Congress to exercise its rightful authority in this area, and pass legislation that will open the entire telecommunications industry to full competition. Without legislation, it may be years, or decades, before America sees the benefits of a truly open and competitive telecommunications industry.

Meanwhile our foreign competitors are moving ahead aggressively. In Great Britain, cable-telco competition is growing rapidly. The major cable players in the UK are, in fact, American telco and cable companies. Prices for telephony provided over cable lines are 10 to 15 percent lower than that provided over British Telecoms network. Here in the United States by contrast, the combination of the 1984 cable-telco prohibition and entry barriers into the local telephone market prevent such competition from developing.

In Japan the government is providing interest free loans to cover 30 percent of the investment for Japan's broadband optical fiber network. Also planned are favorable tax measures for optical fiber and related investments. Meanwhile in the United States when American companies say they'll invest their own money in new networks, the government at both the Federal and State level visits endless regulatory hassle on the proponents.

E. IMPORTANCE OF TELECOMMUNICATIONS TO ECONOMIC GROWTH

At the heart our actions in the 104th Congress is private sector economic growth and private sector jobs through less Government regulation. To achieve our goal, we need increased capital investment.

Telecommunications is an especially important sector to spur investment because it provides a big multiplier effect. The Japanese Government has estimated that for each dollar—or yen—invested in telecommunications, you get 3 dollars' worth of economic growth—a real telecom kicker.

America's edge has always been our grasp of technology. Today, telecommunications and computers are at the cutting edge. Americans today have the broadest choice and best prices for these information economy products and services in the world.

For instance, 98 percent of American homes have television and radio, 94 percent a telephone. Close to 80 percent have a VCR, while 65 percent subscribe to cable TV—96 percent have the option. We are rapidly approaching 40 percent of homes with PC's and 36 percent with video games. Multimedia and CD-ROM sales are flourishing.

The Internet and computer on-line services are reaching millions of Americans. DBS has been successfully launched with 150 channels of digital video and audio programming services. A vibrant new wireless communications industry is growing with cellular—25 million subscribers—and paging—20 million users—soon to be joined by Enhanced Specialized Mobile Radio, Global Satellite Systems, and Personal Communications Services.

First. Digitization and industry convergence meet—Regulatory apartheid:

Telecommunications policy in America, under the 1934 Communications Act, has long been based on the now faulty premise that information transmitted over wires could be easily distinguished from information transmitted over the air. Different regulatory regimes were erected around these different information media.

This scheme might best be described as "regulatory apartheid"—each technology had its own native homeland. These once neat separations and distinctions between the media no longer make sense.

The explanation for the rapid convergence of previously distinct media lies with digitization. Digitization allows all media to become tanslatable into each other. As Congress' Office of Technology Assessment stated in a recent study: "A movie, phone call, letter, or magazine article may be sent digitally via phone line, coaxial cable, fiber-optic cable, microwave, satellite, the broadcast air, or a physical storage medium such as tape or disk."

The same technological phenomenon to sweep the computer industry during the 1980's is now sweeping the telecommunications industry—we can learn valuable lessons from the experience in the computer industry.

Second. Computers and phones:

By the early 1980's, AT&T and IBM were two of the largest and more powerful companies in the world. On January 8, 1982, the Federal Government chose two different destinies for the mammoth companies. The Government agreed to dismiss its case against IBM; by contrast, AT&T would be divested, freed from all antitrust quarantines and so permitted to enter the computer business.

At the time, Intel was already over a decade old. Apple was growing fast. And IBM had just introduced a brand-new machine, based on an Intel microprocessor. Big Blue's new machine—its personal computer—was small and beige. Three weeks after the break-up of AT&T was complete, in January 1984, Steve Jobs stepped out on the podium at the annual stockholders' meeting of Apple Computer and unveiled the new Macintosh.

The impact of unfettered competition has devastated IBM. The only thriving parts of its hardware business today are at the bottom end, where Big Blue's small beige machines have been open, standardized, and widely copied from the day they were introduced. Between 1985 and 1992, IBM shed 10[illegible] 000 employees. IBM's stock, worth $17[illegible] a share in 1987, collapsed to $52 by year's end 1992. In 1992, the New York Times would announce "The End of I.B.M.'s Overshadowing Role." "IBM's problems," the Times noted, "are due to its failure to realize that its core business, mainframe computers, had been supplanted by cheap, networked PC's and faster networked workstations." In a desperate scramble for survival, IBM is breaking itself into autonomous units and spinning off some of its more successful divisions. IBM itself is only one of many first-tier vendors of PC's today, with a market share of 8 percent.

The impact on the computer industry, however, has been intense competition spawning rapid technological advancement. A $5,000 PC in 1990—featuring Intel's 80486 running at 25 MHz—had the processing power of a $250,000 minicomputer in the mid-1980's, and a million-dollar mainframe of the 1970's. Five years later, that same $5,000 PC is two generations out of date—with a third new generation on the horizon. Systems with nearly twice the processing power of that 1990 system—using Intel's 486DX2-66 chip—are available for under $1,500, and Intel runs advertisements encouraging owners of these chips to upgrade to newer ones. Systems with more than twice the processing power of that system—featuring Intel's 120 MHz Pentium chip—are now available, most for under $5,000. Intel is currently promising faster and faster iterations of its Pentium chips—running at 133 and 150 MHz—before it releases commercial versions of its next-generation P6, which promises to move the price-performance curve astonishingly farther out than today. The computer industry is still firmly in the grip of Moore's Law, which holds that the number of transistors that can be placed on a microchip—a rough estimator of the power of the chip—doubles every 18 months.

The upshot is that consumers can purchase systems with four times the power of the 1980's mainframes at one-fiftieth of the price. Put another way, systems today have over 200 times the value of systems in 1984. By contrast, long-distance calls today represent only twice the value of long-distance calls in 1984. Had price-performance gains of the same magnitude occurred in the long-distance market since 1984, the results would have been equally stunning. For example, in 1984, a 10 minute call at day rates between New York and Los Angeles cost a little less than $5, today it costs $2.50. Had competition and technological advances developed in the long distance market as it did in the computer market, that same call would cost less than 3 cents. Alternatively, a 10 minute call from New York to Japan—cost roughly $17 in 1984 and $14 today. Had long-distance service advanced as rapidly as the personal computer industry, that call would cost less than 9 cents.

Third. Lessons learned:

Yet as the United States stands at this critical crossroads—the dawn of a new era in high technology, entertainment, information and telecommunications—America continues to operate under an antiquated regulatory regime. Our current regulatory scheme in America simply does not take many dramatic technological changes into account.

Progress is being stymied by a morass of regulatory barriers which balkanize the telecommunications industry into protective enclaves. We need to devise a new national policy framework—a new regulatory paradigm for telecommunications—which accommodates and accelerates technological change and innovation.

The very same digitization phenomenon supports the prospect of competition by telephone companies and against telephone companies, by cable companies and against cable companies, by long distance companies and against long distance companies. Incumbents on opposite sides of the traditional regulatory apartheid scheme have quite different views about which kind of competition should come first.

If Congress cannot come to grips with digitization and convergence, the private sector cannot be expected to wait. Indeed, the multifaceted deals and alliances of the last several years indicates that industry is not waiting.

Look at a short list of some of these deals:

US West/Time Warner. The world's largest entertainment company, and second ranking cable company, teaming up with the RBOC for the western United States.

AT&T/McCaw. The biggest long distance and equipment maker joining with the biggest cellular carrier. That came on the heels of AT&T acquiring one of the biggest computer companies—NCR.

Sprint/Cable Alliance. The third largest long distance company—and only company with local, long distance and wireless capability—joining cable's TCI, Comcast, Cox, and Continental to form an alliance to provide a nationwide wireless communications service—and the prospect for joining Sprint's broadband long distance lines with cable's high capacity local facilities.

Microsoft. There has been an almost endless series of strategic alliances being struck between Microsoft, the world's largest computer software company, and companies in numerous information and telecommunications businesses for the purpose of delivering interactive services.

HDTV Grand Alliance. The companies teaming up to bring HDTV to America include AT&T—the largest telecom equipment maker—General Instrument—the largest cable TV equipment maker—and Phillips—the world's largest TV set maker.

In addition, layered on top of these and many other deals and alliances is the globalization phenomenon—a breakdown of geographic barriers: all the RBOC's have foreign investments; British Telecom and MCI in partnership; Sprint planning the same with France Telecom and Deutsche Telecom; AT&T also working with Singapore Telecom, Cable & Wireless's Hong Kong Telephone, and the Netherlands Telecom.

We can no longer keep trying to fit everything into the old traditional regulatory boxes—unless we want to incur unacceptable economic costs, competitiveness losses, and deny American consumers access to the latest products and services.

Since becoming chairman of the committee I have been actively working with leaders in the telecommunications and information industry to reform this outmoded and antiquated, regulatory apartheid system in order to make exciting new information, telecommunications and entertainment services available for America.

It is time for American policymakers to meet this new challenge much the way an earlier generation responded when the Russians launched Sputnik. The response must be rooted in the American tradition of free enterprise, de-regulation, competition, and open markets—to let technology follow or create new markets, rather than Government micromanaging and stunting developments in telecommunications and information technology.

By reforming U.S. telecommunications policy we in Congress have an unparalleled opportunity to unleash a digital, multimedia technology revolution in America. By freeing American technological know-how, we can provide Americans with immediate access to and manipulation of a bounty of entertainment, informational, educational, and health care applications and services.

Passing S. 652, The Telecommunications Competition and Deregulation Act of 1995, will have profound implications for America's economic and social welfare well into the 21st Century.

Fourth. Universal service:

An additional, but often overlooked, reason for immediately moving forward with S. 652 and telecommunications regulatory reform concerns the problems affecting the centerpiece of American communications policy—maintaining universal voice telephone service at reasonable and affordable prices.

The explicit subsidies—those of known magnitude and direction—can and should be maintained. These are the "Universal Service Fund," the "Link-Up America" program, and others the FCC made part of the overall access charge system.

The implicit—or hidden—subsidies are much more at risk. The present scheme cannot be maintained when new technology is changing so rapidly and customers are provided with an ever-increasing buffet of choices. This implicit subsidy scheme must b[illegible] formed and fixed. We cannot affo[illegible] to wait any longer to start that r[illegible]m process.

F. WHAT S. 652 DOES: CHIEF REFORM FEA[illegible]

First. Universal telephone servic[illegible]

The need to preserve widely available and reasonably priced telephone service is one of the fundamental concerns addressed in The Telecommunications Competition and Deregulation Act of 1995. The legislation as reported requires all telecommunications carriers to contribute to the support of universal service. Only telecommunications carriers designated by the FCC or a State as "essential telecommunications carriers" are eligible to receive support payments.

The bill directs the FCC to institute and refer to a Federal-State joint board a proceeding to recommend rules to implement universal service and to establish a minimum definition of universal service. A State may add to the definition for its local needs.

Second. Local telephone competition:

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

Upon enactment the legislation preempts all State and local barriers to competing with the telephone companies. In addition it requires local exchange carriers [LEC's] having ma[illegible] power to negotiate, in good [illegible] interconnection agreements for ac[illegible] to unbundled network features and functions at reasonable and nondiscriminatory rates. This would allow other parties to provide competitive local telephone service through interconnection with the LEC's facilities. The bill establishes minimum standards relating to types of interconnection that a LEC with market power must agree to provide if requested, including: unbundled access to network functions and services, unbundled access to facilities and information, necessary for transmission, routing, and interoperability of both carriers' networks, interconnection at any technologically feasible point, access to poles, ducts, conduits and rights-of-way, telephone number portability, and local dialing parity.

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

The bill requires that a Bell company use a separate subsidiary to provide certain information services, equipment manufacturing, in-region interLATA services authorized by the FCC, and alarm monitoring. In addition a Bell company may not marke[illegible] subsidiary's service until the Bell c[illegible]pany is authorized by the FCC to [illegible]vide in-region interLATA services.

S. 652 also ensures that regulations applicable to the telecommunications industry remain current and necessary in light of changes in the industry. First, the legislation permits the FCC to forbear from regulating carriers when forbearance is in the public interest. This will allow the FCC to reduce the regulatory burdens on a carrier when competition develops, or when the FCC determines that relaxed regulation is in the public interest. Second, the bill requires a Federal-State joint board to periodically review the universal service policies. Third, the FCC, with respect to its regulations under the 1934 act, and a Federal-State joint board with respect to State regulations, are required in odd-numbered years beginning in 1997 to review all regulations issued under the act or State laws applicable to telecommunications services. The FCC and joint board are to determine whether any such regulation is no longer in the public interest as a result of competition.

The bill modifies the foreign ownership restrictions of section 310 of the 1934 act, if the FCC determines that the applicable foreign government provides equivalent market opportunities to U.S. citizens and entities.

The bill also requires that equipment manufacturers and telecommunications service providers ensure that telecommunications equipment and services are accessible and usable by individuals with disabilities, if readily achievable, a standard found in the Americans with Disabilities Act.

Third. Long distance relief for the Bell companies:

The Telecommunications Competition and Deregulation Act of 1995 establishes a process under which the regional Bell companies may apply to the FCC to enter the long distance or interLATA market. Since the 1984 breakup of AT&T, the Bell companies have been prohibited from providing services between geographical areas known as LATAs, [Local Access and Transport Areas]. The legislation reasserts congressional authority over Bell company provision of long distance and restores the FCC authority to set communications policy over these issues. The Attorney General has a consulting role.

The reported bill requires Bell local companies and other LEC's having market power to open and unbundle their local networks, to increase the likelihood that competition will develop for local telephone service. It also sets forth a competitive checklist of unbundling and interconnection requirements.

If a Bell company satisfies the competitive checklist, the FCC is authorized to permit the Bell company to provide interLATA services originating in areas where it provides wireline local telephone service, if the FCC also finds that Bell company provision of such interLATA service is in the public interest. Out-of-region interLATA services may be provided by Bell companies upon enactment.

S. 652 allows the Bell companies to provide interLATA services in connection with the provision of certain other services immediately, with safeguards to ensure that the Bell companies do not use this authority to provide otherwise prohibited interLATA services. For example the reported bill requires a Bell company to lease facilities from existing long distance companies if it uses interLATA service in the provision of wireless services and certain information services.

Finally, the bill requires a Bell company providing in-region interLATA service authorized by the FCC to use a separate subsidiary for such services.

Fourth. Manufacturing authority for the Bell companies:

The judicial consent decree that governed the breakup of AT&T in 1984, the MFJ, also prohibited the Bell companies from manufacturing telephones and telephone equipment. The AT&T breakup itself, the globalization of the communications equipment market, the concentration of equipment suppliers, the increasing foreign penetration of the U.S. market, and the continued dispersal of equipment consumption have greatly diminished any potential market power of the Bell companies over the equipment market.

The bill permits a Bell company to engage in manufacturing of telecommunications equipment once the FCC authorizes the Bell company to provide interLATA services. A Bell company can engage in equipment research and design activities upon enactment.

In conducting its manufacturing activities, a Bell company must comply with the following safeguards:

A separate manufacturing affiliate.

Requirements for establishing standards and certifying equipment.

Protections for small telephone companies—a Bell manufacturing affiliate must make its equipment available to other telephone companies without discrimination or self-preference as to price delivery, terms, or conditions.

Fifth. Cable competition, video dialtone and direct-to-home satellite services:

The bill permits telephone companies to compete against local cable companies upon enactment, although until 1 year after enactment the FCC would be required to approve Bell company plans to construct facilities for common carrier video dialtone operations. The bill also removes at enactment all State or local barriers to cable companies providing telecommunications services, without additional franchise requirements.

The reported bill does not require telephone companies to obtain a local franchise for video services as long as they employ a video dialtone system that is operated on a common carrier basis, that is, open to all programmers. If a telephone company provides service over a cable system—that is, a system not open to all programmers—the telephone company will be treated as a cable operator under title VI of the 1934 act.

Whether a telephone company uses a video dialtone network or a cable system, it must comply with the same must-carry requirements for local broadcast stations that currently apply to cable companies. A separate subsidiary is not required for a Bell company carrying or providing video programming over a common carrier platform if the company provides nondiscriminatory access and does not cross-subsidize its video operations.

The bill maintains rate regulation for the basic tier of programming where the cable operator does not face effective competition—defined as the provision of video services by a local telephone company or 15 percent penetration by another multichannel video provider. The bill minimizes regulation of expanded tier services.

Specifically the bill eliminates the ability of a single subscriber to initiate at the FCC a rate complaint proceeding concerning expanded tier services. In addition, the FCC may only find rates for expanded tier service unreasonable, and subject to regulation, if the rates substantially exceed the national average rates for comparable cable programming services.

States may impose sales taxes on direct-to-home satellite services that provide services to subscribers in the State. The right of State and local authorities to impose other taxes on direct-to-home satellite services is limited by the bill.

Sixth. Entry by registered utilities into telecommunications:

Under current law, gas and electric utility holding companies that are not registered may provide telecommunication services to consumers. There does not appear to be sufficient justification to continue to preclude registered utility holding companies from providing this same competition.

The bill provides that affiliates of registered public utility holding companies may engage in the provision of telecommunications services, notwithstanding the Public Utility Holding Company Act of 1935. The affiliate engaged in providing telecommunications must keep separate books and records, and the States are authorized to require independent audits on an annual basis.

Seventh. Alarm services:

The bill prohibits a Bell company from providing alarm monitoring services. Beginning 3 years after enactment, a Bell company may provide such services if it has received authorization from the FCC to provide in-region interLATA service. The bill requires the FCC to establish rules governing Bell company provision of alarm monitoring services. A Bell company that was in the alarm service business as of December 31, 1994 is allowed to continue providing that service, as long as certain conditions are met.

Eighth: Spectrum flexibility and regulatory reform for broadcasters:

If the FCC permits a broadcast television licensee to provide advanced television services, the bill requires the FCC to adopt rules to permit such broadcasters flexibility to use the advanced television spectrum for ancillary and supplementary services, if the licensee provides to the public at least one free advanced television program service. The FCC is authorized to collect an annual fee from the broadcaster if the broadcaster offers ancillary or supplementary services for a fee to subscribers.

A single broadcast licensee is permitted to reach 35 percent of the national audience, up from the current 25 percent. Moreover, the FCC is required to review all of its ownership rules biennially. Broadcast license terms are lengthened for television licenses from 5 to 10 years and for radio licenses from 7 to 10 years. Finally, new broadcast license renewal procedures are established.

Ninth. Obscenity and other wrongful uses of telecommunications:

The decency provisions in the reported bill modernize the protections in the 1934 act against obscene, lewd, indecent, and harassing use of a telephone. The decency provisions increase the penalties for obscene, harassing, and wrongful utilization of telecommunications facilities, protect families from uninvited cable programming which is unsuitable for children, and give cable operators authority to refuse to transmit programs or portions of programs on public or leased access channels which contain obscenity, indecency, or nudity.

The bill provides defenses to companies that merely provide transmission services, navigational tools for the Internet, or intermediate storage for customers moving material from one location to another. It also allows an on-line service to defend itself in court by showing a good-faith effort to lock out adult material and to provide warnings about adult material before it is downloaded.

G. THE DEREGULATORY NATURE OF S. 652

Ronald Reagan once joked—in the midst of a debate over the budget—that the only reason Our Lord was able to create the World in 6 days was that he didn't have to contend with the embedded base.

I have been wrestling with the communications issues since I came to Congress. We all have. This has become the congressional equivalent of Chairman Mao's famous "Long March."

Nothing in the field is easy. We are dealing with basic services—telephone, TV, and cable TV—that touch virtually every American family. We are dealing with massive investment—more than half a trillion dollars. We are dealing with industries which provide almost two million American jobs. We are dealing with high-tech enterprises that are critical to the future of the American economy, and our global competitiveness.

The stakes are high for everyone. And it is the sheer number of issues and concerns that accounts for the complexity of any legislation.

First. A major step forward:

But let me talk briefly about some of the major steps forward which are envisioned in this bill.

When the former head of the National Telecommunications & Information Administration testified before the Senate, he commented that, "Everything in the world is compared to what."

Well, virtually all of the bills which the Senate or the House has dealt with over the past generation took the concept of regulated monopoly as a given.

Whether we are talking about Congressman Lionel Van Deerlin's bill, H.R. 1315 in the House in the 1970's; or Senator PACKWOOD's effort back in 1981—S. 898: All of these bills assumed that monopoly, like the poor, would always be with us.

Second. A paradigm shift:

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

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

It establishes a process that will require continuing justification for rules and regulations each 2 years. Every 2 years, in other words, all the rules and regulations will be on the table. If they don't make sense, there is a process established to terminate them.

It restores full responsibility to Congress and the FCC for regulating communications. Under the bill that the House passed last spring, for example, you would have still had a substantial, continuing involvement in communications policy on the part of the Justice Department and the Federal courts. This bill brings the troops home.

Third. Genuinely deregulatory:

I understand the concerns that some of my colleagues have raised. Senator MCCAIN has raised the question of whether this bill is deregulatory enough. Senator PACKWOOD has asked if we could not speed up the transition to full, unregulated competition. These are valid concerns.

But let me highlight some of the deregulatory steps which this bill makes possible now.

First, it will make it possible for the FCC immediately to forebear from economically regulating each and every competitive long-distance operator. The Federal courts have ruled that the FCC cannot deregulate. This bill solves that problem and makes deregulation legal and desirable.

Second, this bill envisions removing a whole chunk of unnecessary cable television price controls now. We leave the power to control basic service charges, until local video markets are more competitive. But the authority to regulate the nonbasic services, the expanded tiers, is peeled back. That represents a major step toward deregulation and more reliance on competitive markets.

Third, this bill contains a competitive checklist for determining Bell Co entry into currently prohibited markets like long distance and manufacturing. After Bell companies satisfy all the requirements, the FCC must, in effect, certify compliance by making a public interest determination.

This is not—contrary to some allegations—more regulation. At least one of the Bell companies—NYNEX—can probably fulfill all the checklist's requirements very soon, because State regulators have already required that company to make the most of the necessary changes in the way it does business. The bill also explicitly says that the competitive checklist cannot be expanded.

So, if you read all the provisions in the bill in context, you will see that there simply is no broad grant of discretion to the Federal or State regulators here. We have essentially spelled out the recipe for competition, and it is incumbent on them to follow it.

Fourth.—Future orientation:

Let me mention another critical aspect of this bill, it is future oriented.

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

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

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

Fifth. Safeguarding core values:

This bill is aggressively deregulatory. It seeks to achieve genuine, long-term reductions in the level and intensity of Federal, State and local governmental involvement in telecommunications.

But this bill is also responsibly deregulatory. When it comes to maintaining universal access to telecommunications services, for instance it does that. It establishes a process that will make sure that rural and small-town America doesn't get left in the lurch.

This bill also maintains significant Federal oversight. Telecommunications, remember, isn't like trucking, or railroads, or airline transportation. The services we are talking about here are marketed and consumed directly by the public.

This bill seeks to advance core values. I know that the Exon Amendment—which places limits on obscene and indecent computer communications—has sparked controversy. All that amendment actually does is apply to computer communications the same guidelines and limitations which already apply to telephone communications.

Sixth. Further responsibility:

This bill also recognizes the fact that deregulation is always a gradual, transitional process—and that Congress has the responsibility to stay involved.

All of us know that good legislation is only one facet of the overall deregulatory process. Other requirements are careful scrutiny of budgets, of appointments to the FCC and other agencies, and effective Congressional oversight. No one should try to fool themselves into believing that we can get away on the cheap. We can't.

If we are serious about deregulating this marketplace and—more importantly—expanding the range of competitive choices available to the American public, Congress is going to have to stay a central player.

Seventh. Summary of affirmative aspects:

Let me summarize, then, what I see as very positive, affirmative aspects of this bill:

First, it dispenses with the old government-sanctioned monopoly model and replaces it with a process of open access which will lead to more competition across-the-board, in every part of the communications business. It flattens all regulatory barriers to market entry in all telecommunications markets. The more open access takes hold, the less other government intervention is needed to protect competition. Open access is the principle establishing a fair method to move local phone monopolies and the oligopolistic long distance industry into full competition with one another. Completion of the steps on the pro-competitive checklist will give both the long distance firms and the local telephone companies confidence that neither side is gaming the system.

Second, it eliminates a number of unnecessary rules and regulations now—by giving the FCC the discretion to forebear from regulating competitive communications services, by removing unneeded, high-tier, cable price controls.

Third, it establishes a process for continuing attic-to-basement review of all regulations on a 2 year cycle.

Fourth, it seeks to create an environment that is more conducive to more new services and more competitors—by allowing broadcasters and cable operators, for instance, greater competitive flexibility, and giving local and long distance phone companies more chances to compete as well.

Fifth, it terminates the involvement of the Justice Department and the Federal courts in the making of national telecommunications policy.

Sixth, the bill emphasizes effective competition while also safeguarding core values, such as universal service access and limitations on indecency; and,

Finally, it maintains the responsibility of Congress to continue to work through the budget, oversight, and confirmation processes to move this critical sector toward full competition and deregulation.

II. BENEFITS OF S. 652

In General. Competition and deregulation in telecommunications as a result of the Pressler Bill means:

Lower prices for local, cellular, and long distance phone service, and lower cable television prices, too.

More and less costly business and consumer electronics to make U.S. business more competitive and American citizens better informed.

Expanded customer options, as business is spurred to bring new technology to the marketplace faster. In addition to more choices for long distance, cellular, broadcast, and other services where competition already exists, competition and choice in local phone and cable services will be introduced.

High technology jobs with a future for more Americans, economic growth, and continued U.S. leadership in this critical field. The President's Council of Economic Advisors estimates that deregulating telecommunications laws will create 1.4 million new jobs in the services sector of the economy alone by the year 2003. In a Bell Company funded study, WEFA concluded that telecommunications deregulation would cause the U.S. economy to grow 0.5 percent faster on average over the next 10 years, creating 3.4 million new jobs by the year 2005, and generating a cumulative increase of $1.8 trillion in real GDP. Finally, George Gilder has estimated $2 trillion in additional economic activity with the Pressler Bill.

More exports of high-value products, and greater success on the part of U.S.-based telecommunications equipment $10.25 billion, and services $3.3 billion, companies as well as computer equipment $29.2 billion, companies as they leverage their domestic gains to make more sales overseas.

*In Media.* Competition and deregulation in electronic media including broadcasting, cable, and satellite services means:

More Networks and Channels. In the early 1970s, there were three national TV networks and virtually no cable systems. Today, there are 6 national TV networks, plus 10,000 cable TV systems serving 65 percent of American homes—96% have the cable option—with DBS now offering digital service to millions more. The average Ame[rican] family now has access to some video channel choices. Much more is [on] the way if the Pressler Bill is enact[ed] into law.

More News and Public Affairs. Cable deregulation—spurred by satellite communications deregulation—made more news and public affairs programming available. CNN, C–SPAN, and ESPN are prime examples. Local all news channels and local C–SPAN-oriented programming is on its way if deregulation occurs.

More Jobs. Relaxing broadcast rules and regulations—spurred by the growth of cable TV—made it possible for some 300 new TV and 2,000 new radio outlets to emerge. This created 10,000 new jobs in broadcasting.

Small town and rural America parity. Satellites and cable TV service means small town and rural Americans command nearly the same media choices only big city residents once enjoyed. This democratization has spurred public awareness of national and international events—as well as encouraged fuller participation in the political process.

Political shift. Satellites, cable, talk radio, and C–SPAN, which were a specific result of deregulation and competition in communications, were prime ingredients to last year's landmark national political shift. Further decentralization of media control through deregulation will accelerate this democratization phenomenon.

In telephone service. Competition and deregulation in the telephone business means:

Lower prices. Deregulation of phone equipment resulting in faster deployment of advanced equipment has made it possible to reduce local phone rates by $4 billion since 1987. More long distance competition has meant nearly $20 billion in price cuts since 1987. Virtually all Americans now have far more choices in phone equipment and long distance service—and with the Pressler Bill will see choices in local phone services.

New options. Sixty million American families now have cordless phones. Twenty-five million now have cellular phones. Fifty million have answering machines. Twenty million have pagers. Deregulation has allowed technology to evolve to meet the demands of an increasingly mobile society.

Special benefits. Cellular phones have helped millions of American women feel safer and more secure. They have made it possible to drive safely under even the most severe weather conditions, because now help can be called.

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

International competitiveness. Telecommunications is a prime leverage technology. Competition and deregulation expands business access to this new technology. That makes American business more competitive globally. Deregulation also spurs U.S. production and export of high value-added products like computers, advanced telephone switches, mobile radios, and fiber optics. Each dollar invested in telecommunications results in $3 of economic growth.

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

Efficiency. Farms today are the most technology-intensive small businesses. American farmers will be able to harness computer, communications, and satellite technology to stay the world's most efficient lowest cost food producers.

Integration with the national community. Communications advances help integrate the farm community with Americans nationwide. Farm families will have the same news, public affairs, and entertainment choices nearly any American does.

Distance learning/telemedicine. Schools in small town and rural areas will be able to offer the same schooling options as those in the suburbs and major cities. Telemedicine systems will improve the quality of health care available in small town and rural America, especially for the home bound elderly in our society.

More jobs. Deregulation means more modern communications systems as costs drop for small town and rural areas which, in turn, help these areas attract and retain businesses and jobs. Communications deregulation in Nebraska meant thousands of new jobs for the State. Deregulation in North Dakota did the same—one of the country's biggest travel agencies now operate out of Linder and employs several hundred local people.

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

Better service. With voice mail, smart phone services—for example, to renew your library book, press 1, facsimile, and electronic mail, Federal, State and local agencies will be able to provide the public better service.

Reduced cost. Technology through deregulation and competition also helps Government curb costs. Taxpayers thus get better service without having to pay more. The right-sizing of Government agencies is made possible.

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

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

No geographical disadvantage. The ability to locate businesses away from center cities, and to allow many workers, especially working mothers, to telecommute thus reducing urban traffic congestion, pollution problems, and easing child care problems.

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

Working smarter. Satellite networks, computerized point-of-sale terminals—cash registers—and computerized inventory systems often linked directly to suppliers make it possible for U.S. retailers and other businesses to stay very competitive without being overstocked or understocked. Technology which will be made more available through deregulation has also allowed stores to operate in once remote areas. Wal-Mart has become America largest retailer, despite its largely rural origins, chiefly because the company was able to harness the best in contemporary communications.

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

Greater parity. Students in small town and rural America, and in inner cities, will be able to access the same information and instructional resources only wealthy suburban districts have. Advanced math, science, and foreign language courses that many schools could not offer previously are available through telecommunications. This reduces the pressures to close or consolidate small town and rural schools and other institutions, which helps communities maintain their unique local character.

Lower costs. Competition lowers the cost of telecommunications equipment and services. This makes it possible for schools to adopt communications techniques without needing to expand budgets and local taxes.

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

Efficiencies. Communications equipment prices will continue to fall. Police will be able to afford to buy on board computers, advanced radiocommunications, and other high-tech systems. This magnifies the effectiveness of law enforcement budgets.

Better coordination. Advanced communications and computer systems will result in far better coordination among Federal, State, and local law enforcement agencies. Nationwide criminal records, drunk driving, stolen car, and other checks can be undertaken quickly and cheaply. This means law breakers will face a higher risk of apprehension, which means a stronger deterrent against crime.

Personal security. Advanced computer and communications technology place home security systems within reach of more and more American families. Easier access to cellular phones will help Americans stay safer and feel more secure. At the same time, these telecommunications and info[illegible] technologies help police, fire [illegible]pa[illegible]ment and emergency medical [illegible] drastically reduce response ti[illegible] the case of emergency medical s[illegible] far better on-the-spot service w[illegible] provided.

For South Dakota and other small city and rural areas:

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

Recent series of television commercials have shown people sending faxes from the beach, having meetings via computer with people in a foreign country, using their computer to search for theater tickets and a host of other services that soon will be available. My bill would make those services available even sooner by removing restrictive regulations.

A person living in Brandon could work at a job in Minneapolis or Chicago, students in Lemmon would be able to take classes from teachers in Omaha, and doctors in Freeman could consult with specialists at the Mayo Clinic. Telecommunications can bring new economic growth, education, health care and other opportunities to South Dakota.

Competition in the information and communications industries means more choices for people in South [illegible]kota. It will also mean lower cos[illegible] a greater array of services and [illegible]nologies. For instance, competing for customers will compel companies to offer more advanced services like caller ID or local connections to on-line services such as Prodigy and America OnLine.

It hasn't been that long since Ma Bell was everyone's source for local phone service, long-distance service, and phone equipment. Now there are over 400 long-distance companies and people can buy phone equipment at any department or discount store. Under my bill, eventually people would be able to choose from more than one local phone service or cable television operator.

This new competition also should lead to economic development opportunities in South Dakota. People will be able to locate businesses in towns like Groton and Humboldt and serve customers in Hong Kong or New York City. We are entering an exciting era. I want to spur growth and bring new opportunities to South Dakota and everywhere in America.

J. CONCLUSION

S. 652 is legislation providing for the most comprehensive deregulation in the history of the telecommunications industry.

Enacting this bill means ending regulatory apartheid. Under the Communications Act of 1934 and the F[illegible] judiciary's Modification of Final [illegible]ment, sectors of the communications industry are forcibly separated and segregated. This created Government-imposed and sanctioned monopoly models for the telecommunications sector.

S. 652 tears down all the segregation barriers to competition and ends the monopoly model for telecommunications. It opens up unprecedented new freedom for access, affordability, flexibility, and creativity in telecommunications and information products and services.

Passing S. 652 will hasten the arrival of a powerful network of two-way broadband communications links for homes, schools, and small and large businesses. For my home State of South Dakota, and other States away from the big population centers, this reform bill will make the Internet and other computer communications more easily accessible and affordable.

Local phone companies, long-distance phone companies, cable TV systems, broadcasters, wireless and satellite communications entities, and electric utility companies all will gain freedom to compete with one another in the communications business.

S. 652 is not only a deregulation bill, it is a procompetitive bill. There is an important distinction. The 1984 Cable Act; for instance, deregulated rates for the cable industry but explicitly kept intact the barriers keeping telephone, electric companies, broadcasters, and others from competing for cable TV service. Keeping the monopoly model in place while lifting the lid on prices led directly to a backlash and reregulation in the Cable Act of 1992.

This reform law will open the door for billions of dollars of new investment and growth. The United States is the world leader in telecommunications products, software, and services. Still, we labor under self-defeating limits on our ability to grow at home and compete abroad. Most foreign countries retaliate for the strict U.S. limits on foreign investment. This keeps us out of markets where we would have the natural competitive advantage and leaves them open to our competitors. Telecommunications innovation and productivity is flourishing in such countries as the United Kingdom, which has eliminated many barriers to foreign investment. The new legislation will lift limits on foreign investment in U.S. common carrier enterprises on a fair, reciprocal basis.

To maintain our world leadership position we need new legislation. S. 652 will improve international competitiveness markedly by expanding exports. In 1994, according to the Department of Commerce, telecommunications services—local exchange, long distance, international, cellular and mobile radio, satellite, and data communications—accounted for $3.3 billion in exports. Telecommunications equipment—switching and transmission equipment; telephones; facsimile machines; radio and TV broadcasting equipment, fixed and mobile radio systems; cellular radio telephones; radio transmitters, transceivers and receivers; fiber optics equipment; satellite communications systems; closed-circuit and cable TV equipment—accounted for $10.25 billion in exports. Finally, computer equipment accounted for $29.2 billion in exports. With this new legislation, telecommunications and computer equipment and services will be America's No. 1 export sector.

S. 652 will spur economic growth, create new jobs, and substantially increase productivity. As noted earlier, each dollar invested in telecommunications results in 3 dollars' worth of economic growth. The Clinton/Gore administration estimates that with telecommunications deregulation the telecommunications and information sector of the economy would double its share of the GDP by 2003 and employment would rise from 3.6 million today to 5 million by 2003. The WEFA Group, in a Bell Company funded study, stated that with telecommunications deregulation 3.4 million jobs would be created in the next 10 years. In addition, the GDP would be approximately $300 billion higher, and consumers would save approximately $550 billion. Finally, George Gilder recently testified before the Senate Commerce Committee that if telecommunications deregulation like that contemplated in S. 652 does not take place, America will lose up to $2 trillion in new economic activity in the 1990s.

S. 652 will also assist in delivering better quality of life through more efficient provision of educational, health care and other social services. Distance learning and telemedicine applications are especially important in rural and small city areas of America. With the advent of digital wireless technologies the cost of providing service will be lowered tenfold thus closing the gap between the costs of serving urban and rural areas.

If we in Congress do our job right, by passing this legislation, we have the potential to be America's new high-tech pioneers—an opportunity to explore the new American frontier of high-tech telecommunications and computers that will be unleashed through bold free enterprise, de-regulatory, procompetitive, open entry policies. By taking a balanced approach which doesn't favor any industry segment over any other, we will First, stimulate economic growth, jobs, and capital investment; second, help American competitiveness; third, minimize transitional inequities and dislocations; and fourth, actually do something very good for universal service goals.

Mr. President, on March 28, the Committee on Commerce, Science, and Transportation voted 17 to 2 to report S. 652, the Telecommunications Competition and Deregulation Act of 1995.

Telecommunications policy usually rates attention on the business pages, not as a front-page story. Still, for the average American family, legislation to reform regulations of our telephone, cable, and broadcasting industries is surely one of the most important matters the 104th Congress will consider.

OPEN, DELIBERATE PROCESS

Mr. President, this reform legislation was years in the making. It is the handiwork of numerous Senators from both parties, who have shared a common recognition that our laws are outdated and anticompetitive.

The recent hearing process which informed the Commerce Committee and led to development of S. 652 began in February 1994. During 1994 and 1995 the Commerce Committee held 14 days of hearings on telecommunications reform. The committee heard testimony from 109 witnesses during this process. The overwhelming message we received was that Americans want urgent action to open up our Nation's telecommunications markets.

At the beginning of the 104th Congress, on January 31 of this year, I circulated a discussion draft of a telecommunications deregulation bill which reflected ideas from all the Republican members of the Commerce Committee. I invited the comments of ranking Democratic member HOLLINGS and other Democratic members. In just 2 weeks time, Senator HOLLINGS presented a comprehensive response. He has been a tremendous ally in this effort, as have many of my colleagues on the committee.

Senator HOLLINGS and I and Democratic and Republican members of the committee, together with the majority and minority leaders, then engaged in an open, deliberate, productive process of discussion and negotiation.

Mr. President, it is accurate to say that staff from both parties have worked night after night, weekend after weekend, with scarcely any respite, since before Christmas on this bill.

Mr. President, just as it won overwhelming bipartisan support in committee, S. 652 deserves passage by a strong bipartisan vote here on the floor of the Senate.

When I travel around my State of South Dakota and see the craving for distance learning, for telemedicine, for better access to the Internet and the other networks taking shape to improve our productivity and quality of life, it helps me understand the need for this legislation, the need to work and fight for this reform.

Mr. President, the obstacles for progress in telecommunications are not technical. They are political. We have it in our power to tear those obstacles down. S. 652 does a substantial part of the job of tearing them all down.

RESTORING CONGRESSIONAL RESPONSIBILITY

S. 652 returns responsibility for communications policy to Congress after years of micromanagement by the courts. This bill will terminate judicial control of telecommunications policy, in particular, Federal Judge Harold

Greene's "Modification of Final Judgment" regime which has governed the telephone business since the breakup of AT&T in 1984.

When the courts control policy, they are restricted to narrow considerations. Congress, on the other hand, takes into account a whole range of economic and social implications in establishing a national policy framework. S. 652 provides such an approach to telecommunications reform.

Piecemeal policymaking by the courts severely delays productive economic activity. The average waiver process before the Department of Justice and the court takes an average of 4½ to 5 years to complete. Such delays cause uncertainty in markets and significantly reduce investment in telecommunications, an increasingly vital sector of our economy.

PROFOUNDLY PRO-CONSUMER

Our electronic media are in a creative tumult known as the digital revolution. New technology is erasing old distinctions between cable TV, telephone service, broadcasting, audio and video recording, and interactive personal computers. In many instances, the only thing standing in the way of consumers and businesses enjoying cheaper and more flexible telecommunications services are outdated laws and regulations.

Mr. President, S. 652 is profoundly proconsumer. The bill breaks up monopolies—that's proconsumer. The bill sweeps away burdensome regulations. This will lower consumer costs—that's proconsumer.

The bill opens up world investment markets for the U.S. telecommunications business. The impact will be more jobs, new services, lower costs—that's proconsumer.

Mr. President, American consumers and businesses want to enjoy the full benefits of the digital revolution. They want more communicating power, more services, more openings, and lower prices. They want wide-open competition.

It is possible for Americans to have all of these. The obstacles in their way are not technical. We have the most powerful economy, the most advanced technological base in the world. The obstacles are political.

The information industry already constitutes one-seventh of the U.S. economy. Worldwide, the information marketplace is projected to exceed $3 trillion by the close of the decade. Today's Federal laws prevent different media from competing in one another's markets, although they have the technical ability to do so.

The regional Bell operating companies are protected with monopoly status in the local residential phone service markets. But they are barred from manufacturing phone equipment, offering long-distance service, or competing in a cable video market. Cable companies, though technically capable, are forbidden to offer competing phone service.

The status quo preserves monopolies and keeps American consumers from access to an array of products and service options. The existing system of law, regulation, and court decrees, holds back the American telecommunications industry from its full potential to compete in world markets.

S. 652 would change all this. It would bring about the most fundamental overhaul of communications policy in more than 60 years. It will break up the monopolies and increase competition. S. 652 immediately lifts regulations barring local telephone companies' entry into cable service and cable's entry into the local phone business.

It allows electric utilities to offer service in both the phone and cable markets, and provides fair, effective, and rapid means to make certain that local Bell companies abandon all vestiges of monopoly. Then it allows those companies into the long-distance and phone equipment manufacturing markets.

This bill ends decades of protectionism in the telephone investment markets. This will help assure access to capital to build the Nation's next generation informational networking.

On a reciprocal basis, it will give Americans more freedom to profit by making major investments in the telecommunications projects of growing markets abroad. For households and business in my home State of South Dakota and all around the Nation, S. 652 means lower prices for local, cellular, and long-distance phone service and lower cable television prices, too. The new competition also will spur companies to bring new technology and services to the marketplace faster.

Phone customers would be assured the same number of digits and the same listing in directory assistance and the white pages, whether they choose the local Bell company or a new competitor. What is more, phone numbers will be portable. A customer will keep the same number even if he or she moves among phone companies to get better prices.

S. 652 promotes competition in cable markets while protecting consumers from surges in rates. The outcome, I fully expect for consumers, perhaps as soon as a year from enactment of the bill, is plentiful competition and low rates without Federal controls.

Freeing business from overregulation is creative and it is proconsumer. There was heavy skepticism 15 years ago about deregulating natural gas prices, but look at the results. I remember I was in the House of Representatives in those days and everybody said if we deregulate natural gas, prices are going to soar. They did not. They went down. Natural gas prices are lower than ever.

Now consider how dramatic the difference in proconsumer advances have been between an unregulated part of the information sector—personal computers—compared with the heavily-regulated telephone sector.

The personal computer succ[illegible] st is especially important in my [illegible]te South Dakota. Because a firm [illegible] w a tiny start-up in South Da[illegible] fe[w] years ago, Gateway 2000, i[illegible]w major player in personal computer markets. It is one of the quality leaders in home computing products.

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

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

The upshot, in terms of price and power, is that today's computer systems have over 200 times the value of systems in 1994. Even with the historic breakup of the AT&T long-distance monopoly, the telephone business has remained heavily regulated, and consumers have gained value. In 1984, a 10 minute call from New York to Los Angeles cost $5. Today it cost $2.50. It should cost less, and will cost less.

If competition and technological advances have developed in the [illegible] distance market, as they had in [illegible]m puter market over the same [illegible]iod that same phone call would cost less than 3 cents today, rather than $2.50 Three cents.

The regulatory status quo needs shaking up. That is what S. 652 would do. It would do less for big existing companies than for the businesses and services that are still waiting to be created, and many of those will be small businesses. Most important, it would help bring about an explosion of new job opportunities and services for the American people.

Let me take just a moment to describe in detail the key reforms in S. 652. First, universal telephone service, the need to preserve widely available and reasonably priced services is a fundamental concern addressed in S. 652. The bill preserves universal service, improves it, and makes it cost less.

It requires all telecommunications carriers to contribute to the support of universal service. Only telecommunication carriers designated by the FCC or a State as "essential telecommunication carriers" are eligible to receive support payments. The bill directs the FCC to institute and refer to a Federal-State joint board, a proceeding to recommend rules to implement universal service and to establish a minimum definition of universal service. A State may add to the definition for [illegible]cal needs.

Mr. President, to smaller c[illegible] and rural communities and others who depend upon universal service nothing is changed. They continue to enjoy affordable access to phone service as before. The most important impact of S. 652 is structural and management reform in universal service that will save the American taxpayers $3 billion over the next 5 years. I think that is important to say. The universal service of this will cost less in these years.

For local telephone competition, S. 652 gives a green light to local telephone competition. The bill breaks up the old monopoly system for local phone service. All Federal barriers to competition will be removed, and all State and local barriers will be preempted. Cable companies, long-distance companies, electric companies and other entities will gain a chance to offer lower prices and better service for local phone service.

Upon enactment, the legislation preempts all State and local barriers to competing with the telephone companies. In addition, it requires local exchange carriers having market powers to negotiate, in good faith, interconnection agreements for access to unbundled network features and functions that reasonable and nondiscriminatory rates.

This allows other parties to provide competitive service through interconnection with the LEC's facilities. The bill establishes minimum standards relating to types of interconnection that an LEC with market power must agree to provide if requested, including the following: Unbundled access to network functions and services; unbundled access to facilities and information; necessary for transmission, routing, and interoperability of both carriers' networks; interconnection at any technological feasible point; access of polls, ducts, conduits, and rights of way; telephone number portability; and local dialing parity.

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

There is long distance and manufacturing relief for the Bell companies. The Telecommunications Competition and Deregulation Act of 1995 establishes a process under which the regional Bell companies may apply to the FCC to enter the long-distance market. Since the 1984 breakup of AT&T, the Bell companies have been prohibited from providing long-distance service. S. 652 reasserts congressional authority over Bell company provision of long distance and restores the FCC authority to set communication policy over those issues. The Attorney General has a consulting role.

The bill requires Bell local companies and other LEC's with marketing power to open and unbundle their local networks to increase the likelihood that competition will develop for local telephone service.

It sets forth a competitive checklist of unbundling and interconnection requirements. If a Bell company satisfies the checklist, the FCC is authorized to permit the Bell company to long-distance service if this is found to be in the public interest.

Once a Bell company has met the checklist requirements, it also will be allowed to enter the markets for manufacturing phone equipment.

In conducting its manufacturing activities, a Bell company must comply with the following safeguards:

A separate manufacturing affiliate;

Requirements for establishing standards and certifying equipment;

Protections for small telephone companies. A Bell manufacturing affiliate must make its equipment available to other telephone companies without discrimination or self-preference as to price delivery, terms, or conditions.

This bill also opens international investment markets.

S. 652 lifts limits on foreign ownership of U.S. common carriers. The bill establishes a reciprocity formula whereby a foreign national or foreign-owned company would be able to invest more than the current 25 percent limit in a U.S. telephone company if American citizens or firms enjoyed comparable opportunities. This would allow increased investment in and by the U.S. telecommunications industry, which enjoys worldwide comparative advantage.

Finally, in the area of cable competition, the bill permits telephone companies to compete against local cable companies upon enactment, although until 1 year after enactment the FCC would be required to approve Bell company plans to construct facilities for common carrier "video dialtone" operations. The bill also removes at enactment all State or local barriers to cable companies providing telecommunications services, without additional franchise requirements.

The bill maintains rate regulation for the basic tier of programming where the cable operator does not face "effective competition," defined as the provision of video services by a local telephone company or 15 percent penetration by another multichannel video provider. The bill minimizes regulation of expanded tier services. Specifically the bill eliminates the ability of a single subscriber to initiate at the FCC a rate complaint proceeding concerning expanded tier services. In addition, the FCC may only find rates for expanded tier service unreasonable, and subject to regulation, if the rates substantially exceed the national average rates for comparable cable programming services.

In the area of spectrum flexibility and regulatory reform for broadcasters, if the FCC permits a broadcast television licensee to provide advanced television services, the bill requires the FCC to adopt rules to permit such broadcasters flexibility to use the advanced television spectrum for ancillary and supplementary services, if the licensee provides to the public at least one free advanced television program service. The FCC is authorized to collect an annual fee from the broadcaster if the broadcaster offers ancillary supplementary services for a fee to subscribers.

A single broadcast licensee is permitted to reach 35 percent of the national audience, up from the current 25 percent. Moreover, the FCC is required to review all of its ownership rules biennially. Broadcast license terms are lengthened for television licenses from 5 to 10 years and for radio licenses from 7 to 10 years. Finally, new broadcast license renewal procedures are established.

Entry by registered utilities into telecommunications is allowed.

Under current law, gas and electric utility holding companies that are not registered may provide telecommunication services to consumers. There does not appear to be sufficient justification to continue to preclude registered utility holding companies from providing this same competition. The bill provides that affiliates of registered public utility holding companies may engage in the provision of telecommunications services, notwithstanding the Public Utility Holding Company Act of 1935. The affiliate engaged in providing telecommunications must keep separate books and records, and the States are authorized to require independent audits on an annual basis.

ALARM SERVICES

Beginning 3 years after enactment, a Bell company may provide such services if it has received authorization from the FCC to provide in-region interLATA service. The bill requires the FCC to establish rules governing Bell company provision of alarm monitoring services. A Bell company that was in the alarm service business as of December 31, 1994 is allowed to continue providing that service, as long as certain conditions are met.

Finally, continuous review and reduction of regulation.

The bill also ensures that regulations applicable to the telecommunications industry remain current and necessary in light of changes in the industry. First, the legislation permits the FCC to forbear from regulating carriers when forbearance is in the public interest. This will allow the FCC to reduce the regulatory burdens on a carrier when competition develops, or when the FCC determines that relaxed regulation is in the public interest.

Second, the bill requires a Federal-State Joint Board to periodically review the universal service policies.

Third, the FCC, with respect to its regulations under the 1934 act, and a Federal-State Joint Board with respect to State regulations, are required in odd-numbered years beginning in 1997 to review all regulations issued under the act or State laws applicable to telecommunications services. The FCC and Joint Board are to determine whether any such regulation is no longer in the public interest as a result of competition.

In short, Mr. President, this bill promotes deregulation as far as it logically should go. It provides a kind of "sunset" process for all regulations which the bill does not abolish immediately.

I welcome the coming debate and vote on S. 652. I urge my colleagues to reassert congressional responsibility for telecommunications policy.

Let me say, in summary and in conclusion, Mr. President, what we are trying to do here is to get everyone into everyone else's business. The economic apartheid that has been a part of telecommunications since the act of 1934 should be brought to an end.

I believe the passage of this bill would be like the Oklahoma land rush, the going off of the gun, because presently a lot of investment in the United States is paralyzed because we do not have a roadmap for the next 5, 10, or 15 years until we get into the wireless age.

What is happening is that many of our companies are investing in Europe or abroad because they are prohibited from manufacturing or doing something here. As a result, American jobs are being lost.

This particular bill, if we can pass it, will provide a roadmap which businessmen and investors will be able to invest in and make an explosion of new devices, an explosion of new jobs, and will help our country a great deal.

I think it will help consumers by lowering prices and providing more devices, and it will also help labor by providing more jobs of the type that we need in our country.

I wish to pay tribute again to Senator HOLLINGS and his staff and all the Senators on the committee who have worked so hard—and Senators in this Chamber. I have spoken to all 100 Senators at some point on this bill and it has been a long time getting it up. I hope we can proceed through today and tomorrow.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, as the communications bill, S. 652, comes up for consideration, my first urge is one of gratitude. I want to thank the majority leader and minority leader for their leadership in calling up this bill and, of course, I particularly want to thank the chairman of our committee who has been outstanding in working all day long in getting this bill to the floor.

Senator LOTT on the majority side and Senator INOUYE, who was the chairman of our Communications Subcommittee, now the ranking member, have been working around the clock. Of course, particular thanks goes, again, for our staff members. I thank the chairman's staff—Paddy Link, Katie King, and Donald McLellan. On my staff particular gratitude must go to Kevin Curtin, John Windhausen, and Kevin Joseph for all their efforts.

We do not extend such thanks casually. This effort started in the fall of 1993, and every Friday morning we would meet with the Bell companies, the regional Bell operating companies. Every Tuesday morning the staffs would meet again with the competing interests of long distance and all the other industry interests. We have continued those meetings right up to this afternoon. We have been working, meeting, reconciling, trying our dead-level best to bring a complicated measure up to the modern age of telecommunications.

To this Senator, they have all done an outstanding job. So it is not a casual "thanks," but it is one that is very genuine and sincere. We thank them all for their cooperation and understanding.

As this bill is called up, it is good to note and emphasize that the Commerce Committee reported it by a vote of 17 to 2 on March 23. It is a product of months and months of consideration and discussion by the committee and by Senators all involved. In the last Congress, Senators INOUYE, Danforth, and I sponsored S. 1822, which was approved at that time by the Commerce Committee by a vote 18 to 2.

The committee held 31 hours of testimony, 11 days of hearings, and heard from 86-plus witnesses. In this Congress, the committee on S. 652 has held 3 days of hearings on telecommunications reform, heard from a number of witnesses representing a broad variety of interests.

S. 652 achieves a very, very important objective. Most important of all the objectives was the requirement of universal telephone service that would be available and affordable and continued to be outstanding. We have the finest communications services in the world.

This Senator went through the experience of airline deregulation. And truth is truth, and facts are facts. Do not come and tell me how airline deregulation is working. All of the airlines have just about gone broke. And I can tell you from paying just to go from Charleston to Washington and Washington to Charleston and back, it is just an inordinate 600 and some odd dollars. What has happened is 85 percent of America is subsidizing some 15 percent for the long haul. They talk about market forces, market forces. We had a good arrangement on the regulated airline service, and we have come full circle now with regulating foreign airlines and KLM taking over Northwest, British Air coming in on USAir, and all the rest being saved while we proudly stand up as politicians blowing hot and hard how wonderful airline deregulation is working. That is hooey.

I wanted to make sure that we did not fall in and mess up in this particular one with the wonderful telecommunications service that we have had. This bill promotes competition in the telecommunications market and restores regulatory authority over the industry to the Federal Communications Commission. That administrative entity has also been outstanding i their rendering of decisions and movi forward as best they could with t technological developments. But the competition of the communications and regular telephonic service and long distance evolved into a heck of a monopoly that we could not deregulate. I was on the teams that worked all during the 1970's and the early 1980's. Finally, the Department of Justice had to bust it up. We found out that they were so strong politically and financially that they could cancel out any and everybody. Senator DOLE on the majority side, this Senator on the minority side, all during the 1980's tried to get it back to the FCC, and we were blocked. This Senate passed the manufacturing bill to allow the Bell companies to get into manufacturing, passed by a vote of 74, bipartisan, and it was blocked over on the House side.

So the difficulty has really been in trying to get it from Judge Greene back into the administrative body where the people's decisions and policies are made by the Congress, administered by the Federal Communications Commission, but blocked by the industry itself time and time again.

Let me also mention Judge Greene who has done an outstanding job. I want to make note that it was just announced that Judge Greene will enter senior status this August. I just could not give him enough kudos in the wa he has handled this, almost a one-m administrative responsibility for ove 10 years now in his deliberate approach to the needs of the public by maintaining at the same time universal service.

The basic thrust of this bill is clear. Competition is the best regulator of the marketplace. But until that competition exists, until the markets are opened, monopoly-provided services must not be able to exploit the monopoly power to the consumers' disadvantage. Competitors are ready and willing to enter the new markets as soon as they are opened. Competition is spurred by S. 652's provisions, specifying criteria for entry into the various markets.

For example, on a broad scale, cable companies will provide telephone service; telephone companies will offer video services, as pointed out by our distinguished chairman; and telephone companies will, in addition, provide to the consumers the continued universal service; the consumers will be able to purchase local telephone service from several competitors; electric utility companies will offer telecommunications services; the regional Bell operating companies will engage in manufacturing activities. All of these participants will foster competition with each other and create jobs along the way. Of course, long distance will ente the local exchange, and as the local e change is opened, the regional Bell o erating companies will enter into long distance. So we are really moving very expeditiously into the competitive market.

We should not attempt to micromanage the marketplace. Rather, we must set the rules in a way that neutralizes any party's inherent market power so that robust and fair competition can ensue. This is Congress' responsibility.

So this bill transfers jurisdiction over the modified final judgment from the courts to the Federal Communications Commission. Judge Greene, as I mentioned, has been overseeing that modified final judgment in an outstanding fashion. He was doing yeoman's work in attempting to ensure that monopolies do not abuse that market power. Now it is time for the Congress to reassert its responsibilities in this area.

Let me address some of the specific areas of importance. The need to protect advanced universal service is one fundamental concern of the committee in reporting S. 652. Universal service must be guaranteed, the world's best telephone system must continue to grow and develop, and we must ensure the widest availability of telephone service. Under this bill, all telecommunications carriers must contribute to their universal service fund. A Federal-State joint board will define universal service. This definition will evolve. It is a flexible requirement—a requirement, I should say rather, of flexibility so that the definition will evolve over time as technologies change so that consumers have access to the best possible services.

Special provisions in the legislation address universal service in rural areas to guarantee that harm to universal service is avoided there. One of the most contentious issues in this whole discussion has been when the regional Bell operating companies should be allowed to enter the long distance market.

Under section VII(C) of the modified final judgment consented to buy all the RBOC's and attested to in the hearings that we have had on this bill, as a group the test has been whether the RBOC's seeking entry into long distance could have a substantial possibility of impeding competition in that long distance market which it seeks to enter.

Last year, S. 1822 contained a requirement that the Department of Justice utilize this test in considering any application for the regional Bell operating companies' entry into long distance. In addition, the FCC was to utilize a public interest test for considering any such application. This was an approach to which the regional Bell operating companies agreed during the last Congress. This year, earlier draft provisions, however, set a date certain for entry by the RBOC's into the long distance market.

So after all the hearings and much discussion and negotiation, we determined that this self-defeating approach of a calendar ruling there would be no consideration of the competitive circumstances in the marketplace.

So S. 652 specifies that the FCC may approve any application to provide long distance if it finds, one, that the RBOC has fully implemented the unbundling features specified in the competitive checklist in the new section 255 of the Federal Communications Act of 1934; two, the RBOC will provide long distance using a separate subsidiary; and, three, application is consistent with the public interest, convenience, and necessity.

Mr. President, when I mentioned that section 255 is a new section under the Communications Act, I should say of 1934. It is good to point out that we have used the original Communications Act of 1934, as amended, for the simple reason that over the 60 plus years we now have a complex body of law, special rulings, interpretations of legal expressions and requirements by the courts. We are now tasked with the job of trying to bring competition to a regulatory structure based on a monopoly and open up the marketplace.

I remember in an earlier debate we had this year it was brought out that 60,000 lawyers are registered to practice before the District of Columbia bar, 59,000 of whom are probably members of the federal communications bar. That is why you will see every effort to change every little word and analyze every phrase. So we have really had a difficult task trying to break up the monopoly of the local telephone companies and to open the market so competition could ensue and yet it is the monopoly that has provided us with the universal service we all enjoy. We do not want to penalize or jeopardize in any sense the regional Bell operating companies that have been doing an outstanding job because there is no shortcut there. If you penalize them and put them into an uncompetitive position, then, of course, your rates are bound to go up.

So S. 652 is a balanced bill. The public interest test is fundamental to my support for the legislation. In making this public interest evaluation, the FCC is instructed to consult with the Department of Justice which may furnish the Federal Communications Commission with advice on the application using whatever standard it finds appropriate, including antitrust analysis under the Clayton and Sherman Acts and also section VIII(C) under the Modified Final Judgment.

Mr. President, this is great leap from the actual and demonstrable competition test originally proposed in S. 1822 from the last Congress. While I would prefer a more active Department of Justice role, and an explicit reference in the statute to the section VIII(C) test, I support the provisions of S. 652 because the FCC will have the benefit of the Department of Justice views prior to making any decision. The Department of Justice may well decide to base its decision on whether there is a substantial possibility that the regional Bell operating company will impede competition through use of its monopoly power or any other standard under the antitrust law. The report accompanying this bill makes it clear.

I might emphasize at this particular point the leadership that already this year has been given by the antitrust division, by the Department of Justice and the outstanding director, Assistant Attorney General, Ms. Anne Bingaman. She has obtained what we as politicians have been trying over 4 years to get together, and that is about a month ago on national TV there appeared the regional Bell operating company, Ameritech, the long distance company AT&T, the Department of Justice and the Consumer Federation of America, all four entities important to the entire process agreeing on the steps of unbundling, dialing parity, access, interconnection, all of these things all ironed out that in the technological world of communications we have debated back and forth over these many years. They have gotten together. They are going into Grand Rapids and Chicago, and, of course, the RBOC is getting into long distance.

And so while we politicians on the floor of the Senate will be debating in the next few days, no doubt it should be mentioned that the Department of Justice, under the leadership of Ms. Anne Bingaman, has already gotten the parties together. I am convinced that their consent decree now before Judge Greene will be affirmed.

S. 652 requires that an RBOC must provide long distance using a subsidiary separate from itself to avoid any cross-subsidization between local and long-distance rates. These and other safeguards in the bill should prevent against RBOC abuses in the long-distance market.

The committee-approved bill also includes some deregulation rates for cable television. The Democratic proposal at the beginning of the year did not suggest any such deregulation because from 1986 to 1992 cable rates had risen three times faster than the rate of inflation, so that the Congress back in 1992 overwhelmingly imposed rate regulation and new service standards on the cable operators.

We passed the 1992 Cable Act largely in response to the complaints from consumers that rates had soared beyond reason and service was poor. The bill actually became law with the bipartisan vote to override President Bush's veto.

Now, since the 1992 act was adopted, the cable industry has experienced significant growth. Subscribership is up, stock values in cable companies have risen dramatically, and debt financing by the cable industry rose in 1994 by almost $4 billion over the 1993 levels. But the Consumer Federation of America estimates that $3 billion has been saved for American consumers through the rate regulation that has been put into place. Yet some in the industry maintain that cable regulation produces uncertainty in financial markets and that cable operators will need to be able to respond to new competitors through additional revenues.

S. 652, therefore, changes the standard of regulation for the upper tiers of cable programming. It makes no changes in the regulation of the basic tier. Under the bill, a rate for the upper tier cannot be found to be unreasonable unless it substantially exceeds the national average rate for comparable cable programming.

This standard will allow cable operators greater regulatory flexibility for the upper tiers. The bill retains the FCC's authority to regulate excessive rates charged to the upper tiers.

In addition, the bill changes the definition of effective competition in the 1992 act to allow cable rates to be deregulated as soon as the telephone company begins to offer competing cable services in the franchise area. Once consumers have a choice among entities offering cable service, the need for regulation no longer exists.

S. 652 increases the ability of any entity including television networks to own more broadcast stations. Today, the FCC rules allow an entity to own broadcast stations that reach no more than 25 percent of the Nation's population. This limit was imposed out of concern that broadcast stations would be owned by a few individuals, and that concentration would not be beneficial to our local communities or yield the benefits that result from the expression of diverse points of view. S. 652 would increase that level to 35 percent.

Any modification in the national ownership cap is important because of localism concerns. Local television stations provide vitally important services in our communities. Because local programming informs our citizens about natural disasters, brings news of local events, and provides other community-building benefits, we cannot afford to undermine this valuable local resource.

Earlier drafts of the legislation would have eliminated many of the FCC regulatory limits on the broadcast industry. By contrast, S. 1822, as approved by the Commerce Committee last year, required the FCC to conduct a proceeding to review the desirability of changing these rules. I think the bill with 35 percent permeation is an acceptable compromise between those positions.

In addition, the bill repeals a prohibition on cable broadcast crossownership. S. 652 makes no change in the other broadcast ownership rules such as the duopoly rule or the one-in-the-marketplace rule. Rather, the FCC is instructed to review these rules every 2 years, and they can change it upon review.

This comprehensive bill strikes a balance between competition and regulation. New markets will be open, competitors will begin to offer services, consumers will be better served by having choices among providers and services.

I urge my colleagues to support the bill. I myself would have gone further in several areas covered by the legislation, but I have seen that any one sector of the telecommunications industry can stop this bill and checkmate the others, as I have stated before. Telecommunications reform is too important to let this opportunity go by.

Finally, Mr. President, it should be emphasized that here is one industry that suffered from deregulation. You cannot approach this problem in S. 652 as we bring it into the technological age without thinking back to 1912 when David Sarnoff was a clerk in Wanamaker's store and the sinking of the Titanic was occurring. They raced him up to the roof of Wanamaker's. He set up his wireless, made radio contact with the sinking ship and contacted rescue vessels, directing not only some of the rescue effort but the names of survivors, working almost 72 hours around the clock.

Everyone then got a wireless. There was not any regulation. And by 1924, when Herbert Hoover was the Secretary of Commerce, all of those wireless operators came rushing to the Secretary of Commerce and said, "For heaven's sake, we have nothing but jamming." The radio broadcasters, who have a tremendous interest in this S. 652, went begging to be regulated. So they were in the act of 1927 and brought into that age then with the 1934 act.

So those who are now talking about getting rid of the Government and, incidentally, by the way, we can save money by getting rid of the FCC, ought to stop, look and listen. They have to have a sense of history. We can get rid of total deregulation, jamming each other and all that sort of thing, but, after all, the public airways belong to the public, on the one hand, and they need a modicum of administration, on the other hand, for this finest, finest of communications systems in the entire world.

Let us not talk about the FCC costing money. They are the entity this year that already by auction has brought in $7 billion to the Federal Government. If you can find any other bureau, commission, administration, department of Government or otherwise that has reaped 7 billion bucks, I would like to find it.

We have the money to administer all of these things and bring it into a deregulatory, competitive position, but it has to be done in an orderly fashion, and everyone connected and working on this understands that. So let us not start talking about getting rid of the FCC and act like you are doing something sensible.

I thank my colleagues and yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, it may well be that the two distinguished southern managers of this bill, the Senators from South Dakota and South Carolina, may never have imagined that this day would come. This is probably the first occasion on which a thorough philosophical change in direction in communications law has been debated on the floor of the U.S. Senate since the Communications Act of 1934, some 61 years ago.

In 1934, of course, communications was via old-fashioned dial or operator-assisted telephone through radio stations and through Western Union telegrams. The technological situation of the time called for monopoly communications systems and the necessity of regulation of those systems in the public interest to see that prices were not too high.

Today, of course, technology is so totally and completely different that an entirely different regime is needed. Perhaps the greatest difficulty in bringing this day on which we start this debate to pass has been the fact that in each long set of hearings in the Senate Commerce Committee over a year or more, each tentative set of conclusions on the part of these two Senators, and others, by the time those conclusions had been reached, the technology has gone beyond those conclusions.

So there seems to be a broad agreement across both parties and many political philosophies that there should be a large degree of deregulation as a part of any bill, based on the proposition that we cannot tell how much the technology will change in the next 6 months, much less the next 10 years, and that we should accommodate it without constantly trying to regulate it through some form of statutory language. That is the philosophy of this bill, a philosophy of competition rather than of regulated monopoly.

It has been a difficult process and it is likely to be a difficult process for the next 3 or 4 days.

So rather than repeat anything that the two leaders in this debate have said, I would simply like to say from the perspective of this Senator, as a member of the Commerce Committee, there have been three guiding principles in dealing with the many conflicts among groups who would like to provide communication services, and those three guiding principles are, of course, deregulation, competition and the interests of the consumers, the users of these various services.

Mr. President, there are a number of areas covered by this bill in which those three interests lead to the same conclusion: Deregulation will promote competition, competition will promote the consumer interest.

Those parts of the bill probably will not be the subject of much discussion during the course of this debate. They have been worked out. But three considerations are at least slightly different and move in slightly different directions. Because of the nature of the communications industry, which still includes huge regulated monopolies, a total and complete deregulation at least carries with it the risk not of competition but of an unregulated monopoly substituting itself for a regulated monopoly. So there must be a degree of caution in the speed and the completeness of any kind of deregulation.

Almost always, it seems to me, Mr. President, that competition is in the consumer interest, though ironically many of the so-called organized consumer groups have little faith in competition and in the free market and believe in various forms of state socialism and want in many respects more regulation. I believe, Mr. President, that those so-called consumer representatives rarely represent the actual consumer interest.

So as we go through this debate over particular proposed amendments during the course of the next week, it seems to me we all have to attempt to judge them on the basis of those three principles: Are they deregulatory in nature in a constructive fashion that is consistent with the march of new technologies? Do they promote competition? And are they in the consumer interest?

Mr. President, there is only one other major point that I want to make at this time, and that is that of all of the proposals with which I have had to deal in my career in the Senate, this is perhaps the most important for the future of our economy. Perhaps as much as 20 percent of our economy is connected with communications in some respect or another. And, of course, the lobbying, the attempt to influence all of us on the part of people who are in the communications business or wish to be in the communications business is fierce, is overwhelming in nature. At the same time, the actual consumers of these goods, our constituents, who are not in the business, are almost totally silent.

I have hardly gotten a handful of telephone calls or letters from ordinary citizens about this bill. It is too big. It is too complicated. It is about the future. It is very difficult to come up with an intelligent opinion off the top of one's head on some of the particular controversial areas in it. And so it is up to us to weigh the consumer interest as we work our way through this legislation, along with those features that will lead to competition, generally speaking, through deregulation.

My observation is that the large companies and groups which are already in the communications business do sincerely favor competition. But, generally speaking, they would like to create a competitive atmosphere in which they are at least even, and perhaps have a little bit of an advantage. And so the mythical even playing field is something to which all give lipservice but each defines in a different fashion.

Now, the new companies, the entrepreneurs, those who are just beginning in the field, or wish to get in the field, simply want it opened up. They want to be able to compete, where today they cannot. Few of them are large enough to demand some kind of special privileges or another. And we need to encourage both.

We need to encourage the continued investment in this new technology on the part of those companies that have been in the business literally forever. We cannot lose their expertise and that tremendous investment. We need to see to it that those large companies are able to compete against one another in the consumer interest. At the same time, we also need to see to it that the niche companies, the new companies, the people with bright new ideas, are able to get into this business and if they are tremendously successful, become large companies as well.

So, Mr. President, we search for deregulation, we search for competition, and we search for the consumer interests. I think we all do so sincerely, determined that we need to make major changes, and perhaps with a degree of humility, that we do not know what is going to happen tomorrow, and we wish to craft an outline which will allow tomorrow to take place without our having crushed it by unanticipated consequences to the actions we take here.

I want to close by congratulating both of my colleagues, the Senator from South Dakota and also the Senator from South Carolina, who has spent a major part of his career in this field and who now has, I think, the enviable task of attempting to manage this legislation wisely and successfully to a conclusion that will benefit all of the American people.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. First, I thank and congratulate the chairman and the ranking member of the committee, Senator PRESSLER and Senator HOLLINGS. We have been promising week after week that this bill was coming to the floor. I do not believe it now that it is on the floor and pending. I have every expectation, with their management skills, that we can probably finish this bill by Friday noon. If that is the case, we probably would not have any votes on Monday—if that is an incentive for anybody. We might have debate on some other bill but no votes on Monday. So if we can consider those incentive programs as we go along, it will be helpful. But it is a very important piece of legislation. It is probably the most important bill we have considered all year, no doubt about it. It will create jobs, opportunity, all of the things we have talked about. I have listened to both managers' opening statements.

Mr. President, some may consider S. 652 to be the end of a long, long, process. And no doubt about it, telecommunications deregulation legislation has been an idea debated around here for nearly a decade. In fact, I first introduced telecommunications deregulation legislation in 1986.

But rather than seeing this bill as an end to the process, I see it as a beginning: A beginning of a new era of leadership for the telecommunications industry and for America.

And one person who deserves a good deal of credit for making this new era a reality is Senator PRESSLER. As all Members know, this is a tough, complex, and often contentious issue. And Senator PRESSLER and Senator HOLLINGS have done an outstanding job at bringing the competing interests together—or as close together as possible.

Senator HOLLINGS was the chairman and came very close last year to getting a bill. This year, under the chairmanship of Senator PRESSLER, we are on the floor with the bill. We have not passed it yet, but my understanding is that there is a lot of bipartisan support. It is not a partisan measure, a Democrat or Republican partisan fight. So we ought to be able to complete it quickly, because they have done an outstanding job of bringing the competing interests as close together as possible.

Mr. President, leadership in telecommunications, whether it was inventing the telegraph or the microchip, has been an American tradition. And we will continue that tradition with passage of this bill.

As I have said before, telecom reform will be the real jobs stimulus package of this decade.

Building the necessary infrastructure will require thousands of private sector jobs. And that is just the beginning. Millions more will be created because information will become more accessible. Jobs that will make America more efficient, more productive, and ultimately more powerful.

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

We must develop a flexible policy that will accommodate the explosion of new technology. That policy, of course, is promoting competition. It is irresponsible to think we can do anything more.

No one knows the benefits of free and open competition better than the computer and semi-conductor industries. Just take a look at a few of the players in the U.S. communications industry.

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

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

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

My point is simple: competition, not regulation, has the best record for creating new jobs, spurring new innovation, and creating new wealth.

Mr. President, America is at the cross roads, and Congress must make a choice. A touch choice, as we all know. But I believe that if we ask the right question, we will get the right Answer. As I see it, we must ask ourselves, "who will decide the communications industry's future."

I say we allow the real technical experts to decide. And I am not talking about government bureaucrats. Instead, we should look to the experts in the field, the entrepreneurs, the engineers, and the innovators. It seems to me that they will do a far better job for our country if big government leaves them alone.

I, for one, cannot allow government to become the biggest player in the telecommunications industry. Too much is at stake. It is nonsense to gamble away millions of new jobs. It is nonsense to gamble away America's ability to compete, and win, around the world. And it is nonsense to gamble away the spoils that the information age will bring.

To get there, I have worked with the committee to develop a comprehensive deregulatory amendment that touches all sectors of the communications industry. It is my understanding that the managers are not quite ready to accept it now.

I have a list describing each provision that I will insert in the RECORD at the end of my remarks, but for now, I will just highlight a few of the provisions.

First, deregulate small cable TV systems. This has bipartisan support. Although views differ on deregulating the entire cable TV industry, most of us can agree that rural and small systems need rate relief in order to survive. This provision gets it done.

Second, force the Federal Communications Commission to eliminate outdated regulations, and do so in a timely manner. Currently, there is no guarantee that the Commission will ever act on requests that it forbear on regulations. Under this amendment, the Commission must respond within 90-days—60 more can be added if the issue requires additional scrutiny. Most importantly, it must provide a written determination to justify its actions.

Third, eliminate the number of TV stations that any one entity can own. Currently, the limit is capped at 12. This amendment removes that cap. I want to point out, however, that this amendment does not, I repeat, does not increase the percentage of national viewership beyond the 35 percent that is included in the chairman's mark.

The amendment also eliminates the number of radio stations one can own, unless the Commission finds that issuing or transferring a license will harm competition.

The measure also privatizes or eliminates a number of FCC functions. The Commission deserves credit for making these suggestions that comprise this provision. In other words they came from the FCC.

I could go on at length, but I believe I have given my colleagues a flavor of what this amendment is about. I know the managers and members of their staffs are well acquainted with it.

This amendment does represent the hard work of many Members, obviously Members on both sides of the aisle. Senator BURNS has been working on this for a couple years, Senator CRAIG, Senator PACKWOOD, Senator MCCAIN on our side, just to name a few, and, of course, Senator PRESSLER and Senator HOLLINGS.

It does not matter how long we work on it, if we cannot get it accepted, it does not make any difference. We hope at the appropriate time that it can be accepted. I hope that we will continue on the procompetitive, deregulatory course that we have taken in a bipartisan way, and in only that way will we ensure that today is beginning a new renaissance for America.

Mr. President, I ask that a summary of the deregulation package be printed in the RECORD following my statement.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SUMMARY OF DEREGULATION PACKAGE

Transfers Judge Green's MFJ (consent decree) to the FCC.

Eliminates GTE's consent decree.

Adopts definition to restrict expansion of universal service so that it does not spiral out of control.

Greater deregulation for small cable TV. As the bill stands now, small cable can't take advantage of any rate deregulation because of the way their systems are set-up. To take care of them, the deregulatory amendment would completely eliminate rate regulation for cable operators who serve less than 35,000 in one franchise area, and do not serve more than 1% of all subscribers nationwide (650,000 subscribers). Obviously, this is a pretty broad definition of a "small" cable company.

Increase the Commission's ability to forbear on regulation.

Establish a petition driven process to force the commission to forbear on regulation within a 90-day period. If the Commission does not act, or extend period by an additional 60 days, the petition shall be d granted. If petition is rejected, it m with a written explanation. In short, force the commission to justify any of its regulations.

Eliminate the number of TV stat one entity can own.

Force the Commission to change its ru so that any entity can reach up to 35% Americans with TV broadcast systems (the current cap is at 25%).

Eliminate the number of radio stations any one entity can own, unless it would harm competition.

Have FCC consider eliminating rate regulation in long distance market.

Regulatory relief. Speed up FCC action for phone companies by making any revised charge that reduces rates effective 7 days after it is filed with commission. Rate increases will be effective 15 days after submission. To block such changes, FCC must justify its actions.

Eliminate arcane requirement that phone companies must File any line extension with Commission. As it stands now, companies have to get the commission to approve any line extension which often takes more than a year.

Phone companies will only have to file cost allocation manuals on a yearly basis.

Eliminate the following FCC functions: Repeal setting of Depreciation rates; Have Commission subcontract out its audit functions; Simplify coordination between Feds and States; Privatize Ship radio inspections; Permit Commission to waive construction permits for broadcast stations as long as license application is submitted 10 days after construction is completed.

Also terminate broadcast licenses if a station is silent for more that 12 consecutive months. Subcontract out testing and certification of equipment. Permit operat do- mestic ship and aircraft radios w li- cense. Eliminate FCC jurisdiction ov ernment owned radio stations. Eliminate burdensome paperwork involved in Amateur Radio examination. Streamline non-broadcast radio licenses renewals.

AMENDMENT NO. 1255

Mr. DOLE. Mr. President, I send my amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Kansas [Mr. DOLE] proposes an amendment numbered 1255.

Mr. DOLE. Mr. President, I ask unanimous consent further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(c) TRANSFER OF MFJ.—After the date of enactment of this Act, the Commission shall administer any provision of the Modification of Final Judgment not overridden or superseded by this Act. The District Court for the District of Columbia shall have no further jurisdiction over any provision of the Modification of Final Judgment administered by the Commission under this Act or the Communications Act of 1934. The Commission may, consistent with this Act (and the amendments made by this Act), modify any provision of the Modification of Final Judgment that it administers.

(d) GTE CONSENT DECREE.—This Act shall supersede the provisions of the F Judgment entered in United States v. orp No. 83–1298 (D.C. D.C.), and such Judgment shall not be enforced after the effective date of this Act.

On page 40, line 9, strike "to enable them" and insert "which are determined by the Commission to be essential in order for Americans".

On page 40, beginning on line 11, strike "Nation. At a minimum, universal service shall include any telecommunications services that" and insert "Nation, and which".

On page 70, between lines 21 and 22, insert the following:

(b) GREATER DEREGULATION FOR SMALLER CABLE COMPANIES.—Section 623 (47 U.S.C. 543) is amended by adding at the end thereof the following:

"(m) SPECIAL RULES FOR SMALL COMPANIES.—

"(1) IN GENERAL.—Subsection (a), (b), or (c) does not apply to a small cable operator with respect to—

"(A) cable programming services, or

"(B) a basic service tier that was the only service tier subject to regulation as of December 31, 1994,

in any franchise area in which that operator serves 35,000 or fewer subscribers.

"(2) DEFINITION OF SMALL CABLE OPERATOR.—For purposes of this subsection, the term 'small cable operator' means a cable operator that, directly or through an affiliate, serves in the aggregate fewer than 1 percent of all subscribers in the United States and does not, directly or through an affiliate, own or control a daily newspaper or a tier 1 local exchange carrier.".

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

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

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

(1) IN GENERAL.—The Commission shall modify its rules for multiple ownership set forth in 47 CFR 73.3555 by—

(A) eliminating the restrictions on the number of television stations owned under subdivisions (e)(1) (ii) and (iii); and

(B) changing the percentage set forth in subdivision (e)(2)(ii) from 25 percent to 35 percent.

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

On page 79, line 12, strike "(2)" and insert "(3)".

On page 79, line 18, strike "(3)" and insert "(4)".

On page 79, line 21, strike "(4)" and insert "(5)".

On page 79, line 22, strike "modification required by paragraph (1)" and insert "modifications required by paragraphs (1) and (2)".

On page 116, between lines 2 and 3, insert the following:

(b) DOMINANT INTEREXCHANGE CARRIER.—The Commission, within 270 days after the date of enactment of this Act, shall complete a proceeding to consider modifying its rules for determining which carriers shall be classified as "dominant carriers" and to consider excluding all interexchange telecommunications carriers from some or all of the requirements associated with such classification to the extent that such carriers provide interexchange telecommunications service.

On page 116, line 3, strike "(b)" and insert "(c)".

On page 117, line 1, strike "(c)" and insert "(d)".

On page 117, line 22, strike "**REGULATIONS.**" and insert "**REGULATIONS; ELIMINATION OF UNNECESSARY REGULATIONS AND FUNCTIONS.**"

On page 117, line 23, insert "(a) BIENNIAL REVIEW.—" before "Part".

On page 118, between lines 20 and 21, insert the following:

(b) ELIMINATION OF UNNECESSARY COMMISSION REGULATIONS AND FUNCTIONS.—

(1) REPEAL SETTING OF DEPRECIATION RATES.—The first sentence of section 220(b) (47 U.S.C. 220(b)) is amended by striking "shall prescribe for such carriers" and inserting "may prescribe, for such carriers as it determines to be appropriate,".

(2) USE OF INDEPENDENT AUDITORS.—Section 220(c) (47 U.S.C. 220(c)) is amended by adding at the end thereof the following: "The Commission may obtain the services of any person licensed to provide public accounting services under the law of any State to assist with, or conduct, audits under this section. While so employed or engaged in conducting an audit for the Commission under this section, any such person shall have the powers granted the Commission under this subsection and shall be subject to subsection (f) in the same manner as if that person were an employee of the Commission.".

(3) SIMPLICATION OF FEDERAL-STATE COORDINATION PROCESS.—The Commission shall simplify and expedite the Federal-State coordination process under section 410 of the Communications Act of 1934.

(4) PRIVATIZATION OF SHIP RADIO INSPECTIONS.—Section 385 (47 U.S.C. 385) is amended by adding at the end thereof the following: "In accordance with such other provisions of law as apply to government contracts, the Commission may enter into contracts with any person for the purpose of carrying out such inspections and certifying compliance with those requirements, and may, as part of any such contract, allow any such person to accept reimbursement from the license holder for travel and expense costs of any employee conducting and inspection or certification.".

(5) MODIFICATION OF CONSTRUCTION PERMIT REQUIREMENT.—Section 319(d) (47 U.S.C. 319(d)) is amended by striking the third sentence and inserting the following: "The Commission may waive the requirement for a construction permit with respect to a broadcasting station in circumstances in which it deems prior approval to be unnecessary. In those circumstances, a broadcaster shall file any related license application within 10 days after completing construction.".

(6) LIMITATION ON SILENT STATION AUTHORIZATIONS.—Section 312 (47 U.S.C. 312) is amended by adding at the end the following:

"(g) If a broadcasting station fails to transmit broadcast signals for any consecutive 12-month period, then the station license granted for the operation of that broadcast station expires at the end of that period, notwithstanding any provision, term, or condition of the license to the contrary.".

(7) EXPEDITING INSTRUCTIONAL TELEVISION FIXED SERVICE PROCESSING.—The Commission shall delegate, under section 5(c) of the Communications Act of 1934, the conduct of routine instructional television fixed service cases to its staff for consideration and final action.

(8) DELEGATION OF EQUIPMENT TESTING AND CERTIFICATION TO PRIVATE LABORATORIES.—Section 302 (47 U.S.C. 302) is amended by adding at the end the following:

"(e) The Commission may—

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

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

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

(9) MAKING LICENSE MODIFICATION UNIFORM.—Section 303(f) (47 U.S.C. 303(f)) is amended by striking "unless, after a public hearing," and inserting "unless".

(10) PERMIT OPERATION OF DOMESTIC SHIP AND AIRCRAFT RADIOS WITHOUT LICENSE.—Section 307(e) (47 U.S.C. 307(e)) is amended by—

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

(B) striking "service' and 'citizens band radio service'" in paragraph (3) and inserting "service', 'citizens band radio service', 'domestic ship radio service', 'domestic aircraft radio service', and 'personal radio service'".

(11) EXPEDITED LICENSING FOR FIXED MICROWAVE SERVICE.—Section 309(b)(2) (47 U.S.C. 309(b)(2)) is amended by striking subparagraph (A) and redesignating subparagraphs (B) through (G) as (A) through (F), respectively.

(12) ELIMINATE FCC JURISDICTION OVER GOVERNMENT-OWNED SHIP RADIO STATIONS.—

(A) Section 305 (47 U.S.C. 305) is amended by striking subsection (b) and redesignating subsections (c) and (d) as (b) and (c), respectively.

(B) Section 382(2) (47 U.S.C. 382(2)) is amended by striking "except a vessel of the United States Maritime Administration, the Inland and Coastwise Waterways Service, or the Panama Canal Company,".

(13) MODIFICATION OF AMATEUR RADIO EXAMINATION PROCEDURES.—

(A) Section 4(f)(H)(N) (47 U.S.C. 4(f)(4)(B)) is amended by striking "transmissions, or in the preparation or distribution of any publication used in preparation for obtaining amateur station operator licenses," and inserting "transmission".

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

(14) STREAMLINE NON-BROADCAST RADIO LICENSE RENEWALS.—The Commission shall modify its rules under section 309 of the Communications Act of 1934 (47 U.S.C. 309) relating to renewal of nonbroadcast radio licenses so as to streamline or eliminate comparative renewal hearings where such hearings are unnecessary or unduly burdensome.

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

(d) STREAMLINED PROCEDURES FOR CHANGES IN CHARGES, CLASSIFICATIONS, REGULATIONS, OR PRACTICES.—

(A) Section 204(a) (47 U.S.C. 204(a)) is amended—

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

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

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

"(3) A local exchange carrier may file with the Commission a new or revised charge, classification, regulation, or practice on a streamlined basis. Any such charge, classification, regulation, or practice shall be deemed lawful and shall be effective 7 days (in the case of a reduction in rates) or 15 days (in the case of an increase in rates) after the date on which it is filed with the Commission unless the Commission takes action under paragraph (1) before the end of that 7-day or 15-day period, as is appropriate."

(B) Section 208(b) (47 U.S.C. 208(b)) is amended—

(i) by striking "12 months" the first place it appears in paragraph (1) and inserting "5 months"; and

(ii) by striking "filed," and all that follows in paragraph (1) and inserting "filed.".

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

(A) to be exempt from the requirements of section 214 of the Communications Act of 1934 for the extension of any line; and

(B) to file cost allocation manuals and ARMIS reports annually, to the extent such carrier is required to file such manuals or reports.

(3) FOREBEARANCE AUTHORITY NOT LIMITED.—Nothing in this subsection shall be construed to limit the authority of the Commission or a State to waive, modify, or forbear from applying any of the requirements to which reference is made in paragraph (1) under any other provision of this Act or other law.

On page 118, line 20, strike the closing quotation marks and the second period.

On page 118, between lines 20 and 21, insert the following:

"(c) CLASSIFICATION OF CARRIERS.—In classifying carriers according to 47 CFR 32.11 and in establishing reporting requirements pursuant to 47 CFR part 43 and 47 CFR 64.903, the Commission shall adjust the revenue requirements to account for inflation as of the release date of the Commission's Report and Order in CC Docket No. 91-141, and annually thereafter. This subsection shall take effect on the date of enactment of the Telecommunications Act of 1995.".

On page 119, line 4, strike "may" and insert "shall".

On page 120, between lines 3 and 4, insert the following:

"(c) END OF REGULATION PROCESS.—Any telecommunications carrier, or class of telecommunications carriers, may submit a petition to the Commission requesting that the Commission exercise the authority granted under this section with respect to that carrier or those carriers, or any service offered by that carrier or carriers. Any such petition shall be deemed granted if the Commission does not deny the petition for failure to meet the requirements for forbearance under subsection (a) within 90 days after the Commission receives it, unless the 90-day period is extended by the Commission. The Commission may extend the initial 90-day period by an additional 60 days if the Commission finds that an extension is necessary to meet the requirements of subsection (a). The Commission may grant or deny a petition in whole or in part and shall explain its decision in writing.

On page 120, line 4, strike "(c)" and insert "(d)".

Mr. DOLE. Mr. President, I ask unanimous consent that the amendment be laid aside.

Mr. KERREY. Reserving the right to object, Mr. President, I am not objecting to having it laid aside. I am here to inquire what the procedure is going to be. The Senator is offering an amendment and is not going do debate it here this evening? It will be laid aside?

I have not seen this copy. The Senator is not proposing it be accepted at this moment?

Mr. DOLE. I think the managers may be ready to accept it by tomorrow morning.

Mr. HOLLINGS. If the Senator will yield. That is correct. In fact, about 2 hours ago we had it worked out, but there is some further interest on our side that we have yet to clear. The distinguished minority leader has another amendment that he wanted to present at the same time, and I think we can work that out.

That is the idea, to temporarily lay it aside and move on.

Mr. KERREY. I will not object, but I will inform the manager of this bill that I will not give unanimous consent to this being accepted until I have read it and signed off on it.

Mr. DOLE. I have obviously no problem with that. In fact, I can give the Senator from Nebraska a summary of it, too. I thank my colleague.

The PRESIDING OFFICER. Without objection, the amendment is set aside.

Mr. PRESSLER. I thought we had this agreed to this afternoon, but I guess the minority leader has something he would like to add or change. But I would like to inquire of the majority leader if we cannot get agreement tonight.

Shall we make this one of the votes at 8:30 or 9 o'clock in the morning?

Mr. DOLE. If it is acceptable, I do not need a vote. I do not want to penalize anybody.

Mr. KERREY. Is the Senator asking to set a time for a vote?

Mr. DOLE. Not on this amendment. I will wait until the Senator from Nebraska indicates he has had a chance to look at it.

Mr. STEVENS. Mr. President, I do think that everyone should be aware that the bill we are considering is larger in its impact on the national economy than the health care reform measure we considered last year.

This bill, in a conservative way, will impact more than one-third of the economy of the United States.

It is a bill that is designed to transition from the 1934 Communications Act to a period sometime, hopefully, around the turn of the century when we will have deregulated telecommunications because of the competition that we this bill will instill and guarantee.

Now, the bill will put the communications policy of the United States back where it belongs, in the hands of the elected representatives and the President, and will take it out of the courts. By setting rules for entry into long distance by the Bell operating companies, I think we bring to a close an over-10-year policy-making period by the U.S. courts.

This bill will open the local telephone market to competition. It will bring competition and new services to all parts of the United States.

It is not a permanent piece of legislation, in my judgment. This is not a bill that will replace, totally, the 1934 ... It does, however, by deregulating ... industry with appropriate safeguards ... set the stages for a new era ... the United States.

I want to call the attention ... the Senate to a provision that is very meaningful to my area, the universal service provision. This is a concept that, through the existing interstate rate pool, has brought telephone service to all parts of this Nation, including remote villages in Alaska and throughout the Nation wherever you are.

The concept is preserved in this bill in a new manner. It opens up the local market to competition while still preserving the concept of universal service. It does so by taking advantage of new technologies which are intended to reduce the cost of all services, including universal service.

In fact, I find it interesting that the Congressional Budget Office has said that this bill will reduce the cost of universal service from the existing system by at least $3 billion over the next 5 years.

Now, tumbling technology, as I call it, makes terrestrial distances irrelevant. By using modern technologies, the people in Egiagik and Unalakleet and Shishmaref, places many people have never heard of, can be involved in stock markets in New York, explore the Library of Congress, and be connected with overseas sources of information. Allowing cable companies to provide phones and phone com... to provide cable, this bill will s... competition and reduce costs to ... Nation.

There are so many new technologies coming along, Mr. President, it is mind-boggling. There are many provisions in this bill that are aimed at deregulating the industry so those new technologies may compete.

It is my hope that the Senate will recognize this bill for what it is. It is a credit, as the distinguished leader has said, to Senator PRESSLER, the chairman of our committee, and to Senator HOLLINGS, the former chairman of our committee. It is a bill of monstrous scope that has substantial bipartisan support.

Had we had a similar approach to the problems of health care reform in the last Congress, we would have had that problem at least partially solved.

To the credit of these two Senators this is not a bill that attempts to solve all of the problems of the telecommunications industry for the future. It is a bill that opens the door to the future and, in my judgment, it is one that it is absolutely essential be passed.

I am told that George Gilder of the Discovery Institute in Seattle, whom I consider to be one of the real thinkers of this country, has told us that not passing this bill will cost the United States $2 trillion in lost opp...tie in the next 5 years alone.

I happen to pay attentio... Mr. Gilder because he wrote an article th other day which answered some remarks that I made about universal service. I do feel in the days ahead the thinking that this man is doing will have a great deal to do with guiding the Nation into that ultimate system that I foresee coming on after the turn of the century.

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

This morning I introduced a bill that I said I would offer as an amendment to this bill if the opportunity presented itself. I have discussed it now with the two managers of the bill. I would like to offer now an amendment.

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

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

The Congressional Budget Office, as I said before, has estimated that the amendment I offer will raise $4.5 billion in the next 5 years. That is necessary for a strange reason. The Congressional Budget Office also estimated that the universal service provisions in this bill will require private industry and private purchasers to pay $7.1 billion over the next 5 years into this system, which was the interstate rate pool and now will become the fund for the payment of the universal service provisions of this bill.

I remind the Senate that the universal service system contained in this bill would result in a reduction of $3 billion from what continuation of the existing system will cost in the next 5 years. But notwithstanding that this bill will reduce the costs of the existing system we know, in order to avoid a Budget Act point of order on technical grounds, must offset the finding of the Congressional Budget Office that this requirement of the private sector to pay $7.1 billion into the pool—less than before but they still must pay it in—that this private payment must be offset under our congressional budget process.

That sort of boggles my mind too, Mr. President, but it is a requirement and I respect the Budget Act concept. Therefore I offer this amendment. It will extend the auction authority until the year 2000. That is all that is necessary to comply with the Budget Act, 5 years. It will bring in a minimum estimate, as I said, of $4.5 billion.

We have already received, under the auction amendment that I offered 2 years ago, almost $10 billion. It was new money, the kind of money that was never received by the Government before.

Under my amendment tonight, the FCC would have the authority to use spectrum auctions for all mutually exclusive applications for initial licenses or construction permits except for licenses for public safety radio services or for advanced television services, if the advanced television licenses are given to existing broadcast licensees as a replacement for their existing broadcast licenses.

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

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

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

The amendment builds on what has been a very successful beginning. Since the existing spectrum auction authority was enacted in 1993, as I have said, the FCC has raised in excess of $9 billion, almost $10 billion now, for the Federal Treasury in just four auctions.

I do hope the Senate will support the amendment.

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

Mr. KERREY. Reserving the right to object.

The PRESIDING OFFICER (Mr. SANTORUM). Senator DOLE's amendment has been set aside. The Senator does have a right to offer an amendment.

Mr. KERREY. But I object.

The PRESIDING OFFICER. Is the Senator sending his amendment to the desk?

Mr. STEVENS. Did the Senator object to my request to set aside Senator DOLE's amendment?

The PRESIDING OFFICER. Senator DOLE's amendment has been set aside. There is no need for a unanimous-consent request.

AMENDMENT NO. 1256

(Purpose: To extend the authority of the Federal Communications Commission to use auctions for the allocation of radio spectrum frequencies for commercial use, to provide for private sector reimbursement of Federal governmental user costs to vacate commercially valuable spectrum, and for other purposes)

Mr. STEVENS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Alaska [Mr. STEVENS] proposes an amendment numbered 1256.

Mr. STEVENS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill insert the following:

**SEC. . SPECTRUM AUCTIONS.**

(a) FINDINGS.—The Congress finds that—

(1) the National Telecommunications and Information Administration of the Department of Commerce recently submitted to the Congress a report entitled "U.S. National Spectrum Requirements" as required by section 113 of the National Telecommunications and Information Administration Organization Act (47 U.S.C. 923);

(2) based on the best available information the report concludes that an additional 179 megahertz of spectrum will be needed within the next ten years to meet the expected demand for land mobile and mobile satellite radio services such as cellular telephone service, paging services, personal communication services, and low earth orbiting satellite communications systems;

(3) a further 85 megahertz of additional spectrum, for a total of 264 megahertz, is needed if the United States is to fully implement the Intelligent Transportation System currently under development by the Department of Transportation;

(4) as required by Part B of the National Telecommunications and Information Administration Organization Act (47 U.S.C. 921 et seq.) the Federal Government will transfer 235 megahertz of spectrum from exclusive government use to non-governmental or mixed governmental and non-governmental use between 1994 and 2004;

(5) the Spectrum Reallocation Final Report submitted to Congress under section 113 of the National Telecommunications and Information Administration Organization Act by the National Telecommunications and Information Administration states that, of the 235 megahertz of spectrum identified for reallocation from governmental to non-governmental or mixed use—

(A) 50 megahertz has already been reallocated for exclusive non-governmental use,

(B) 45 megahertz will be reallocated in 1995 for both exclusive non-governmental and mixed governmental and non-governmental use,

(C) 25 megahertz will be reallocated in 1997 for exclusive non-governmental use,

(D) 70 megahertz will be reallocated in 1999 for both exclusive non-governmental and mixed governmental and non-governmental use, and

(E) the final 45 megahertz will be reallocated for mixed governmental and non-governmental use by 2004;

(6) the 165 megahertz of spectrum that are not yet reallocated, combined with 80 megahertz that the Federal Communications Commission is currently holding in reserve for emerging technologies, are less than the best estimates of projected spectrum needs in the United States;

(7) the authority of the Federal Communications Commission to assign radio spectrum frequencies using an auction process expires on September 30, 1998;

(8) a significant portion of the reallocated spectrum will not yet be assigned to non-governmental users before that authority expires;

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

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

(b) EXTENSION AND EXPANSION OF AUCTION AUTHORITY.—Section 309(j) (47 U.S.C. 309(j)) is amended—

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

"(1) GENERAL AUTHORITY.—If mutually exclusive applications or requests are accepted for any initial license or construction permit which will involve a use of the electromagnetic spectrum, then the Commission shall grant such license or permit to a qualified applicant through a system of competitive bidding that meets the requirements of this subsection. The competitive bidding authority granted by this subsection shall not apply to licenses or construction permits issued by the Commission for public safety radio services or for licenses or construction permits for new terrestrial digital television services assigned by the Commission to existing terrestrial broadcast licensees to replace their current television licenses.";

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

(3) by striking "1998" in paragraph (10), as renumbered, and inserting in lieu thereof "2000".

(c) REIMBURSEMENT OF FEDERAL RELOCATION COSTS.—Section 113 of the National Telecommunications and Information Administration Act (47 U.S.C. 923) is amended by adding at the end the following new subsections:

"(f) RELOCATION OF FEDERAL GOVERNMENT STATIONS.—

"(1) IN GENERAL.—In order to expedite the efficient use of the electromagnetic spectrum and notwithstanding section 3302(b) of title 31, United States Code, any Federal entity which operates a Federal Government station may accept reimbursement from any person for the costs incurred by such Federal entity for any modification, replacement, or reissuance of equipment, facilities, operating manuals, regulations, or other expenses incurred by that entity in relocating the operations of its Federal Government station or stations from one or more radio spectrum frequencies to any other frequency or frequencies. Any such reimbursement shall be deposited in the account of such Federal entity in the Treasury of the United States. Funds deposited according to this section shall be available, without appropriation or fiscal year limitation, only for the operations of the Federal entity for which such funds were deposited under this section.

"(2) PROCESS FOR RELOCATION.—Any person seeking to relocate a Federal Government station that has been assigned a frequency within a band allocated for mixed Federal and non-Federal use may submit a petition for such relocation to NTIA. The NTIA shall limit the Federal Government station's operating license to secondary status when the following requirements are met—

"(A) the person seeking relocation of the Federal Government station has guaranteed reimbursement through money or in-kind payment of all relocation costs incurred by the Federal entity, including all engineering, equipment, site acquisition and construction, and regulatory fee costs;

"(B) the person seeking relocation completes all activities necessary for implementing the relocation, including construction of replacement facilities (if necessary and appropriate) and identifying and obtaining on the Federal entity's behalf new frequencies for use by the relocated Federal Government station (where such station is not relocating to spectrum reserved exclusively for Federal use); and

"(C) any necessary replacement facilities, equipment modifications, or other changes have been implemented and tested to ensure that the Federal Government station is able to successfully accomplish its purposes.

"(3) RIGHT TO RECLAIM.—If within one year after the relocation the Federal Government station demonstrates to the Commission that the new facilities or spectrum are not comparable to the facilities or spectrum from which the Federal Government station was relocated, the person seeking such relocation must take reasonable steps to remedy any defects or reimburse the Federal entity for the costs of returning the Federal Government station to the spectrum from which such station was relocated.

"(g) FEDERAL ACTION TO EXPEDITE SPECTRUM TRANSFER.—Any Federal Government station which operates on electromagnetic spectrum that has been identified for reallocation for mixed Federal and non-Federal use in the Spectrum Reallocation Final Report shall, to the maximum extent practicable through the use of (f) and any other applicable provision of law, take action to relocate its spectrum use to other frequencies that are reserved for Federal use or to consolidate its spectrum use with other Federal Government stations in a manner that maximizes the spectrum available for non-Federal use. Notwithstanding the timetable contained in the Spectrum Reallocation Final Report, the President shall seek to implement the reallocation of the 1710 to 1755 megahertz frequency band by January 1, 2000. Subsection (c)(4) of this section shall not apply to the extent that a non-Federal user seeks to relocate or relocates a Federal power agency under subsection (f).

"(h) DEFINITIONS.—For purposes of this section—

"(1) FEDERAL ENTITY.—The term 'Federal entity' means any Department, agency, or other element of the Federal government that utilizes radio frequency spectrum in the conduct of its authorized activities, including a Federal power agency.

"(2) SPECTRUM REALLOCATION FINAL REPORT.—The term 'Spectrum Reallocation Final Report' means the report submitted by the Secretary to the President and Congress in compliance with the requirements of subsection (a).".

(d) REALLOCATION OF ADDITIONAL [illegible]EC-TRUM.—The Secretary of Commer[illegible]l, within 9 months after the date of e[illegible]t of this Act, prepare and submit to th[illegible]esident and the Congress a report and timetable recommending the reallocation of the three frequency bands (225–400 megahertz, 3625–3650 megahertz, and 5850–5925 megahertz) that were discussed but not recommended for reallocation in the Spectrum Reallocation Final Report under section 113(a) of the National Telecommunications and Information Administration Organization Act. The Secretary shall consult with the Federal Communications Commission and other Federal agencies in the preparation of the report and shall provide notice and an opportunity for public comment before submitting the report and timetable required by this section

Mr. STEVENS. Mr. President, I understand the Senator from South Dakota, the distinguished chairman wishes to offer an amendment to this I understand that suggestion came i[illegible] after we originally drafted the amendment I have offered.

I yield to him at this time if h[illegible] wants to offer an amendment to m[illegible] *amendment.*

AMENDMENT NO. 1257 TO AMENDMENT NO. 1256

(Purpose: To provide for broadcast auxiliar[illegible] spectrum relocation)

Mr. PRESSLER. Mr. President, [illegible] send a second-degree amendment to th[illegible] amendment proposed by the Senat[illegible] from Alaska to the desk and ask for i[illegible] immediate consideration.

The PRESIDING OFFICER[illegible] Th[illegible] clerk will report.

The legislative clerk read [illegible]ow[illegible]

The Senator from South Da[illegible] [M[illegible] PRESSLER] proposes an amendment nu[illegible]bered 1257 to Amendment No. 1256.

Mr. PRESSLER. Mr. President, I a[illegible] unanimous consent that reading of t[illegible] amendment be dispensed with.

The PRESIDING OFFICER. Witho[illegible] objection, it is so ordered.

The amendment is as follows:

At the end of the matter proposed to be [illegible]serted, insert the following:

(e) BOARDCAST AUXILIARY SPECTRUM RE[illegible]CATION.—

(1) ALLOCATION OF SPECTRUM FOR BRO[illegible]CAST AUXILIARY USES.—Within one year a[illegible] the date of enactment of this Act, the Co[illegible]mission shall allocate the 4635–4685 me[illegible]hertz band transferred to the Commiss[illegible] under section 113(b) of the National Te[illegible]communications and Information Admi[illegible]tration Organization Act (47 U.S.C. 923[illegible] for broadcast auxiliary uses.

(2) MANDATORY RELOCATION OF BROADC[illegible] AUXILIARY USES.—Within 7 years after [illegible] date of enactment of this Act, all licensee[illegible] broadcast auxiliary spectrum in the 2025–[illegible] megahertz band shall relocate into spect[illegible] allocated by the Commission under p[illegible]graph (1). The Commission shall assign [illegible] grant licenses for use of the spectrum [illegible]cated under paragraph (1)—

(A) in a manner sufficient to permit ti[illegible] completion of relocation; and

(B) without using a competitive bid[illegible] process.

(3) ASSIGNING RECOVERED SPECTRUM.—W[illegible]in 5 years after the date of ena[illegible]ent of [illegible] Act, the Commission shall all[illegible]he s[illegible]trum recovered in the 2025–[illegible]egal[illegible] band under paragraph (2) for [illegible]y ne[illegible] censees for commercial mobile service[illegible]

other similar services after the relocation of broadcast auxiliary licensees, and shall assign such licenses by competitive bidding.

Mr. PRESSLER. Mr. President, this second-degree amendment would add a new subsection to the underlying amendment. The new subsection would direct the FCC to allocate a 50 megahertz block of spectrum in the 4 gigahertz band for use by broadcast auxiliary services within 1 year of the enactment of the bill. In addition, this amendment would require that all broadcast auxiliary service licensees currently using a 50 megahertz block of spectrum in the 2 gigahertz band relocate their activities to the 4 gigahertz band within 7 years of the date this bill is enacted.

Finally, this amendment requires the FCC to auction the vacated spectrum in the 2 gigahertz band for use by commercial mobile services like cellular PCS within 5 years of the date of enactment.

By moving broadcast auxiliary service licensees, who do not pay the spectrum they are using, to another less valuable frequency, we will make available some very valuable spectrum for auction.

The Congressional Budget Office estimates that the auction of the 50 megahertz block of 2 gigahertz spectrum will bring at least $3.8 billion to the Federal Treasury.

Combined with the underlying amendment by the Senator from Alaska, this would raise more than $7.1 billion that is needed to offset the universal services provisions of this bill.

As the Senator from Alaska last pointed out—I commend him—this is a technical budget problem. The universal service provisions in this bill actually saves $3 billion over what would be paid if the existing system is left unchanged. However, with these amendments we meet the letter of the Budget Act.

I urge my colleagues to support the adoption of my amendment and the underlying amendment by the Senator from Alaska.

If it is appropriate, I would urge the adoption——

Mr. KERREY. Reserving the right to object, Mr. President.

Mr. PRESSLER. Mr. President, we could go into a quorum call or yield to our colleague from Montana who has been waiting to speak.

Mr. BURNS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BURNS. I do not wish to speak on this amendment. Might I ask a point of order? Could it be set aside, and I proceed with my opening statement because no time was given for opening statements?

Mr. President, I will continue on as if speaking on this amendment.

This is sort of a special day to me because the former chairman of the full committee, Senator INOUYE, and I, when I first came here 6 years ago, had quite a time as we started I think to react to some of the things happening in the industry. We thought probably we were ahead of the curve in setting some kind of policy that would reflect the future. We thought we were ahead of the curve. Now we are behind the curve because technology as it is being developed in this area is far outpacing the regulatory environment in which it finds itself.

I can remember that day when we started to make amendments and the former chairman was very gracious that day. There were some people around, and I was just a freshman Senator offering some ideas that I thought were important in the telecommunications industry, understanding that there have been three inventions which have happened in my lifetime that have changed this world forever. It has changed it so that we cannot go back and do things the old way anymore. Those three inventions were the transistor, the silicon chip and the jet engine. Think what they have done to our life and our world. We can be anywhere else in the world, from Washington, DC, in 12 hours. We can talk and receive and interact both in video and in voice with anybody anywhere else in the world in 5 seconds. Sadly, we can destroy any other society on this Earth within 20 minutes. That is what these three inventions have done. They have tightened down our world where comparatively speaking it has been the size of this building in which we stand down to the size of a basketball. Now we are in a global society, a global economy, and we just cannot go back.

We will amend the Communications Act of 1934. That is some 60 years ago before any of these inventions were made. So basically what we are doing is we are driving digital, compressed digital, vehicles now within a law that regulates a horse-and-buggy type of situation. So we are here and starting out this great debate on changing an issue that will affect each and every one of us.

Make no mistake about it. This is a very, very important piece of legislation. I want to give kudos to our chairman and ranking member and their staffs because they have spent many hours in developing this bill with strong bipartisan support.

This bill was not drafted to satisfy business plans of major communications providers. It was drafted to benefit communications users, and communications users are solidly behind this bill for a number of reasons. Number one, they think it will bring down rates. So do I. They know it will bring advanced services. So do I. Perhaps more importantly, they know it will bring them more choices in telecommunications.

I recently saw a survey that illustrates why one important group—small American business owners—want and need communications reform. In Montana, over 98 percent of all businesses are classified as small businesses. The survey of 4,600 small business owners, which was sponsored by the Natior Federation of Independent Busine found that almost two-thirds of t small business owners surveyed wa to be able to get long-distance telephone service from their local telephone company; and, 54 percent want to be able to choose local service from their long-distance company.

A full 86 percent of these small business owners want one-stop shopping for telecommunications services. Two-thirds of them want to be able to choose one provider that can give them both local and long-distance telephone service presented in either way.

Of course, lower rates are very important to business owners. We all look for a way to do things more economically, to make our business more profitable, to open more economic opportunities and job opportunities for those folks who live in our local neighborhoods. But breaking down outdated barriers to competition that are preventing some local telephone companies from providing long-distance service and long-distance companies from providing local service will also bring something else that small businesses want—that is called convenience. Small businesses do not have the time nor the resources to juggle separate vendors with separate marketing arrangements and separate billing for long-distance and local services, cable TV teleconferencing and, yes, even internet. They want to be able to choose one reliable and affordable company that can bring them all of these services; and when they have the telecommunications problem they want to be able to get on the phone and call one company that is qualified to handle every aspect of their communications needs and their networks.

At first, deregulation will create competition by allowing companies to cross over and compete in new business areas. If we do this right, however, very soon the gray lines that now separate telecommunications businesses will be gone. There will be seamless networks of vertically integrated communications providers competing head to head, tooth and nail to win the consumers' communications dollar. Those dollars are very big dollars. As a result, small businesses will be able to choose one company that can provide all their communications services—or they will be able to continue buying their telecommunications services piecemeal from multiple providers if they so choose. Either way, their decision will be based on who has the most affordable and most advanced services.

A full 92 percent of the small businesses owners questioned in this small business survey said that the telephone is central to their business. I do not doubt this. I know plenty of small businesses throughout my home state of Montana that rely heavily on the telephone to keep their business—mom and pop catalog shops that sell Montana buckskin jackets to the rest of the country or small cattle ranches that use cable TV and telecommunications to get future prices and negotiate with the slaughterhouses. And I do not know many small businesses today that function well without a personal computer and a fax machine.

How many people looked at a fax machine 10 years ago and said, "Who in the world would ever want to use one of those things?" I will bet you cannot walk into an office and many homes that do not have a fax machine today.

Technology is truly a thrilling thing as it propels us towards the next century. This bill will give small business that one-stop shopping that they want.

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

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

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

In addition, small cable operators, when freed from regulatory restraints in past legislation, will provide perhaps our best opportunity for telecommunications services in many of our Nation's rural areas.

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

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

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

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

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

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

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

So as we move this debate forward, I hope that we will keep an open mind and really keep our eye on the ball because we have within our grasp the ability now to turn loose a giant in our economic world and provide services to people who have never had those services before.

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

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

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

I would be prepared, at the conclusion of his remarks, to urge adoption of the Pressler amendment to the Stevens amendment and thereupon urge adoption of the Stevens amendment itself.

The Senator from Montana, who is a professional auctioneer, should understand that the daddy rabbit of auctioneering is the Senator from Alaska. He has already made $7 billion for us, and this amendment here is going to make up another $7 billion to get us by a budget point of order.

But let me, in saying that, acknowledge the hard work and leadership that the Senator from Montana has given. Since his very initiation on the Commerce Committee itself, he has been a leader; he has been interested; he has been contributing; and he has [illegible] tremendous help in bringing this [illegible] the floor.

Mr. BURNS. If the Senator wil[illegible] I thank the Senator for thos[illegible] words. And if I can possibly get the [illegible] of auctioneering the spectrum, I probably would vacate this chair which I am standing in front of.

Mr. HOLLINGS. I am going to lead on that one myself.

I yield the floor.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I have reviewed the amendment that the distinguished Senator from Alaska is offering, and as I understand it, what it does is it offsets an adverse score that this bill has received from the Congressional Budget Office. CBO has said this bill, in particular the universal service fund, is going to cost $7 billion over the next 5 years. Even though that is $3 billion less than what the current universal service fund does, there is the need to come up with $7 billion to avoid a budget point of order.

Now, I point out that under the budget resolution that was passed, when was that, 1½ weeks, 2 weeks ago, I believe that the Commerce Committee is going to be looking at having to reconcile $20 billion, $30 billion anyway, so you are going to have your hands full. The committee will be trying to come up with money to try to get within the recommendations of that budg[illegible]olution.

What this amendment does, i[illegible]es up with that $7.1 billion in the following fashion. It extends the spectrum actions that are scheduled to expire in 1998 for another 2 years, generating $4.5 billion according to CBO, and then it does something that is of particular interest, I believe, Mr. President—and many people would ordinarily oppose this but they are not—and that is the broadcasters have today assigned a 2-gigahertz spectrum in order to do auxiliary services. When they are going out in the field and they are doing some broadcasting out in the field, they use that 2-gigahertz spectrum.

This amendment would transfer that over a 7-year period from 2 gigahertz to 4 gigahertz, and then that 2-gigahertz spectrum would be auctioned off, generating an estimated $3.8 billion over the 5-year period.

Under normal circumstances, the National Association of Broadcasters would probably oppose this, but there are other things in this bill that they like, so they are not going to oppose it. I believe that the distinguished Senator from Alaska has made a good amendment that will in fact cover the $7.1 billion. And so, therefore, Mr President, I will not object to this being accepted by unanimous consent.

Mr. STEVENS addressed the [illegible]r.

The PRESIDING OFFICER[illegible]enator from Alaska.

Mr. STEVENS. The Senator [illegible]n Nebraska has demonstrated how he is [illegible] quick study. He is right. I would add one thing. I think the National Association of Broadcasters are going to want some additional spectrum beyond what is in this bill. We will work that out. But this has been scored, and we will work that out with them as we go forward to make sure that we understand the problem.

The simple problem is that this bill could not go forward unless we within its terms meet the scoring problem that the Senator from Nebraska has outlined.

Again, I point out we are not, however, by this bill spending money for universal service. But the budget process now makes us account for those moneys we must be paid by the private sector pursuant to a mandate, and since we are continuing a mandate, partially reducing it somewhat for universal service, it will cost less than the old universal service, we now must offset it.

I think it is responsible on the part of the Government to do that because there is always the possibility some future Congress might decide not to mandate that service but require the Government to pay it.

So we have, in effect, met the challenge of the Budget Act and, in doing so, we will actually, within this period, raise the additional moneys which I believe will be utilized in offsetting other budget problems as we go along. I do not believe that will be required by any action of the Congress in the future to charge the cost of universal service to the taxpayers.

Again, in my judgment, universal service is required so someone who comes up to my State who wants to call home literally can do it, or wants to bring up a computer and be attached to data services can make that intersection with the telecommunications system of our country.

I believe sincerely in universal services because without the universal services, the villages and towns of our rural areas would be still in probably the early part of the 20th if not the 19th century while we all go into the 21st. If they are not to be left in the position where they are without employment because they cannot attach themselves to this new telecommunications miracle of the United States, then I think they will be a burden on the rest of the country.

My friend George Gilder believes that in the future, the computer will replace, in effect, the networks because the networks will become, in effect, a gigantic computer network rather than just a television network. He tells us that what is going to happen is that we are going to have access through the computer industry to interconnect America's schools and colleges in truly a new worldwide web of glass and air.

If people want to think about it, there is no way we can afford to have this bill stopped by a budget point of order. That is the reason for our amendments. I join in urging adoption of these amendments.

Mr. PRESSLER. I urge the adoption of the amendment.

Mr. HOLLINGS. First, adoption of the Pressler amendment. If there is no further debate, I urge the adoption of the Pressler amendment.

VOTE ON AMENDMENT NO. 1257

The PRESIDING OFFICER. If there is no further debate, the question occurs on agreeing to the second-degree amendment No. 1257 offered by the Senator from South Dakota, Senator PRESSLER.

The amendment (No. 1257) was agreed to.

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

VOTE ON AMENDMENT NO. 1256

The PRESIDING OFFICER. If there is no further debate on the Stevens amendment No. 1256, as amended, the question is on agreeing to the amendment.

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

Mr. PRESSLER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I wish to thank the managers of the bill and those patient with us. I thought it was essential first to proceed with these amendments. Otherwise, we would be wasting our time if a budget point of order had the effect of pulling the bill down. I thank all concerned.

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

The PRESIDING OFFICER. Opening statements are appropriate at this time.

Mr. LOTT. Mr. President, I do want to rise in support of this legislation and make an opening statement. I would like to begin, as others have already done, by congratulating and commending the distinguished Senator from South Dakota for the hard work that he has put into this legislation. Of course, many members of the committee have been working on this legislation for several months. As the distinguished former chairman said earlier, way back in 1993 there was a lot of work going on on legislation that led to this moment.

But I know from personal experience and observation that the chairman of the Commerce, Science, and Transportation Committee, Senator PRESSLER, said immediately after the election in 1994 that this is an issue that is going to be given high priority, a great deal of his attention and we were going to work together to find solutions to the problems that had prevented its consideration last year and earlier. He made a commitment also to make it a bipartisan effort. So that is why we are here, because the chairman of the committee gave this such high priority and he has worked diligently to resolve probler that had been delaying this legislati

I just want to acknowledge that f at the very beginning of this deba We have a long way to go, but I knc now we have started down the path tc ward passing this legislation. I think it is a tremendous undertaking.

This is big legislation. It is important legislation. It involves a significant part of the overall economy in this country. It is going to create jobs. It is going to raise revenue because it is going to be such a dynamic explosive field. We are fixing to unleash the bounds that have been holding back this competition and advancements and this development. I think that no other segment of the economy in the next 10 years will be more dynamic and more exciting than that of telecommunications.

I also want to commend the distinguished Senator from South Carolina who is working at this very moment to resolve potential problems on this legislation, but Senator HOLLINGS worked so hard last year to bring about the passage of the bill through the Commerce, Science, and Transportation Committee. It did not come to consideration, partially because we just ran out of time.

But Senator HOLLINGS again this year has shown a commitment to get legislation developed that we can pass. He is the major reason we are going to have bipartisan legislation. We should have more legislation like this in the Senate. This is really the first bill of the year of major import that I believe will pass by an overwhelming bipartisan vote. So many of our issues have been considered in a partisan way, have been delayed with amendments. We have had filibusters; 50 amendments on the budget resolution. But in this case, we will have a chance to develop a bill that can be bipartisan and also a bill that will pass this body first instead of the other body of Congress. That is no insignificant accomplishment.

Senator INOUYE certainly has also been very interested in telecommunications. He worked on it last year and has been helpful this year.

The indomitable Senator STEVENS from Alaska is always there. When the debate gets hot and heavy, Senator STEVENS from Alaska will always rise to the occasion, as he has on this bill.

I have one other recognition before I get into my comments. I want to recognize the staff members who have done great work, hard work. It has been laborious, tedious, and they have solved so many problems through the great efforts of Paddy Link, and my own staff assistant Chip Pickering, clearly one of the brightest young men I have known in my life. We would not be here without their help.

Let me begin with a quote from testimony before the committee earlier. It begins with a quote from a Senator from Washington State, Senator Magnuson, who served with great distinction on the Commerce, Science, and

Transportation Committee. He put it very aptly when he said in this particular area of legislation "each industry seeks a fair advantage over its rivals."

And then quoting the witness that was before the committee:

Each industry wants prompt relief so that it can enter the others' fields, but at the same time wants to avoid the pain of new competition in its own field by tactics that will delay that competition as long as possible. It is, therefore, up to the Congress to make the tough calls and, in effect, cut the Gordian knot.

That is what we are trying to do with this legislation, cut the Gordian knot that has held this dynamic field of the economy back now for several years.

As unbelievable as it sounds, the Communications Act of 1934 passed in the era of the Edsel, and it is still the current law of the land. That act now governs, in fact, constrains the most dynamic sector of the U.S. economy—telecommunications. Just as the Edsel became a symbol of all that is outdated, so is the 1934 Communications Act. That act is based on old technology and, consequently, on an outdated, rigid-monopoly-based-regulatory model. Boy, that sounds bad, but that is what we have today. It is time we changed that.

That system cannot accommodate the rapidly developing capabilities of new technologies and advanced networks. Instead, it acts to restrict competition, innovation, and investment.

Under that framework, markets are allocated, not won, by the sweat of competition. Currently monopolies, oligopolies or, at best, limited competition exist in local long distance and cable markets. More than 40 of our 50 States prohibit any entrepreneur or competitor from offering—even offering—local telephone service.

The 1984 consent decree which broke up AT&T continues to restrict the Bell operating companies from offering long distance or manufacturing.

We should have fixed that long ago. It would have created jobs and would have been positive for the economy.

Current law prohibits cable companies and telephone companies from competing in each other's markets. They are willing to do that. They want to do that. Why should we not let them do that?

Another 1934 law, the Public Utility Holding Company Act, PUHCA, prevents registered electric utilities from using their infrastructure and networks to offer telecommunication services to the 49 million American homes that they serve. All of these restrictions and regulations and allocations are truly the equivalent of an "Edsel" in the space and information age. In the case of utilities, they are already wired, hooked up. They have the capability to offer all kinds of services. Yet, they are told, no, you cannot do that. Why? There is no good explanation or justification for it—especially if we do this legislation in a way that is fair, open, and allows competition for all.

In stark contrast, the Telecommunications Competition and Deregulation Act of 1995—this bill—will move telecommunications into the 21st century and will finally leave the era of the Edsel behind. S. 652 will achieve this through full competition, open networks, and deregulation. That is what this bill is all about. That is what we say we we want. Senators stand up and say it day in and day out, about all kinds of situations. Well, in this bill, in this area, that is what we would do.

This bill provides a framework where entrepreneurs and free enterprise will make the information superhighway a reality, not just a conversation piece. As a result, tremendous benefits and applications will flow to our economy, to education, and health care. Industries will benefit from expanding markets and opportunities, and consumers will benefit from lower prices in their local, long distance, manufacturing, and cable services.

If one hears the protest of the various industries, it is not because the bill is too regulatory; no, just the opposite is true. It is because this bill removes all of the protection and market allocations that made their respective businesses safe and secure from the rigors of vigorous competition.

Under S. 652, all State and local barriers to local competition are removed upon enactment. An immediate process for removing line of business restrictions on the Bells is put in place. Moreover, the Bell companies are given the freedom to immediately compete out of region and provide a broad range of services and applications known as incidentals. These include lucrative markets in audio, video, cable, cellular, wireless, information services, and signaling.

The 1934 PUHCA is amended to allow registered electric utilities to join with all other utilities in providing telecommunication services, providing the consumer with smart homes, as well as smart highways.

Upon enactment, telephone and cable companies are allowed to compete. Current restrictions barring telephone cable entry are eliminated.

As the telephone/cable restriction is removed, S. 652, rightfully, loosens and removes cable regulation. For cable to convert and compete in the telephone area, it will be freed from the regulatory burdens that limit investment and capital capability, which has been a problem in recent years for the cable industry.

The restrictions placed on broadcasters, also during a bygone era, before cable, wireless cable, and advanced networks, would be reformed.

Ownership restrictions on broadcast TV are raised. An amendment removing restrictions on radio ownership will be adopted, and this is one we have worked hard on, and we have broad support now for. The FCC is granted the authority to allow broadcasters to move toward advanced, digital TV and to use excess spectrum, created by technological advance, for br... mercial purposes. Broadcas... procedures are reformed an... lined.

S. 652, again, moving in ... communications policy of ... goes from a protectionist policy t... appropriate for the global economy an... technology of the 21st century. The bil... promotes investment and growth b... opening U.S. telecommunications mar... kets on a fair and reciprocal basis.

In short, S. 652 constructs a frame... work where everybody can compete ev... erywhere in everything. It limits th... role of Government and increases th... role of the market. It moves from th... monopoly policies of the 1930s to th... market policy of the future.

Toward that end, the removal of al... barriers to and restrictions from com... petition is extremely important, and i... is the primary objective, and I believe... the accomplishment of this legislation... thanks to the efforts of Chairma... PRESSLER and the former chairman... Senator HOLLINGS of South Carolina.

In addressing the local and long dis... tance issues, creating an open acces... and sound interconnection policy wa... the key objective, and it was not eas... to come up with a solution that w... could get most people to be com... fortable with. It is critical to recogniz... the reason why all of these barriers, re... strictions, and regulations exist in th... first place—the so-called bottleneck... Opening the local network removes th... bottleneck and ensures that ... com... petitors will have equal and ... sa... access to all consumers. Su... es... guarantees full and, I believe, fa... com... petition.

The open access policy makes it pos... sible for us to move to full, free-mar... ket competition in local and long dis... tance services, avoid antitrust dangers... and dismantle old regulatory frame... work.

In fact, the Heritage Foundatio... makes the following statement an... points to the open access interconnec... tion policy:

Policymakers of a more conservative o... free market orientation should not fea... this open access policy. In fact, they shoul... favor it for three reasons:

First, there is a rich, common law histor... that supports the open access philosophy.

They cite railroad and telegraph pol... icy in America and common law tradi... tion dating all the way back to th... Roman Empire.

Second, open access works to eliminat... any unfair competitive advantages accrue... by companies that have benefited from Gov... ernment-provided monopolies.

Third, open access removes the need fo... other regulations because the market be... comes more competitive if everyone is o... equal footing.

It is the only way to address eco... nomic deregulation where a bottlenec... distribution system exists. It is th... same policy which allows marke... forces, instead of regulatio... in the case of long distance, ... and in the oil and natural ga... distribution system."

It is those examples of deregulation to which we should look, not to models of deregulation where no bottleneck exists, such as airline or trucking.

Open networks will provide small and mid-sized competitors the opportunity to flourish alongside telecommunication giants. In the long distance industry, similar requirements made it possible for over 400 small and medium-sized companies to develop and compete with AT&T over the past 10 years.

One of the better examples of this is a former high school basketball coach from a small town in Mississippi by the name of Bernie Ebbers. Opening requirements such as interconnection, equal access, and resale made it possible for this entrepreneur to build a small long distance company into the fourth largest in the country—LDDS. It is incredible what has been accomplished by this smalltown man by giving him an opportunity to get in there and compete, and boy did he ever and is he having an impact.

Having used the example of a small long distance entrepreneur, it is also important to point out what happened over the past 10 years to the former monopolist, AT&T. Although AT&T lost significant market share, it has seen the long distance market that it has greatly expand, and its revenues continue with strong, healthy growth.

AT&T's current revenues, with 60 percent share in the long distance market, as opposed to what was 100 percent, are now higher than in 1984. The same dynamic will occur in the local and other markets. Opportunities and markets will expand for all participants, as long as they are effective and efficient in the competitive environment.

It is this free market model which led me to conclude that all of the companies in my State and region and, in fact, in the country, will benefit from this legislation. I believe that markets and opportunities will expand for Bell South and LDDS, both of which are very important in my State of Mississippi, and other long distance companies, including electric utilities—Southern Company and Entergy in my part of the United States, and cable companies and broadcasters will have new opportunities to grow and expand.

A competitive model will create a bigger pie for all the providers, but more importantly, it is the consumers and the overall economy of my region, and I believe the whole country, that will benefit from this legislation.

For consumers and competitors, the open access requirements will do for telecommunications what the Interstate Highway System has done for the shipment of tangible goods and the movement of people and ensure that all competitors will have a way to deliver goods and services to anyone anywhere on the information superhighway.

Other requirements, such as number of portability and dialing parity are just common sense, procompetitive, and fair. A consumer does not want to have to dial more digits or access codes, and if required to do so, they will be less likely and probably not switch to the competitive provider. History shows that dialing parity in long distance services and 1–800 service greatly enhanced competition—or the lack of dialing parity serves as an effective barrier to that competition.

Likewise, a small business or residential consumer will not switch to the competitor if it meant the loss of his or her current number. They will not do it. The disruption to a business or individual or family is too great. That is why we had to deal with this issue in this legislation, although there was a lot of opposition to it.

Another key element of S. 652 is eliminating monopoly-based regulations and putting in place a mechanism to remove those regulations.

The bill eliminates rate-of-return regulation, a regulatory model which cannot logically exist in a competitive environment created by this legislation. States are encouraged to move to more flexible and competitive models.

S. 652 requires the FCC to forbear or to eliminate any past or current regulation requirement which would no longer make sense in this market base of competition. There will be a biannual regulatory review in this legislation that would recommend the elimination, modification, or other needed regulatory reform in the future.

Mr. President, in closing, I think it is time to adopt this communications policy for the future. It provides the right framework, it removes all barriers and restrictions to free market competition, innovation, and increased investment.

With the passage of this legislation our economy will grow a lot faster. We have had tremendous estimates of the kind of economic impact this legislation will have in the billions of dollars. More jobs will be created, applications in education and health care will expand more quickly, and the quality of life will improve in both rural and urban areas.

It is time to move beyond the culture of timidity where the companies and political leaders, regulators, and the courts resist needed reform, fear competition, and opt for the security and inferiority of the status quo.

We know that is what the election was about last year, change in the status quo. Boy, this bill will do that. It is time to trade in the Edsel and pass telecommunications legislation that will move us truly into the future.

I do want to note that I think that the center that holds this legislation together is the part that deals with the entry test. When the local Bell companies get into long distance and they get into the local unbundled market, we have a delicate balance there.

Are they totally happy? No, they would like a fair advantage in each case, but we have been able to cobble together this important balance, and I think it is one that we should support. I believe that we will be able to get this legislation through.

In conclusion, Mr. President, I a unanimous consent to have printed the RECORD information specifical citing the impact that this legislatio can have in my home State of Mississippi.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WHAT DOES IT MEAN FOR MISSISSIPPI?

Mississippi is home to some of the Nation's new leaders in every segment of telecommunications.

Mississippi is prospering and benefitting from the contributions made by the largest and fastest growing regional company, Bell South.

LDDS, a Jackson, MS company, is the fourth largest long distance company in the Nation and an expanding international force. It is a true American success story.

M–TEL, another Jackson based company, is a dynamic entrepreneurial and leading national company in wireless paging service.

A dynamic culture of young entrepreneurs in cellular services is thriving throughout the State.

Parent companies to Mississippi Power and Mississippi Power and Light, Entergy and Southern Company, are pioneer companies promoting utility participation in telecommunications and advanced networks. They will pave the way for smart homes and highways in our State.

Cable companies of all sizes have deployed throughout Mississippi into virtually every small town.

Wireless cable services have exploded in both rural and urban areas of my State.

Mississippi, in cooperation with National Aeronautical and Space Administration, our leading educational institutions and South Central Bell, has deployed an advanced network which connects schools, universities, Federal facilities, super computers and national data bases. It is an educational and high tech model for the future and the Nation.

It is in my home State of Mississippi that I have seen and experienced the benefits of the communications revolution. I know what it means to the economy and quality of life for my State. It means the creation of high tech jobs, attracting new industry, and promoting and connecting Mississippi to the Nation's best educational opportunities.

As a Senator from a State which has become a leading telecommunications center, I come to this debate with the conviction that this legislation will serve Mississippi's, the Nation's, consumers' and competitors' best interest.

S. 652 promotes and accelerates the communication revolution by tearing down all barriers and restrictions preventing the benefits of free market competition.

Mississippi's economy, with telecommunications serving as a key catalyst, is growing and expanding. This legislation will further fuel its growth.

Under S. 652, Mississippi companies will have new opportunities and expanded markets as well as the challenges of competition. South central Bell will be able to expand into long distance, cable, manufacturing and other services.

LDDS, cable companies, Southern Company, Entergy, and numerous other companies will be able, for the first time, to begin competing for local service and combining local, long distance and cable services.

With S. 652, Mississippi's TV and radio broadcasters will see old restrictions removed or raised which have stifled growth and new business.

Small cable operators in Mississippi who have struggled under the regulatory burden of the 1992 Cable Act, will see regulatory relief. Once again, Mississippi cable operators will be able to expand and deploy new services, regain financial stability and prepare to compete in new markets.

The competition among all participants will spur innovation, products, advanced networks and lower prices for the benefit of Mississippi's consumers and industries.

I want Mississippi to continue as a national leader in telecommunications. S. 652 will help achieve that objective.

For the Nation's future, S. 652 is one of the most significant pieces of economic legislation we will consider.

The President's Council of Economic Advisors estimates the telecommunications deregulation will create 1.4 million new jobs by the year 2003.

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

In addition, the committee heard testimony that the Pressler bill will lead to an additional $2 trillion in economic activity.

The communications sector, more than any other, will shape our future economy as well as our civic and community life. This bill is the right policy to maximize the benefits this sector of our economy can deliver.

I urge my colleagues to support this legislation. It is time for Congress, not the courts or bureaucracies, to establish the communications policy for the 21st century.

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

Mr. PRESSLER. I thank the Senator from Mississippi for his terrific contribution. Chip Pickering has been in every step of the way. This would not be happening without your great leadership. I personally thank you very, very much.

Mr. President, I am sending to the desk a managers' amendment which I am cosponsoring with Senator HOLLINGS. This amendment, which has been cleared on both sides of the aisle, makes a number of technical and minor changes in the bill that have been worked out since the bill was reported by the Commerce Committee.

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

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

Mr. LAUTENBERG. Mr. President, reserving the right to object, I commend the managers of the bill thus far. I know they are anxious to conclude a period of a lot of hard work and having struggled through many discussions and agreements to get this behind.

The reason that I raise the possibility of an objection is because, in the process of developing the managers' amendment, it was determined that a major research company based in New Jersey but doing work throughout this country, a company that has offered many innovative ideas in this period of new technology in communication, would be prohibited as a result of the present managers' statement from engaging in manufacture, even though it is the public declaration that they intend to be free of the regional Bell companies ownership. There they are, a company trying to engage in a competitive practice.

I had a discussion with two good friends, Senator HOLLINGS on the Democratic side and Senator PRESSLER on the Republican side, to see if there was any way that we could defer action on this tonight so we might discuss the competitive environment tomorrow morning.

Apparently, it is the belief of the managers that this bill has gone through so much labor and so many delicate steps that to further delay that might be injurious to the success, ultimately, of passing this bill.

So while I will not object, I would ask the managers whether or not I can have their support for a discussion of a proposal to enable the competitive character of the field to be expanded although it is lacking in the statement of the managers.

Mr. PRESSLER. I want to commend my friend from New Jersey, Senator LAUTENBERG. I know he is an experienced businessman, and I know there is some controversy about Bellcore. It is my belief that if Bellcore is sold and out there competing, it should be able to compete without restriction.

That is based on the information I have at this moment. I know there is a great controversy about manufacturing, because about 99 percent of manufacturing many new devises is research.

It seems to me that the Senator has raised a very good point. As I understand it, in the managers' amendment, we have taken this section out so we will be able to entertain a colloquy, or indeed an amendment.

I have begged several Senators to come tonight to offer amendments. We have all these strong feelings and we would like to get a vote on something tomorrow morning at 9 o'clock. As I gaze about, I do not see any amendments cropping forth. We welcome amendments.

I want to thank the Senator from New Jersey for raising this, because based on the information I have, I tend to agree with what I think his position is. I think he has raised a good point. If we could still adopt the managers' amendment, that is not, as I understand it, in there. We have taken out anything that there is controversy about.

Mr. HOLLINGS. Mr. President, first let me thank, as our chairman has very dutifully done, the distinguished presiding officer, the Senator from Mississippi, Senator LOTT, for the 2 years that we worked on S. 1822. The Senator has been an outstanding leader on S. 652 and his staff Chip Pickering has done exceptional bipartisan work. We never would have gotten this far, this balance that has been emphasized, had it not been for Senator LOTT's leadership. I want to thank my distinguished colleague from New Jersey for his attitude and approach to this. What happens, I have two lists in my hands. The list of possible amendments in my left hand are those amendments that ar[illegible] not agreed to, that we could not ge[illegible] consent on from the colleagues [illegible] the staffs on all sides. Objections h[illegible]n heard. We had a list of those[illegible]gs that we thought were peripheral matters like "Replace subsidiary with affiliate where it appears," number 2, "The FCC may modify the modified final judgment with decrees once they are transferred to the FCC," and on down the list. These are things that both sides have agreed to.

Unfortunately, other distinguished Members of the Senate, and particularly on our committee of Commerce, have objected to the provision dealing with Bellcore. As I understand it, as the distinguished Senator from New Jersey points out—they are very competitive. Heavens knows, they produced the technology. If you had to measure in percentage of communications, I would say 90 percent of it has been produced in the Senator from New Jersey's home State there at Bellcore.

So I am disposed to help in any way I can the Senator from New Jersey. It is not within my power to do so because I have, like I say, in my left hand those amendments that are not agreed to. And the Bellcore amendment would have to be on that particular list.

They are not agreed to. There are at least three Senators on the committee who have so notified us. And if any Senator notified me right now on any of the other items in the ma[illegible]ers' amendment I would object for[illegible] if they could not even be he[illegible]at would be my duty as a manage[illegible] the bill, because every Senator has to be respected.

I have the highest respect for the Senator from New Jersey. I will do everything possible I can to help him with his amendment.

Mr. LAUTENBERG. With that statement, if the Senator will yield, Mr. President, I have no objection to going forward.

The PRESIDING OFFICER. Without objection, the several unanimous consent requests are agreed to.

Mr. KERREY. Reserving the right to object, is this just a unanimous consent to read the amendment?

Mr. HOLLINGS. We have to read the amendment.

AMENDMENT NO. 1258

(Purpose: To make minor, technical, and other changes in the reported bill)

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from South Dakota [Mr PRESSLER] for himself and Mr. HOLLINGS proposes an amendment numbered 1258.

Mr. PRESSLER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendmen[illegible]int-ed in today's RECORD under [illegible]end-ments Submitted.")

Mr. KERREY. Reserving the right to object, Mr. President, what are we doing here?

The PRESIDING OFFICER. The Senator from South Dakota just asked the amendments be considered as read.

Mr. PRESSLER. I am asking unanimous consent to adopt the managers' amendments, which I have sent to the desk, and which have been cleared on both sides of the aisle.

Mr. HOLLINGS. Is that cleared with the distinguished Senator?

Mr. KERREY. I have great respect for the Senators from South Carolina and South Dakota, but I have not read the amendment. It was just brought to me. It is 40-some pages long and I understand there is lots in it. I cannot. I object.

The PRESIDING OFFICER. Objection is heard.

Is there debate on the amendment?

Mr. PRESSLER. I suggest the absence of a quorum.

Mr. KERREY. Mr. President, I ask unanimous consent to withhold the request for the quorum call.

The PRESIDING OFFICER. Is there objection?

The Senator from Nebraska seeks recognition? The Senator from Nebraska.

Mr. KERREY. Mr. President, I know there is some confusion. I see my friend from South Carolina and South Dakota as well. I have a great deal of respect for them. I take a great deal of interest in this legislation. They have been kind to allow a member of my staff to sit in on lots of the deliberation.

But I want my colleagues to understand there is a lot in this bill that is not very well understood. I declare straight out I will not vote for this bill in its current form. I am here because I see great promise in telecommunications. I see great promise, in fact, in deregulating the telecommunications industry and using competition to regulate as opposed to having Government mandates and so forth do the job.

But in 1986 I signed a deregulation bill. I may be, for all I know, the only Member of Congress who can come to the floor and say "I signed a deregulation bill for telecommunications." And I know that deregulation does not mean competition. You can have deregulation and have no competition.

I call upon my colleagues who wonder about the impact of their votes. There is a great deal of concern about, for example, the budget resolution we took up. "Gee, what is this going to do to me? Is it going to be difficult to explain at home? There are lots of things in there that might become unpopular and am I going to pay for voting yes on the budget resolution?"

We have lots of issues that are extremely controversial. This is a lot more controversial than meets the eye. I ask my colleagues who are considering voting yes for this and want to move it through quickly to recall what life was like in 1984 when Mr. Baxter, from the Department of Justice, signed a consent decree divesting AT&T of the Bell operating companies, filing that decree with the Federal court here in Washington, DC.

I remember I was Governor of Nebraska at the time and I can tell you, you could have selected a thousand people at random and asked them this question: Would you like Congress to put the Bell companies back together? Do you like what Baxter and Judge Greene did?

And of the thousand people I will bet 998 people would have said "Reverse it. Put it back together. We do not like the confusion that we have. We do not like trying to figure out all this stuff." It was not popular. Do not let anybody be misled by this. This is going to create considerable confusion in the early years. You are not likely to be greeted by a round of applause by households, consumers, who have not been consulted about this legislation.

This is not a Contract With America. Most of the things that we have taken up in this Senate have been carefully polled and researched to determine whether or not they are popular. I have heard, whether it is the balanced budget amendment or the budget resolution or term limits, all sorts of other things, people come down to the floor and say, "In November the people of the United States of America spoke and here is what they meant." I have heard speaker after speaker say that. And in many cases I agreed with them, because I ran in November of 1994.

But I did not have a single citizen, when I was out campaigning, come up to me and say: "Boy, make sure when you go back, if you get reelected, if you go back and represent us, make sure you go back there and deregulate the phone companies. Make sure you go back there and deregulate the cable industry. Make sure. Bob, make sure, if you get back there, get rid of the ownership restrictions on television stations, on radio stations. Because that is what I want. I am really excited about all this stuff. I really think there is a lot in this for me. That is what I want. That is the sort of thing I would like to have you go back there and do."

The American people have not been polled on this one. The distinguished majority leader came down and said there is bipartisan support. It is not a Democratic issue. It is not a Republican issue. He is quite right. It is not. This is an issue that has been discussed at length and I discussed it at length with many corporations that want to be deregulated. They want to be deregulated. In many cases they are right.

But if you listen to the rhetoric, just this far, you would think that the current regulation is holding back the telecommunications industry to such an extent that we have lousy telephone service, that we have noncompetitive industries. You would think America was somehow backwards compared to all the rest of the world. That is not true.

If you look at the OECD examinations of our industries, telecommunications, including the telephone companies, are among the most competitive in the world and among the most productive in the world.

It does not mean, because a company is regulated, that it is not productive or that it is not competitive or that somehow it is going to produce an unsatisfactory thing for the American people.

I am telling my colleagues a lot of people will come down here and say, "It must be good. There is a lot of bipartisan support for it." Walk up to the desk, check out a lot of these amendments, see which way people are voting—this one is going to be remembered. This vote is a big vote. In my State I have about a million households. If you talk telecommunications to those households they do not talk faxes. They are not thinking about enhanced digital processing and all that stuff. They are saying, "What is my dial tone going to cost me? What is my cable going to cost me?" That is what they talk about.

I think we need to come down to this floor and ask ourselves a question. What is this bill going to do for those households? What is it going to do for the consumer? I hear people say it is going to create lots of new jobs. In the course of this debate we are going to come down and examine the question: Who has been creating the jobs?

(Mr. LOTT assumed the chair).

Mr. KERREY. Where are the jobs going? One of the things I hear from people, an awful lot of telecommunications industry people working for the telecommunications company, is substantial downsizing. I say, "Do you want to deregulate? Are you going do get more jobs?" They say, "I do not know. You know. It has not been working too good thus far."

I am down here to talk about what this is going to do for the many households, and for the American consumers. I look forward to the debate. There is much in this legislation that I support. I believe in many cases deregulation will produce a competitive environment that will benefit the American consumer, and that will benefit the American household. But let no one be mistaken. When we pass this piece of legislation in the Senate and go to conference with the House, and get final passage in the early days, do not expect to have the people who vote for you say you were right. "Boy, this thing has really worked." It may take 9 or 10 years, which is what happened with divestiture. It took us a good 10 years before people began to say, "Wait a minute. This is working. Competition is bringing the price down. The quality is going up. This appears to be in fact generating something beneficial to me."

So I would like to get a little fundamental here. I very often, as I am sure the distinguished Presiding Officer does and other Members do, get asked, "What is it that you do? What do you in Washington, DC?" Do I just come down to the floor and give speeches? Do I just answer my telephone and answer letters and do constituent service for the people are having trouble with the IRS, the EPA, or various other agencies of the government? Yes. I try to explain to them I am involved with writing laws. That is what we do here. We write laws; and that the laws matter. I am not a lawyer.

I very often wonder whether or not one of the most important things lawyers do is write the laws that are so darned confusing we have to hire them in order to tell us what is in them. But the longer I am on the job, the longer I am on the job of being in politics and being a politician, the law is becoming more important to me. I see that they are alive. They have an impact on people, and they make a difference.

This bill has about 144 pages in it. Every single word is important. Every single phrase here is going to affect something. We all know it. We have them coming into the office saying we are concerned about this particular phrase, we are concerned about this particular paragraph. I have heard it already referenced—some of the agreements have been difficult to get. They have been difficult to get because every time you do something somebody says, "Gee. That is going to affect me in an adverse way."

The distinguished Senator from Alaska had an amendment earlier that paid for the cost of the universal service, and one of the things that he did—I believe he is quite right—the National Association of Broadcasters is going to object. There are going to be people who say, "I do not like where you got the money." Everything we do in this legislation we know affects one interest group or another. But it is also going to affect more than almost anything we have discussed thus far this year; Indeed, perhaps for a long, long time, every single American household.

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

I just said to citizens out there who are wondering about what the mumbo jumbo is about, you are going to hear a lot. You had better pay attention because, if you have a telephone, and you if you have a cable line coming into your household, you had better pay attention to this legislation because it is going to have a big impact upon you. You are going to hear a lot of people coming down saying this is going to be good for you. You did not ask for it. You did not say, "By gosh. Let us change this law." You did not ask for this thing. But we have figured out this is going to be good for you. And make no mistake about it. We have really paid careful attention to this legislation. We know exactly what it is going to do.

Mr. President, I believe that the American people deserve as a consequence of the impact of this legislation a good and healthy and lengthy debate.

I heard the distinguished occupant of the Chair earlier say he hopes this thing does not degenerate into a filibuster. I do not intend to filibuster this thing. I point out with great respect to the Senator from Mississippi that 1822 would have passed last year if it had not been filibustered and slowed up and tied up by people who said we do not want this thing to go. This would have been law last year I believe. I do not know if the Senator from South Carolina can confirm that.

I do not want to tie this thing up with filibusters and delays. I intend, when there is a manager's amendment or incidental amendment, to examine the language because the language is important. It is going to have an effect on people.

I say, again for emphasis, that I believe this vote is going to be a lot more controversial the further away you get from it than people suspect today. One of the things about laws that citizens need to understand is that very often it is about power. That is to say, who has the power?

I joined with, again the distinguished Senator from South Carolina, in voting against tort reform bill a little earlier because in my judgment that was about power. That was about saying to the citizens of this country you are getting swept away saying the trial lawyers are making life miserable for you. Just ask yourself this question: You get hurt out there, you have a problem out there. Who is going to help you? Is congress going to help you? Are you going to call up your Congressmen and say, "I am getting abused by the phone and cable companies. I do not like what is going on out there. Do you think Congress is going to rush to your defense? Do you think it will be possible for you to get the agencies of the Federal Government to rally to your cause? And you probably do not even have enough money to buy an airplane ticket to come back here, and if you came back here you will not know where to go.

This is about power. And regulations are in place to protect the interests of the people. That is what they are there for. Let us deregulate.

I have a little case going on right now in Omaha, NE, that illustrates what I am talking about. We have a plant in Nebraska which employees a couple of hundred people. Unfortunately, the company processes lead, and they put a lot of lead in the air and water. And it has been determined—and no one disputes it—that lead damages newborn babies without dispute. We do not have leaded gasoline any longer because we have decided that is the case. We have a Clean Air Act, we have a Clean Water Act. This company has been out of compliance for over 15 years.

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

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

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

I get 1,000 Americans who say, "You tell me." Do you trust the corporation? You have a corporation out there that is desperately worried about their quarterly profits. They are worried about bottom line. They [illegible] the shareholders out there to [illegible], and they have to make a [illegible]. They have 1,000 people working for them, and have been working for them let us say 30 years; 30,000 man and woman hours in that corporation. They have to make a decision to lay all thousand of them off, and give them no fringe benefits, no severance pay, no retirement. All of those things add cost to the corporation.

I ask my Americans. Do you trust that corporation? Do you think that corporation is going do say "No. I think it is right and decent; I do not care what the stock holders say, what Wall Street says; I am going to ignore all of those people up in New York City; I do not care what they say; I am going to do the right thing; I am going to give you severance pay; I am going to provide you with your health care, and take care of that retirement benefit because I care about you; you are a human being; I am not going to treat you like trash?"

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

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

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

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

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

No. In that instance the market goes out the window. In that instance we say Time/Warner is putting out slime. We have to regulate them in some fashion.

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

Again, I do not underestimate the difficulty of this. I am going to have a lot of explaining to do to my citizens to tell them why this is good for them because in the early days when they get competition they are going to get confused. And in the early days they may even get some price increases. They may find themselves paying higher telephone service. They may find themselves paying higher cable. We do not know. We are saying let the market set the price, in general, once you get to the final end of this thing. Let the cost determine what people are going to pay. We have a very small amount of subsidy in the universal service fund. We have an education provision that some people are going to come down here and try to strike, saying the market ought to have taken care of that. After having given speeches saying this is good for health care, this is good for education, they do not even want to have that provision in this piece of legislation.

I have many problems with this bill, Mr. President. I do believe the Department of Justice needs a role in this. I do not think consultation is enough. I would cite as case No. 1 why consultation is not enough, the very thing that Members will use when they are saying that competition works, and that is Mr. Baxter and Judge Greene getting together, the Department of Justice getting together with a Federal judge and putting together a consent decree.

It was the Department of Justice. It was the Department of Justice that gave us the competitive environment. It was not the Federal Communcations Commission. I am not calling for increased authority, increased power, but I want them to do more than consult. They understand competition. The Antitrust Division of the Department of Justice understands where and when competition is, and they are about the only ones in this town that, at least by my measurement, are out there fighting to make sure that that marketplace in fact is working.

I have serious problems saying that telephone companies can acquire cable companies inside of their area immediately.

Mr. President, I believe we have to have two lines coming into the home. I believe you have to have—if it is going to be fiber or some kind of combination of coax and fiber, I do not know what it is going to be, but I want two lines coming into my home.

I have heard people talk an awful lot about competition, and I have heard all the companies coming in saying they want a competitive environment. This is one thing I know. Competition to me means I have choice. Again, this idea of choice is a two-edged sword. You are going to have a lot of households out there that are not going to be terribly pleased with this new choice they have, and they are not going to be terribly happy when they see what that choice might do.

We have to be prepared to stay with this thing. To my mind, choice means if a company does not give me what I want, I can take my business someplace else. Competition means to me I can go wherever I want and get the service I want. And I believe in many ways this bill does just that.

The requirements of unbundling, of dialing parity, the requirements that are in this legislation in title I, in my judgment, provide a good basis for us to have a competitive environment. Allowing the phone companies to go out and buy cable inside their own area, Mr. President, is going to restrict competition immediately. We are not going to have the local cable company and the phone company competing because the phone company is going to have an incentive to buy them. If they buy them, it ends that competition.

I am prepared to hear arguments about that, but I think allowing this cable-Bellcore ownership in the local area does precisely the opposite of what this bill intends to do.

The other objections and problems that I have with the bill I will come later to the floor and try to address. I see the Senator from Pennsylvania is down here. I suspect that he wants to make a statement. I just wanted to stand up at this point in time and say to the Senator from South Dakota and the Senator from South Carolina I do not intend to stand down here and stop this piece of legislation from being enacted. But I do intend to stand down here and examine every amendment that is proposed and make sure it is an amendment that I agree to for all the reasons I cited earlier.

The consumers of this country, the households of this country have not been consulted. We are presuming that it is going to be good for them because we have talked to American corporations and they are saying it is going to be good for them. They are saying this is going to be good for consumers. The corporations are saying it is going to be good for those households. They are saying it is good because they are getting more jobs, higher service, better quality, and lower prices.

That is what they are saying. It is not coming from households. This is not coming from the people of the United States of America, whether it is the people of South Dakota, the people of Nebraska, South Carolina, Mississippi, or Pennsylvania. We believe that we have something here that is going to be good for them, but they have not come to us and said: Please do this because we think this needs to be done.

So I again will have many opportunities to stand and talk, and I look forward to what I hope will be a straightforward and healthy and honest debate, something that I hope does produce a final change in the 1934 Communications Act which I think does need to be changed. But at the end of the day I wish to be able to say to the consumers of Nebraska that this is going to be good for you. I wish to able to say to every household in Nebraska you are going to get benefits from it and these are the benefits that I believe are going to occur.

At this stage of the game, Mr. President, I cannot support this legislation for the reasons cited, and I look forward to engaging in what I said I hope will be a constructive debate.

Mr. PRESSLER addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. PRESSLER. I thank the Senator from Nebraska for his statement. In fact. the other day I cited him, when I was on a national program of State legislators and they asked, in terms of a model of a State to deregulate, what might it be. And I suggested the work of BOB KERREY of Nebraska when he was Governor. I observed his work in deregulating telecommunications in that State, and I certainly look forward to his insights.

We have worked on a bipartisan basis on this bill. In fact, all the Democrats on the Commerce Committee voted for the bill. Senator HOLLINGS did a good job. I visited with and delivered a copy of the original draft bill to each of the Democrats on the Commerce Committee.

Two Republicans on the committee voted against the bill. Eight Republicans on the committee voted for it. This is a bipartisan bill. All the Democrats on the committee voted for it. I think that is a very important point.

THE PUBLIC UTILITY HOLDING COMPANY ACT PROVISIONS

Mr. D'AMATO. Mr. President, today I rise to speak about certain provisions in S. 652, the Telecommunications Competition and Deregulation Act of 1995.

This bill contains provisions that would significantly alter the Public Utility Holding Company Act of 1935 (PUHCA). The PUHCA was originally enacted 60 years ago to simplify the utility holding company structure and ensure that consumers were protected from unfair rate increases. At that time, there were many industry abuses involving the pyramidal corporate structures of holding companies which greatly increased the speculative nature of securities issuances, led to market manipulation, and inflated the capital structure. The abuses in the industry made it nearly impossible for the States to adequately protect utility ratepayers.

The PUHCA limited the types of businesses that holding companies could acquire to utility related services. As reported out of the Commerce Committee, Sections 102 and 206 of the "Telecommunications Competition and Deregulation Act" would permit diversification of registered holding companies into the telecommunications business—without SEC approval or any other conditions. Allowing holding companies to diversify away from their traditional core utility operations is a departure from the basis principles underlying the 1935 Act.

Mr. President, my primary concern with these sections of the "Telecommunications Competition and Deregulation Act" is that losses resulting from the subsidiaries telecommunications activities could be passed on to public utility customers in the form of higher utility rates.

I would like to commend Senator PRESSLER and Senator LOTT for including my provision—which addresses these concerns—in the manager's amendment. My provision puts in place the proper consumer safeguards to protect electric utility ratepayers and stockholders from bearing the costs of diversification by registered holding companies into telecommunications activities.

It requires the Federal Communications Commission, the Federal Energy Regulatory Commission, and the State regulators to monitor the activities and practices of both the subsidiaries and the parent holding companies that engage in telecommunications activities in order to ensure that utility consumers pay only what they get.

For example, my provision would ensure that telecommunications-related activities are conducted in a separate subsidiary of the holding company. It would also provide the States with the appropriate regulatory, investigatory, and enforcement authority to protect utility consumers. To this effect, it would require the States to approve any rate increases by those utility companies that have a telecommunications subsidiary. As a result, the States can examine the proposed rate increase to make sure it is justified and that utility customers are not subsidizing the holding company's telecommunications-related costs.

The Banking Committee has consulted the SEC as well as industry and consumer representatives in crafting this provision to make sure appropriate safeguards will allow the holding companies to diversify without negative consequences to utility customers. We have struck a reasonable balance. As a conferee on the Telecommunications Competition and Deregulation Act of 1995, I will be in a position to make certain that this balance is preserved.

At the same time, I would add that the Banking Committee intends to examine the continuing need for the PUHCA once the Securities and Exchange Commission releases its report and recommendations on repeal or reform of the Act.

I would like to thank Senator PRESSLER, Senator LOTT, Senator BUMPERS, Senator SARBANES, and their staffs for their cooperation on this issue.

## MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

## EXECUTIVE MESSAGES REFERRED

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

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

## PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-146. A petition from a citizen of the State of Indiana relative to taxes; to the Committee on the Judiciary.

POM-147. A resolution adopted by the Board of Representatives, Otsego County, New York relative to local government resources; to the Committee on the Judiciary.

POM-148. A resolution adopted by the Council of the City of Alexandria, Virginia relative to the flag; to the Committee on the Judiciary.

POM-149. A concurrent resolution adopted by the Legislature of the State of Arizona; to the Committee on the Judiciary.

"SENATE CONCURRENT RESOLUTION 1018

"Whereas, the people of the State of Arizona believe that state legislatures should be provided with a method of offering amendments to the Constitution of the United States: Therefore be it

"*Resolved by the Senate of the State of Arizona, the House of Representatives concurring:*

"1. That the Congress of the United States propose to the people of the United States an amendment to the Constitution of the United States to amend the Constitution of the United States as follows:

"ARTICLE V—AMENDMENT OF THE CONSTITUTION

"The Congress, whenever two thirds of both Houses shall deem it necessary, shall propose Amendments to this Constitution, or, on the Application of the Legislatures of two thirds of the several States, shall call a Convention for proposing Amendments, which, in either Case, shall be valid to all Intents and Purposes, as Part of this Constitution, when ratified by the Legislatures of three fourths of the several States, or by Conventions in three fourths thereof, as the one or the other Mode of Ratification may be proposed by the Congress; Provided that no Amendment which may be made prior to the Year One thousand eight hundred and eight shall in any Manner affect the first and fourth Clauses in the Ninth Section of the first Article; and that no States, without its Consent, shall be deprived of its equal Suffrage in the Senate.

"Whenever three-fourths of the legislatures of the States deem it necessary, they shall propose amendments to this Constitution. These proposed amendments are valid for all intents and purposes two years after these amendments are submitted to Congress unless both Houses of Congress by a two-thirds vote disapprove the proposed amendments within two years after their submission.

"2. That the Secretary of State of the State of Arizona transmit copies of this Concurrent Resolution to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, the President of the Senate and the Speaker of the House of Representatives of each state's legislature of the United States of America, and the Arizona Congressional Delegation."

POM-150. A concurrent resolution adopted by the Legislature of the State of Arizona; to the Committee on the Judiciary.

"SENATE CONCURRENT RESOLUTION 1006

"Be it resolved by the Senate of the State of Arizona, the House of Representatives concurring:

"1. The following Declaration of Sovereignty is adopted:

"*Section I:*

"A. We, the legislature of the State of Arizona, hereby reaffirm the sovereignty of the states and of the people.

THE TELECOMMUNICATIONS COMPETITION AND DEREGULATION ACT OF 1995 COMMUNICATIONS DECENCY ACT OF 1995

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## DOLE AMENDMENT NO. 1255

Mr. DOLE proposed an amendment to the bill (S. 652) to provide for a pro—competitive, deregulatory national policy framework designed to accelerate rapidly private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition, and for other purposes; as follows:

On page 9, strike lines 4 through 12 and insert the following:

(c) TRANSFER OF MFJ.—After the date of enactment of this Act, the Commission shall administer any provision of the Modification of Final Judgment not overridden or superseded by this Act. The District Court for the District of Columbia shall have no further jurisdiction over any provision of the Modification of Final Judgment administered by the Commission under this Act or the Communications Act of 1934. The Commission may, consistent with this Act (and the amendments made by this Act), modify any provision of the Modification of Final Judgment that it administers.

(d) GTE CONSENT DECREE.—This Act shall supersede the provisions of the Final Judgment entered in United States v. GTE Corp., No. 83-1298 (D.C. D.C.), and such Final Judgment shall not be enforced after the effective date of this Act.

On page 40, line 9, strike "to enable them" and insert "which are determined by the Commission to be essential in order for Americans".

On page 40, beginning on line 11, strike "Nation. At a minimum, universal service shall include any telecommunications services that" and insert "Nation, and which".

On page 70, between lines 21 and 22, insert the following:

(b) GREATER DEREGULATION FOR SMALLER CABLE COMPANIES.—Section 623 (47 U.S.C. 543) is amended by adding at the end thereof the following:

"(m) SPECIAL RULES FOR SMALL COMPANIES.—

"(1) IN GENERAL.—Subsection 9a), (b), or (c) does not apply to a small cable operator with respect to—

"(A) cable programming services, or

"(B) a basic service tier that was the only service tier subject to regulation as of December 31, 1994,

in any franchise area in which that operator serves 35,000 or fewer subscribers.

"(2) DEFINITION OF SMALL CABLE OPERATOR.—For purposes of this subsection, the term 'small cable operator' means a cable operator that, directly or through an affiliate, serves in the aggregate fewer than 1 percent of all subscribers in the United States and does not, directly or through an affiliate, own or control a daily newspaper or a tier 1 local exchange carrier.".

On page 70, line 22, strike "(b)" and inset "(c)".

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

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

(1) IN GENERAL.—The Commission shall modify its rules for multiple ownership set forth in 47 CFR 73.3555 by—

(A) eliminating the restrictions on the number of television stations owned under subdivisions (e)(1)(ii) and (iii); and

(B) changing the percentage set forth in subdivision (e)(2)(ii) from 25 percent to 35 percent.

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

On page 79, line 12, strike "(2)" and insert "(3)".

On page 79, line 18, strike "(3)" and insert "(4)".

On page 79, line 21, strike "(4)" and insert "(5)".

On page 79, line 22, strike "modification required by paragraph (1)" and insert "modifications required by paragraphs (1) and (2)".

On page 116, between lines 2 and 3, insert the following:

(b) DOMINANT INTEREXCHANGE CARRIER.—The Commission, within 270 days after the date of enactment of this Act, shall complete a proceeding to consider modifying its rules for determining which carriers shall be classified as "dominant carriers" and to consider excluding all interexchange telecommunications carriers from some or all of the requirements associated with such classification to the extent that such carriers provide interexchange telecommunications service.

On page 116, line 3, strike "(b)" and insert "(c)".

On page 117, line 1, strike "(c)" and insert "(d)".

On page 117, line 22, strike "REGULATIONS." and insert "REGULATIONS; ELIMINATION OF UNNECESSARY REGULATIONS AND FUNCTIONS.".

On page 117, line 23, strike "(a) BIENNIAL REVIEW.—" before "Part".

On page 118, between lines 20 and 21, insert the following:

(b) ELIMINATION OF UNNECESSARY COMMISSION REGULATIONS AND FUNCTIONS.

(1) REPEAL SETTING OF DEPRECIATION RATES.—The first sentence of section 220(b) (47 U.S.C. 220(b)) is amended by striking "shall prescribe for such carriers" and inserting "may prescribe, for such carriers as it determines to be appropriate,".

(2) USE OF INDEPENDENT AUDITORS.—Section 220(c) (47 U.S.C. 220(c)) is amended by adding at the end thereof the following: "The Commission may obtain the services of any person licensed to provide public accounting services under the law of any State to assist with, or conduct, audits under this section. While so employed or engaged in conducting an audit for the Commission under this section, any such person shall have the powers granted the Commission under this subsection and shall be subject to subsection (f) in the same manner as if that person were an employee of the Commission.".

(3) SIMPLIFICATION OF FEDERAL-STATE COORDINATION PROCESS.—The Commission shall simplify and expedite the Federal-State coordination process under section 410 of the Communications Act of 1934.

(4) PRIVATIZATION OF SHIP RADIO INSPECTIONS.—Section 385 (47 U.S.C. 385) is amended by adding at the end thereof the following: "In accordance with such other provisions of law as apply to government contracts, the Commission may enter into contracts with any person for the purpose of carrying out such inspections and certifying compli with those requirements, and may, as p any such contract, allow any such pers accept reimbursement from the license er for travel and expense costs of any ployee conducting an inspection or certi cation.".

(5) MODIFICATION OF CONSTRUCTION PERMIT REQUIREMENT.—Section 319(d) (47 U.S.C. 319(d)) is amended by striking the third sentence and inserting the following: "The Commission may waive the requirement for a construction permit with respect to a broadcasting station in circumstances in which it deems prior approval to be unnecessary. In those circumstances, a broadcaster shall file any related license application within 10 days after completing construction.".

(6) LIMITATION ON SILENT STATION AUTHORIZATIONS.—Section 312 (47 U.S.C. 312) is amended by adding at the end the following:

"(g) If a broadcasting station fails to transmit broadcast signals for any consecutive 12-month period, then the station license granted for the operation of that broadcast station expires at the end of that period, notwithstanding any provision, term, or condition of the license to the contrary.".

(7) EXPEDITING INSTRUCTIONAL TELEVISION FIXED SERVICE PROCESSING.—The Commission shall delegate, under section 5(c) of the Communications Act of 1934, the conduct of routine instructional television fixed service cases to its staff for consideration and final action.

(8) DELEGATION OF EQUIPMENT TESTING AND CERTIFICATION TO PRIVATE LABORATORIES.—Section 302 (47 U.S.C. 302) is amended by adding at the end the following:

"(e) The Commission may—

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

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

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

(9) MAKING LICENSE MODIFICATION UNIFORM.—Section 303(f) (47 U.S.C. 303(f)) is amended by striking "unless, after a public hearing," and inserting "unless".

(10) PERMIT OPERATION OF DOMESTIC SHIP AND AIRCRAFT RADIOS WITHOUT LICENSE.—Section 307(e) (47 U.S.C. 307(e)) is amended by—

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

(B) striking "'service' and 'citizens band radio service'" in paragraph (3) and inserting "'service', 'citizens band radio service', 'domestic ship radio service', 'domestic aircraft radio service', and 'personal radio service'".

(11) EXPEDITED LICENSING FOR FIXED MICROWAVE SERVICE.—Section 309(b)(2) (47 U.S.C. 309(b)(2)) is amended by striking subparagraph (A) and redesignating subparagraphs (B) through (G) as (A) through (F), respectively.

(12) ELIMINATE FCC JURISDICTION OVER GOVERNMENT-OWNED SHIP RADIO STATIONS.—

(A) Section 305 (47 U.S.C. 305) is amended by striking subsection (b) and redesignating subsections (c) and (d) as (b) and (c), respectively.

(B) Section 382(2) (47 U.S.C. 382(2)) is amended by striking "except a vessel of the United States Maritime Administration, the Inland and Coastwise Waterways Service, or the Panama Canal Company,".

(13) MODIFICATION OF AMATEUR RADIO EXAMINATION PROCEDURES.—

(A) Section 4(f)(H)(N) (47 U.S.C. 4(f)(4)(B)) is amended by striking "transmissions, or in the preparation or distribution of any publication used in preparation for obtaining amateur station operator licenses," and inserting "transmission".

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

(14) STREAMLINE NON-BROADCAST RADIO LICENSE RENEWALS.—The Commission shall modify its rules under section 309 of the Communications Act of 1934 (47 U.S.C. 309) relating to renewal of nonbroadcast radio licenses so as to streamline or eliminate comparative renewal hearings where such hearings are unnecessary or unduly burdensome.

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

(d) REGULATORY RELIEF.—

(1) STREAMLINED PROCEDURES FOR CHANGES IN CHARGES, CLASSIFICATIONS, REGULATIONS, OR PRACTICES.—

(A) Section 204(a) (47 U.S.C. 204(a)) is amended—

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

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

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

"(3) A local exchange carrier may file with the Commission a new or revised charge, classification, regulation, or practice on a streamlined basis. Any such charge, classification, regulation, or practice shall be deemed lawful and shall be effective 7 days (in the case of a reduction in rates) or 15 days (in the case of an increase in rates) after the date on which it is filed with the Commission unless the Commission takes action under paragraph (1) before the end of that 7-day or 15-day period, as is appropriate.".

(B) Section 208(b) (47 U.S.C. 208(b)) is amended—

(i) by striking "12 months" the first place it appears in paragraph (1) and inserting "5 months"; and

(ii) by striking "filed," and all that follows in paragraph (1) and inserting "filed.".

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

(A) to be exempt from the requirements of section 214 of the Communications Act of 1934 for the extension of any line; and

(B) to file cost allocation manuals and ARMIS reports annually, to the extent such carrier is required to file such manuals or reports.

(3) FOREBEARANCE AUTHORITY NOT LIMITED.—Nothing in this subsection shall be construed to limit the authority of the Commission or a State to waive, modify, or forebear from applying any of the requirements to which reference is made in paragraph (1) under any other provision of this Act other law.

On page 118, line 20, strike the closing quotation marks and the second period.

On page 118, between lines 20 and 21, insert the following:

"(c) CLASSIFICATION OF CARRIERS.—In classifying carriers according to 47 CFR 32.11 and in establishing reporting requirements pursuant to 47 CFR part 43 and 47 CFR 64.903, the Commission shall adjust the revenue requirements to account for inflation as of the release date of the Commission's Report and Order in CC Docket No. 91-141, and annually thereafter. This subsection shall take effect on the date of enactment of the Telecommunications Act of 1995.".

On page 119, line 4, strike "may" and insert "shall".

On page 120, between lines 3 and 4, insert the following:

"(c) END OF REGULATION PROCESS.—Any telecommunications carrier, or class of telecommunications carriers, may submit a petition to the Commission requesting that the Commission exercise the authority granted under this section with respect to that carrier or those carriers, or any service offered by that carrier or carriers. Any such petition shall be deemed granted if the Commission does not deny the petition for failure to meet the requirements for forebearance under subsection (a) within 90 days after the Commission receives it, unless the 90-day period is extended by the Commission. The Commission may extend the initial 90-day period by an additional 60 days if the Commission finds that an extension is necessary to meet the requirements of subsection (a). The Commission may grant or deny a petition in while or in part and shall explain its decision in writing.

On page 120, line 4, strike "(c) and insert "(d)".

## STEVENS AMENDMENT NO. 1256

Mr. STEVENS proposed an amendment to the bill S. 652, supra; as follows:

At the appropriate place in the bill insert the following:

SEC. . SPECTRUM AUCTIONS.

(a) FINDINGS.—The Congress finds that—

(1) the National Telecommunications and Information Administration of the Department of Commerce recently submitted to the Congress a report entitled "U.S. National Spectrum Requirements" as required by section 113 of the National Telecommunications and Information Administration Organization Act (47 U.S.C. 923);

(2) based on the best available information the report concludes that an additional 179 megahertz of spectrum will be needed within the next ten years to meet the expected demand for land mobile and mobile satellite radio services such as cellular telephone service, paging services, personal communication services, and low earth orbiting satellite communications systems;

(3) a further 85 megahertz of additional spectrum, for a total of 264 megahertz, is needed if the United States is to fully implement the Intelligent Transportation System currently under development by the Department of Transportation;

(4) as required by Part B of the National Telecommunications and Information Administration Organization Act (47 U.S.C. 921 et seq.) the Federal Government will transfer 235 megahertz of spectrum from exclusive government use to non-governmental or mixed governmental and non-governmental use between 1994 and 2004;

(5) the Spectrum Reallocation Final Report submitted to Congress under section 113 of the National Telecommunications and Information Administration Organization Act by the National Telecommunications and Information Administration states that, of the 235 megahertz of spectrum identified for reallocation from governmental to non-governmental or mixed use—

(A) 50 megahertz has already been reallocated for exclusive non-governmental use,

(B) 45 megahertz will be reallocated in 1995 for both exclusive non-governmental and mixed governmental and non-governmental use,

(C) 25 megahertz will be reallocated in 1997 for exclusive non-governmental use,

(D) 70 megahertz will be reallocated in 1999 for both exclusive non-governmental and mixed governmental and non-government use, and

(E) the final 45 megahertz will be reallocated for mixed governmental and non-governmental use by 2004;

(6) the 165 megahertz of spectrum that are not yet reallocated, combined with 80 megahertz that the Federal Communications Commission is currently holding in reserve for emerging technologies, are less than the best estimates of projected spectrum needs in the United States;

(7) the authority of the Federal Communications Commission to assign radio spectrum frequencies using an auction process expires on September 30, 1998;

(8) a significant portion of the reallocated spectrum will not yet be assigned to non-governmental users before that authority expires;

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

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

(b) EXTENSION AND EXPANSION OF AUCTION AUTHORITY.—Section 309(j) (47 U.S.C. 309(j)) is amended—

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

"(1) GENERAL AUTHORITY.—If mutually exclusive applications or requests are accepted for any initial license or construction permit which will involve a use of the electromagnetic spectrum, then the Commission shall grant such license or permit to a qualified applicant through a system of competitive bidding that meets the requirements of this subsection. The competitive bidding authority granted by this subsection shall not apply to licenses or construction permits issued by the Commission for public safety radio services or for licenses or construction permits for new terrestrial digital television services assigned by the Commission to existing terrestrial broadcast licensees to replace their current television licenses.";

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

(3) by striking "1998" in paragraph (10), as renumbered, and inserting in lieu thereof "2000".

(c) REIMBURSEMENT OF FEDERAL RELOCATION COSTS.—Section 113 of the National Telecommunications and Information Administration Act (47 U.S.C. 923) is amended by adding at the end the following new subsections:

"(f) RELOCATION OF FEDERAL GOVERNMENT STATIONS.—

"(1) IN GENERAL.—In order to expedite the efficient use of the electromagnetic spectrum and notwithstanding section 3302(b) of title 31, United States Code, any Federal entity which operates a Federal Government station may accept reimbursement from any person for the costs incurred by such Federal entity for any modification, replacement, or reissuance of equipment, facilities, operating manuals, regulations, or other expenses incurred by that entity in relocating the operations of its Federal Government station or stations from one or more radio spectrum frequencies to any other frequency or frequencies. Any such reimbursement shall be deposited in the account of such Federal entity in the Treasury of the United States. Funds deposited according to this section shall be available, without appropriation or fiscal year limitation, only for the operations of the Federal entity for which such funds were deposited under this section.

"(2) PROCESS FOR RELOCATION.—Any person seeking to relocate a Federal Government station that has been assigned a frequency within a band allocated for mixed Federal and non-Federal use may submit a petition for such relocation to NTIA. The NTIA shall limit the Federal Government station's operating license to secondary status when the following requirements are met—

"(A) the person seeking relocation of the Federal Government station has guaranteed reimbursement through money or in-kind payment of all relocation costs incurred by the Federal entity, including all engineering, equipment, site acquisition and construction, and regulatory fee costs;

"(B) the person seeking relocation completes all activities necessary for implementing the relocation, including construction of replacement facilities (if necessary and appropriate) and identifying and obtaining on the Federal entity's behalf new frequencies for use by the relocated Federal Government station (where such station is not relocating to spectrum reserved exclusively for Federal use); and

"(C) any necessary replacement facilities, equipment modifications, or other changes have been implemented and tested to ensure that the Federal Government station is able to successfully accomplish its purposes.

"(3) RIGHT TO RECLAIM.—If within one year after the relocation the Federal Government station demonstrates to the Commission that the new facilities or spectrum are not comparable to the facilities or spectrum from which the Federal Government station was relocated, the person seeking such relocation must take reasonable steps to remedy any defects or reimburse the Federal entity for the costs of returning the Federal Government station to the spectrum from which such station was relocated.

"(g) FEDERAL ACTION TO EXPEDITE SPECTRUM TRANSFER.—Any Federal Government station which operates on electromagnetic spectrum that has been identified for reallocation for mixed Federal and non-Federal use in the Spectrum Reallocation Final Report shall, to the maximum extent practicable through the use of the authority granted under subsection (f) and any other applicable provision of law, take action to relocate its spectrum use to other frequencies that are reserved for Federal use or to consolidate its spectrum use with other Federal Government stations in a manner that maximizes the spectrum available for non-Federal use. Notwithstanding the timetable contained in the Spectrum Reallocation Final Report, the President shall seek to implement the reallocation of the 1710 to 1755 megahertz frequency band by January 1, 2000. Subsection (c)(4) of this section shall not apply to the extent that a non-Federal user seeks to relocate or relocates a Federal power agency under subsection (f).

"(h) DEFINITIONS.—For purposes of this section—

"(1) FEDERAL ENTITY.—The term 'Federal entity' means any Department, agency, or other element of the Federal government that utilizes radio frequency spectrum in the conduct of its authorized activities, including a Federal power agency.

"(2) SPECTRUM REALLOCATION FINAL REPORT.—The term 'Spectrum Reallocation Final Report' means the report submitted by the Secretary to the President and Congress in compliance with the requirements of subsection (a).".

(d) REALLOCATION OF ADDITIONAL SPECTRUM.—The Secretary of Commerce shall, within 9 months after the date of enactment of this Act, prepare and submit to the President and the Congress a report and timetable recommending the reallocation of the three frequency bands (225–400 megahertz, 3625–3650 megahertz, and 5850–5925 megahertz) that were discussed but not recommended for reallocation in the Spectrum Reallocation Final Report under section 113(a) of the National Telecommunications and Information Administration Organization Act. The Secretary shall consult with the Federal Communications Commission and other Federal agencies in the preparation of the report, and shall provide notice and an opportunity for public comment before submitting the report and timetable required by this section.

## PRESSLER AMENDMENT NO. 1257

Mr. PRESSLER proposed an amendment to amendment No. 1256 proposed by Mr. STEVENS to the bill S. 652, supra; as follows:

At the end of the matter proposed to be inserted, insert the following:

(e) BROADCAST AUXILIARY SPECTRUM RELOCATION.—

(1) ALLOCATION OF SPECTRUM FOR BROADCAST AUXILIARY USES.—Within one year after the date of enactment of this Act, the Commission shall allocate the 4635–4685 megahertz band transferred to the Commission under section 113(b) of the National Telecommunications and Information Administration Organization Act (47 U.S.C. 923(b)) for broadcast auxiliary uses.

(2) MANDATORY RELOCATION OF BROADCAST AUXILIARY USES.—Within 7 years after the date of enactment of this Act, all licenses of broadcast auxiliary spectrum in the 2025–2075 megahertz band shall relocate into spectrum allocated by the Commission under paragraph (1). The Commission shall assign and grant licenses for use of the spectrum allocated under paragraph (1)—

(A) in a manner sufficient to permit timely completion of relocation; and

(B) without using a competitive bidding process.

(3) ASSIGNING RECOVERED SPECTRUM.—Within 5 years after the date of enactment of this Act, the Commission shall allocate the spectrum recovered in the 2025–2075 megahertz band under paragraph (2) for use by new licensees for commercial mobile services or other similar services after the relocation of broadcast auxiliary licenses, and shall assign such licenses by competitive bidding.

## PRESSLER (AND HOLLINGS) AMENDMENT NO. 1258

Mr. PRESSLER (for himself and Mr. HOLLINGS) proposed an amendment to the bill S. 652, supra; as follows:

On page 2, in the item relating to section 102 in the table of contents, strike "subsidiary" and insert "affiliate".

On page 2, after the item relating to section 106 in the table of contents, insert the following:

SEC. 107. Coordination for telecommunications network-level interoperability ..........................

On page 2, after the item relating to section 225 in the table of contents, insert the following:

SEC. 226. Nonapplicability of Modification of Final Judgment ..........

On page 3, after the item relating to section 311 in the table of contents, insert the following:

Sec. 312. Direct Broadcast Satellite ...

On page 9, line 8, after "Act." insert "The Commission may modify any provision of the GTE Consent Decree or the Modification of Final Judgment that it administers.".

On page 9, line 16, strike 'Commission' and insert "Commission".

On page 9, line 19, strike 'Modification of Final Judgment' and insert "Modification of Final Judgment".

On page 11 beginning on line 4, strike "those companies" and insert "any company".

On page 11, line 6, strike "Judgment," and insert "Judgment to the extent such company provides telephone exchange service or exchange access service,".

On page 12, line 3, insert "directly" after "available".

On page 12, beginning with "The term" on line 5, strike through line 8.

On page 12, line 13, insert "only" after "shall".

On page 12, line 15, after "services" insert "for voice, data, image, graphics, or video that it does not own, control, or select, except that the Commission shall continue to determine whether the provision of fixed and mobile satellite service shall be treated as common carriage".

On page 14, between lines 10 and 11, insert the following:

"(tt) 'LATA' means a local access and transport area as defined in United States v. Western Electric Co., 569 F. Supp. 990 (U.S. District Court, District of Columbia) and subsequent judicial orders relating thereto, except that, with respect to commercial mobile services, the term 'LATA' means the geographic areas defined or used by the Commission in issuing licenses for such services.".

On page 16, line 17, strike "software);" and insert "software, to the extent defined in implementing regulations by the Commission);".

On page 17, line 12, strike "carrier;" and insert "carrier at just and reasonable rates;"

On page 19, line 4, strike "of such services," and insert "of providing those services to that carrier,".

On page 19, line 5, strike "services;" and insert "services in accordance with section 214(d)(5);".

On page 21, beginning on line 7, strike "within 15 days after the State receives" and insert "at the same time as it submits".

On page 21, line 17, strike "notify" and insert "provide a copy of the petition and any documentation to".

On page 21, beginning in line 17, strike "of its petition".

On page 23, line 23, insert "feasible" after "technically".

On page 28, line 5, strike the closing quotation marks and the second period.

On page 28, between lines 5 and 6, insert the following:

"(l) REVIEW OF INTERCONNECTION STANDARDS.—Beginning 3 years after the date of enactment of the Telecommunications Act of 1995 and every 3 years thereafter, the Commission shall review the standards and requirements for interconnection established under subsection (b). The Commission shall complete each such review within 180 days and may modify or waive any requirements or standards established under subsection (b) if it determines that the modification or waiver meets the requirements of section 260.".

On page 28, line 20, strike "SUBSIDIARY" and insert "AFFILIATE".

On page 28, line 21, strike "SUBSIDIARY" and insert "AFFILIATE".

On page 28, beginning on line 24, strike "its subsidiaries and affiliates) which provides telephone exchange service" and insert "any affiliate) which is a local exchange carrier that is subject to the requirements of section 251(a)".

On page 29, line 2, strike "a subsidiary" and insert "one or more affiliates".

On page 29, line 3, strike "is" and insert "are".

On page 29, line 4, strike "provides telephone exchange service" and insert "is subject to the requirements of section 251(a)".

On page 29, line 6, strike "meets" and insert "meet".

On page 29, beginning in line 8, strike "SUBSIDIARY" and insert "AFFILIATE".

On page 29, line 10, strike "subsidiary" and insert "affiliate".

On page 30, line 4, strike "subsidiary" and insert "affiliate".

On page 30, beginning on line 10, strike "a subsidiary and any other subsidiary or affiliate of such company;" and insert "an affiliate;".

On page 30, beginning on line 14, strike "a subsidiary or any other subsidiary or affiliate of such company;" and insert "an affiliate;".

On page 30, beginning on line 19, strike "entity that provides telephone exchange service".

On page 30, beginning on line 22, strike "a subsidiary and any other subsidiary or affiliate of such company" and insert "an affiliate".

On page 31, line 2, strike "subsidiary" and insert "affiliate".

On page 31, beginning on line 3, strike "company, and any other subsidiary or affiliate of such".

On page 31, line 6, strike "pany, its subsidiaries or affiliates," and insert "pany or affiliate".

On page 31, beginning on line 11, strike "company, its subsidiaries or affiliates," and insert "company or affiliate".

On page 31, line 15, strike "tions; and" and insert "tions, unbundled to the smallest element that is technically feasible and economically reasonable to provide, and at just and reasonable rates that are not higher on a per-unit basis than those charged for such services to any affiliate of such company; and".

On page 31, beginning on line 16, strike "a subsidiary" and insert "an affiliate".

On page 31, line 20, strike "subsidiary" and insert "affiliate".

On page 32, line 2, strike "a subsidiary" and insert "an affiliate".

On page 32, line 19, strike "or its affiliates".

On page 33, line 1, strike "subsidiary" and insert "affiliate".

On page 33, line 5, strike "and".

On page 33, line 6, strike "subsidiary" and insert "affiliate".

On page 33, line 11, strike "service." and insert "service; and".

On page 33, between lines 11 and 12, insert the following:

"(6) may provide any interLATA or intraLATA facilities or services to its interLATA affiliate if such services or facilities are made available to all carriers at the same rates and on the same terms and conditions.

On page 33, line 15, strike "subsidiary or".

On page 33, beginning on line 20, strike "subsidiaries and".

On page 34, line 1, insert "with any affiliated entity required by this section or with any unaffiliated entity" after "shared".

On page 34, between lines 19 and 20, insert the following:

"(3) SUBSCRIBER LIST INFORMATION.—For purposes of this subsection, the term 'customer proprietary information' does not include subscriber list information.

On page 35, line 7, strike "subsidiary." and insert "affiliate.".

On page 35, line 10, strike "subsidiary" and insert "affiliate".

On page 35, line 19, strike "subsidiary" and insert "affiliate".

On page 35, line 24, after the period insert closing quotation marks and another period.

On page 36, strike lines 1 through 9.

On page 36, line 14, strike "subsidiary" and insert "affiliate".

On page 40, line 15, after the period insert "The Commission may establish a different definition of universal service for schools, libraries, and hospitals for purposes of section 264.".

On page 41, strike lines 1 through 5.

On page 41, line 6, strike "(e)" and insert "(d)".

On page 41, line 12, strike "(f)" and insert "(e)".

On page 41, line 21, strike "(g)" and insert "(f)".

On page 42, line 5, strike "maintenance and" and insert "provision, maintenance, and".

On page 42, line 7, strike "(h)" and insert "(g)".

On page 42, line 9, strike "consumers" and insert "customers".

On page 42, line 11, strike "consumers" and insert "customers".

On page 42, line 12, strike "(i)" and insert "(h)".

On page 42, beginning with "Telecommunications" on line 13, strike through the period on line 15 and insert "Telecommunications carriers may not use noncompetitive services to subsidize competitive services.".

On page 42, beginning on line 20, strike "(and may, in the public interest, bear less than a reasonable share or no share)".

On page 42, line 23, strike "(j)" and insert "(i)".

On page 47, line 3, strike "fine" and insert "sum".

On page 47, line 5, strike "establishing" and insert "determining".

On page 48, line 7, strike "fine of" and insert "sum of up to".

On page 48, between lines 17 and 18, insert the following:

(c) TRANSITION RULE.—A rural telephone company is eligible to receive universal service support payments under section 253(e) of the Communications Act of 1934 as if such company were an essential telecommunications carrier until such time as the Commission, with respect to interstate services, or a State, with respect to intrastate services, designates an essential telecommunications carrier or carriers for the area served by such company under section 214 of that Act.

On page 49, line 17, strike "basis." and insert "basis within 120 days after the application is filed.".

On page 51, line 4, insert "and provides universal service by means of its own facilities" after "214(d)".

On page 54, line 21, before "Local" insert "STATE AND".

On page 54, line 22, before "local" insert "State or".

On page 55, line 9, strike "immediately" and insert "promptly".

On page 56, line 3, strike "title; and " insert "title for the provision of telecommunications services; and".

On page 56, line 5, strike "affiliate." and insert "affiliate for the provision of telecommunications services.".

On page 57, beginning with line 8, strike through line 16 on page 63.

On page 64, line 1, insert "that it owns, controls, or selects" before "directly".

On page 64, line 13, insert "video programming provided by others" after "carries".

On page 64, line 14, insert "that it owns, controls, or selects" before "over".

On page 64, line 15, strike "subsidiary" and insert "affiliate".

On page 64, strike lines 22 through 24 and insert the following:

"(ii) the carrier does not use its telecommunications services to subsidize its provision of video programming.

On page 65, strike lines 1 through 6, in- sert the following:

"(B) To the extent that a Bell o tin company provides cable service as operator, it shall provide such through an affiliate that meets the re ments of section 252(a), (b), and (d) and Bell operating company's telephone ex- change services and exchange access services shall meet the requirements of subparagraph (A)(ii) and section 252(c); except that, to the extent the Bell operating company provides cable service utilizing its own telephone exchange facilities, section 252(c) shall not require the Bell operating company to make video programming services capacity available on a non-discriminatory to other video programming services providers basis.

On page 65, line 8, strike "subsidiary" and insert "affiliate".

On page 65, line 18, after the period insert the following: "Nothing in this Act precludes a video programming provider making use of a common carrier video platform from being treated as an operator of a cable system for purposes of section 111 of title 17, United States Code.".

On page 65, line 25, insert "common carrier" before "video".

On page 66, line 1, strike "the video" and insert "that".

On page 66, line 6, insert "common carrier" before "video".

On page 66, line 6, after the period insert the following: "If the area covered by the common carrier video platform includes more than one franchising area, then the Commission shall determine the number of channels allocated to public, educational, and governmental entities that may be eligible for such rates for that platform.".

On page 67, line 1, insert "local" before "broadcast".

On page 67, line 2, insert "identified und section 614" after "stations".

On page 68, beginning on line 11, s "consistent with the other provisions of VI of the Communications Act of 1934 (47 U.S.C. 521 et seq.)".

On page 69, between lines 19 and 20, insert the following:

(a) CHANGE IN DEFINITION OF CABLE SYSTEM.—Section 602(7) (47 U.S.C. 522(7)) is amended by striking out "(B) a facility that serves only subscribers in 1 or more multiple unit dwellings under common ownership, control, or management, unless such facility or facilities uses any public right-of-way;" and inserting "(B) a facility that serves subscribers without using any public right-of-way;"

On page 69, line 20, Strike "(a)" and insert "(b)".

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

On page 71, between lines 2 and 3, insert the following:

(d) PROGRAM ACCESS.—Section 628 (47 U.S.C. 628) is amended—

(1) by striking subsection (c)(5); and

(2) by adding at the end the following new subsections:

"(j) COMMON CARRIERS.—Any provision that applies to a cable operator under this section shall apply to a telecommunications carrier that provides video programming directly to subscribers. Any such provision that applies to a satellite cable programming vendor in which a cable operator has an attributable interest shall apply to any satellite cable programming vendor in which such common carrier has an attributable interest.

"(k) SUNSET.—This section and the regu- tions required under this section shall to be effective on October 5, 2002.".

(e) EXPEDITED DECISION-MAKING FOR KET DETERMINATIONS UNDER SECTION 614.—

(1) IN GENERAL.—Section 614(h)(1)(C)(iv) (47 U.S.C. 614(h)(1)(C)(iv)) is amended to read as follows:

"(iv) Within 120 days after the date on which a request is filed under this subparagraph, the Commission shall grant or deny the request.".

(2) APPLICATION TO PENDING REQUESTS.—The amendment made by paragraph (1) shall apply to—

(A) any request pending under section 614(h)(1)(C) of the Communications Act of 1934 (47 U.S.C. 614(h)(1)(C)) on the date of enactment of this Act; and

(B) any request filed under that section after that date.

On page 71, line 3, strike "(c)" and insert "(f)".

On page 71, beginning with line 7 strike through line 3 on page 73 and insert the following:

Section 224 (47 U.S.C. 224) is amended—

(1) by inserting the following after subsection (a)(4):

"(5) The term 'telecommunications carrier' shall have the meaning given such term in subsection 3(nn) of this Act, except that, for purposes of this section, the term shall not include any person classified by the Commission as a dominant provider of telecommunications services as of January 1, 1995.";

(2) by inserting after "conditions" in subsection (c)(1) a comma and the following: "or access to poles, ducts, conduits, and rights-of-way as provided in subsection (f),";

(3) by inserting after subsection (d)(2) the following:

"(3) This subsection shall apply to the rate for any pole attachment used by a cable television system solely to provide cable service. Until the effective date of the regulations required under subsection (e), this subsection shall also apply to the pole attachment rates for cable television systems (or for any telecommunications carrier that was not a party to any pole attachment agreement prior to the date of enactment of the Telecommunications Act of 1995) to provide any telecommunications service or any other service subject to the jurisdiction of the Commission."; and

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

"(e)(1) The Commission shall, no later than 2 years after the date of enactment of the Telecommunications Act of 1995, prescribe regulations in accordance with this subsection to govern the charges for pole attachments by telecommunications carriers. Such regulations shall ensure that utilities charge just and reasonable and non-discriminatory rates for pole attachments.

"(2) A utility shall apportion the cost of providing space on a pole, duct, conduit, or right-of-way other than the usable space among entities so that such apportionment equals the sum of—

"(A) two-thirds of the cost of providing space other than the usable space that would be allocated to such entity under an equal apportionment of such costs among all attachments, plus

"(B) the percentage of usable space required by each such entity multiplied by the costs of space other than the usable space;

but in no event shall such proportion exceed the amount that would be allocated to such entity under an equal apportionment of such costs among all attachments.

"(3) A utility shall apportion the cost of providing usable space among all entities according to the percentage of usable space required for each entity. Costs shall be apportioned between the usable space and the space on a pole, duct, conduit, or right-of-way other than the usable space on a proportionate basis.

"(4) The regulations required under paragraph (1) shall become effective 5 years after the date of enactment of the Telecommunications Act of 1995. Any increase in the rates for pole attachments that result from the adoption of the regulations required by this subsection shall be phased in equal annual increments over a period of 5 years beginning on the effective date of such regulations.

"(f)(1) A utility shall provide a cable television system or any telecommunications carrier with nondiscriminatory access to any pole, duct, conduit, or right-of-way owned or controlled by it.

"(2) Notwithstanding paragraph (1), a utility providing electric service may deny a cable television system or telecommunications carrier access to its poles, ducts, conduits, or rights-of-way, on a non-discriminatory basis where there is insufficient capacity and for reasons of safety, reliability, and generally applicable engineering purposes.

"(g) A utility that engages in the provision of telecommunications services shall impute to its costs of providing such services (and charge any affiliate, subsidiary, or associate company engaged in the provision of such services) an amount equal to the pole attachment rate for which such company would be liable under this section.".

On page 73, line 12, strike "holding".

On page 74, beginning on line 6, strike "engaged in any activity described in paragraph (1)".

On page 774, line 8, strike "to that Act," and insert "to,".

On page 74, line 9, strike "review any such activity," and insert "review, any activity described in paragraph (1),".

On page 74, beginning with line 13, strike through line 12 on page 76 and insert the following:

(3) APPLICABILITY OF TELECOMMUNICATIONS REGULATION.—Nothing in this section shall affect the authority of the Federal Communications Commission under the Communications Act of 1934, or the authority of State commissions under State laws concerning the provision of telecommunications services, to regulate the activities of an associate company engaged in activities described in paragraph (1).

(b) PROHIBITION OF CROSS-SUBSIDIZATION.—Nothing in the Public Utility Holding Company Act of 1935 shall preclude the Federal Energy Regulatory Commission or a State commission from exercising its jurisdiction under otherwise applicable law to determine whether a public utility company may recover in rates the costs of any activity described in subsection (a)(1) which is performed by an associate company regardless of whether such costs are incurred through the direct or indirect purchase of goods and services from such associate company.

(c) ASSUMPTION OF LIABILITIES.—Any public utility company that is an associate company of a registered holding company and that is subject to the jurisdiction of a State commission with respect to its retail electric or gas rates shall not issue any security for the purpose of financing the acquisition, ownership, or operation of an associate company engaged in activities described in subsection (a)(1) without the prior approval of the State commission. Any public utility company that is an associate company of a registered holding company and that is subject to the jurisdiction of a State commission with respect to its retail electric or gas rates shall not assume any obligation or liability as guarantor, endorser, surety, or otherwise by the public utility in respect of any security of an associate company engaged in activities described in subsection (a)(1) without the prior approval of the Senate commission.

(d) PLEDGING OR MORTGAGING UTILITY ASSETS.—Any public utility company that is an associate company of a registered holding company and that is subject to the jurisdiction of a State commission with respect to its retail electric or gas rates shall not pledge, mortgage, or otherwise use as collateral any utility assets of the public utility or utility assets of any subsidiary company thereof for the benefit of an associate company engaged in activities described in subsection (a)(1) without the prior approval of the State commission.

(e) BOOKS AND RECORDS.—An associate company engaged in activities described in subsection (a)(1) which is an associate company of a registered holding company shall maintain books, records, and account separate from the registered holding company which identify all transactions with the registered holding company and its other associate companies, and provide access to books, records, and accounts to State commissions and the Federal Energy Regulatory Commission under the same terms of access, disclosure, and procedures as provided in section 201(g) of the Federal Power Act.

(f) INDEPENDENT AUDIT AUTHORITY FOR STATE COMMISSIONS.—

(1) STATE MAY ORDER AUDIT.—Any State commission with jurisdiction over a public utility company that—

(A) is an associate company of a registered holding company, and

(B) transacts business, directly or indirectly, with a subsidiary company, affiliate, or associate company of that holding company engaged in any activity described in subsection (a)(1),

may order an independent audit to be performed, no more frequently than on an annual basis, of all matters deemed relevant by the selected auditor that reasonably relate to retail rates; provided such matters relate, directly or indirectly, to transactions or transfers between the public utility company subject to its jurisdiction and the subsidiary company, affiliate, or associate company engaged in that activity.

(2) SELECTION OF FIRM TO CONDUCT AUDIT.—

(A) If a State commission orders an audit in accordance with paragraph (1), the public utility company and the State commission shall jointly select within 60 days a firm to perform the audit. The firm selected to perform the audit shall possess demonstrated qualifications relating to:

(i) competency, including adequate technical training and professional proficiency in each discipline necessary to carry out the audit, and

(ii) independence and objectivity, including that the firm be free from personal or external impairments to independence, and should assume an independent position with the State commission and auditee, making certain that the audit is based upon an impartial consideration of all pertinent facts and responsible opinions.

(B) The public utility company and the company engaged in activities under subsection (a)(1) shall cooperate fully with all reasonable requests necessary to perform the audit and the public utility company shall bear all costs of having the audit performed. The reasonable costs of such audits shall be included in rates.

(3) AVAILABILITY OF AUDITOR'S REPORT.—The auditor's report shall be provided to the State commission within 6 months after the selection of the auditor, and provided to the public utility company 60 days thereafter.

(g) REQUIRED NOTICES.—

(1) AFFILIATE CONTRACTS.—A State commission may order any public utility company that is an associate company of a registered holding company and that is subject

to the jurisdiction of the State commission to provide quarterly reports listing any contracts, leases, transfers, or other transactions with an associate company engaged in activities described in subsection (a)(1).

(2) ACQUISITION OF AN INTEREST IN ASSOCIATE COMPANIES.—Within 10 days after the acquisition by a registered holding company of an interest in an associate company that will engage in activities described in subsection (a)(1), any public utility company that is an associate company of such company shall notify each State commission having jurisdiction over the retail rates of such public utility company of such acquisition. In the notice an officer on behalf of the public utility company shall attest that, based on then current information, such acquisition and related financing will not materially impair the ability of such public utility company to meet its public service responsibility, including its ability to raise necessary capital.

(h) DEFINITIONS.—Any term used in this section that is defined in the Public Utility Holding Company Act of 1935 (15 U.S.C. 79a et seq.) has the same meaning as it has in that Act. The terms "telecommunications service" and "information service" shall have the same meanings as those terms have in the Communications Act of 1934.

(i) IMPLEMENTATION.—Not later than 1 year after the date of enactment of this Act, the Federal Communications Commission shall promulgate such regulations as may be necessary to implement this section.

(j) EFFECTIVE DATE.—This section takes effect on the date of enactment of this Act.

On page 78, line 14, insert "all of" after "that".

On page 78, beginning on line 15, strike "service which is intended for and available to the general public" and insert "services".

On page 78, line 17, strike "is" and insert "are".

On page 78, line 19, strike "may" and insert "shall".

On page 80, beginning on line 16, strike "comment (and a hearing on the record if it finds that there are credible allegations of serious violations by the licensee of this Act or the Commission's rules or regulations)," and insert "comment,".

On page 81, line 11, after "determines" insert a comma and "after notice and opportunity for a hearing,".

On page 82, between lines 4 and 5, insert the following:

(3 The amendments made by this subsection apply to applications filed after May 31, 1995.

On page 84, line 15, insert "at just and reasonable rates" before "where".

On page 87, line 22, strike "of such services," and insert "of providing those services to that carrier,".

On page 87, line 24, strike "services." and insert "services in accordance with section 214(d)(5).".

On page 88, line 4, strike "area," and insert "area where that company is the dominant provider of wireline telephone exchange service or exchange access service,".

On page 88, line 5, after "market" insert "in such telephone exchange area",

On page 88, line 6, strike "or exchange access service".

On page 88, line 7, strike "interexchange" and insert "interLATA".

On page 88, line 16, strike "subsidiary or".

On page 91, line 22, strike "SUBSIDIARY;" and insert "AFFILIATE;".

On page 91 line 24, strike "SUBSIDIARY;" and insert "AFFILIATE;".

On page 92, line 6, strike "subsidiary or".

On page 93, line 13, strike "A" and insert "Effective on the date of enactment of the Telecommunications Act of 1995, a".

On page 93, line 14, strike "subsidiary or".

On page 93, strike lines 18 and 19 and insert "service.".

On page 93, line 21, strike "A" and insert "Effective on the date of enactment of the Telecommunications Act of 1995, a".

On page 93, line 22, insert "or its affiliate" before "may".

On page 93, line 23, strike "to the purposes of—" and insert "to—".

On page 94, line 10, strike "or".

On page 94, line 15, after the comma insert "or".

On page 94, between lines 15 and 16, insert the following:

"(iv) providing alarm monitoring services,".

On page 97, line 11, after "audio," insert "alarm monitoring services,".

On page 97, beginning with line 23, strike through line 2 on page 98.

On page 98, line 3, strike "(2)" and insert "(1)".

On page 98, line 8, strike "(3)" and insert "(2)".

On page 98, line 12, strike the closing quotation marks and the second period.

On page 98, between lines 12 and 13, insert the following:

"(g) CERTAIN SERVICE APPLICATIONS TREATED AS IN-REGION SERVICE APPLICATIONS.—For purposes of this section, a Bell operating company application to provide 800 service, private line service, or their equivalents that—

"(1) terminate in an area where the Bell operating company is the dominant provider of wireline telephone exchange service or exchange access service, and

"(2) allow the called party to determine the interLATA carrier,

shall be considered an in-region service subject to the requirements of subsection (c) and not of subsection (d).".

On page 98, beginning with line 13, strike through line 2 on page 99 and insert the following:

(b) LONG DISTANCE ACCESS FOR COMMERCIAL MOBILE SERVICES.—

(1) IN GENERAL.—Notwithstanding any restriction or obligation imposed pursuant to the Modification of final Judgment or other consent decree or proposed consent decree prior to the date of enactment of this Act, a person engaged in the provision of commercial mobile services (as defined in section 332(d)(1) of the Communications Act of 1934), insofar as such person is so engaged, shall not be required by court order or otherwise to provide equal access to interchange telecommunications carriers, except as provided by this section. Such a person shall ensure that its subscribers can obtain unblocked access to the provider of interchange services of the subscriber's choice through the use of an interexchange carrier identification code assigned to such provider, except that the requirements for unblocking shall not apply to mobile satellite services unless the Commission finds it to be in the public interest.

(2) EQUAL ACCESS REQUIREMENT CONDITIONS.—The Commission may only require a person engaged in the provision of commercial mobile services to provide equal access to interexchange carriers if—

(A) such person, insofar as such person is so engaged, is subject to the interconnection obligations of section 251(a) of the Communications Act of 1934, and

(B) the Commission finds that such requirement is in the public interest.

On page 99, line 23, strike "thereunder." and insert a comma and "except that neither a Bell operating company nor any of its affiliates may engage in such manufacturing in conjunction with a Bell operating company not so affiliated or any of its affiliates.".

On page 99, beginning on line 25, strike "Upon the enactment of the Telecommunications Act of 1995," and insert "Upon adoption of rules by the Commission under section 252,".

On page 110, line 8, strike "SUBSIDIARY" and insert "AFFILIATE;".

On page 100, line 15, "subsidiary" and insert "affiliate".

On page 100, beginning on line 22, strike "subsidiary" and insert "affiliate".

On page 101, line 2, strike "subsidiary" and insert "affiliate".

On page 101, line 6, strike "subsidiary" and insert "affiliate".

On page 101, strike lines 15 and 16 and insert the following:

"(2) NONDISCRIMINATION STANDARDS.—".

On page 101, line 25, after "controls" insert a comma and "or on which is acting on its behalf or on behalf of its affiliate,".

On page 102, between lines 5 and 6, insert the following:

"(C) A Bell operating company shall, consistent with the antitrust laws, engage in joint network planning and design with local exchange carriers operating in the same area of interest. No participant in such planning shall be allowed to delay the introduction of new technology or the deployment of facilities to provide telecommunications services, and agreement with such other carriers shall not be required as a prerequisite for such introduction or deployment. A Bell operating company shall provide, to other local exchange carriers operating in the same area of interest, timely information on the planned deployment of telecommunications equipment, including software integral to such telecommunications equipment and upgrades of that software.

On page 102, line 6, strike "(C)" and insert "(D)".

On page 102, line 6, strike "subsidiary" and insert "affiliate".

On page 102, line 12, strike "(D)" and insert "(E)".

On page 102, line 19, strike "subsidiaries or".

On page 103, line 4, strike "section." and insert "section, and otherwise to prevent discrimination and cross-subsidization in a Bell operating company's dealings with its affiliate and with third parties.",

On page 103, line 15, strike "CARRIERS" and insert "PARTIES".

On page 103, line 16, strike "local exchange carrier" and insert "party".

On page 103, line 18, strike "subsidiary or".

On page 104, beginning on line 1, strike "local exchange carrier" and insert "party".

On page 4, strike lines 4 through 19, and insert the following:

"(g) APPLICATION TO BELL COMMUNICATIONS RESEARCH.—

"(1) IN GENERAL.—Nothing in this section—

"(A) provides any authority for Bell Communications Research, or any successor entity, to manufacture or provide telecommunications equipment or to manufacture customer premises equipment; or

"(B) prohibits Bell Communications Research, or any successor entity, from engaging in any activity in which it is lawfully engaged on the date of enactment of the Telecommunications Act of 1995, including providing a centralized organization for the provision of engineering, administrative, and other services (including serving as a single point of contact for coordination of the Bell operating companies to meet national security and emergency preparedness requirements).

On page 105, line 12, strike "subsidiary or".

On page 105, beginning on line 13, strike "company, subsidiary, or affiliate" and insert "company or affiliate".

On page 106, line 22, strike "subsidiary" and insert "affiliate".

On page 107, beginning with "service" on line 5, strike through line 6 and insert the following: "service suspended if its right to provide that service is conditioned upon its meeting those obligations.'"

On page 107, line 11, strike "this section" and insert "section 251 or 255".

On page 108, line 23, strike "subsidiary or".

On page 110, line 2, strike "subsidiaries and".

On page 110, beginning on line 15, strike "subsidiaries and".

On page 110, line 21, strike "subsidiaries or".

On page 111, line 17, strike "punish" and insert "to impose sanctions on".

On page 111, line 20, strike "subsidiary or".

On page 111, line 24, insert "or an affiliate" after "company".

On page 112, line 1, strike "December 31, 1994," and insert "June 1, 1995,".

On page 112, line 4, strike "subsidiary or".

On page 112, beginning with "services," on line 8 strike through line 10 and insert "services.".

On page 113, between lines 3 and 4, insert the following:

**SEC. 226. NONAPPLICABILITY OF MODIFICATION OF FINAL JUDGMENT.**

Notwithstanding any other provision of law or of any judicial order, no person shall be subject to the provisions of the Modification of Final Judgment solely by reason of having acquired commercial mobile service or private mobile service assets or operations previously owned by a Bell operating company or an affiliate of a Bell operating company.

On page 113, line 19, strike "residential".

On page 113, line 23, strike "Where only a single carrier provides a service" and insert "Until sufficient competition exists."

On page 117, line 8, strike "upon request." and insert "requesting such information for the purpose of publishing directories in any format.".

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

(d) CONFIDENTIALITY.—A telecommunications carrier has a duty to protect the confidentiality of proprietary information of, and relating to, other common carriers and customers, including common carriers reselling the telecommunications services provided by a telecommunications carrier. A telecommunications carrier that receives such information from another carrier for purposes of provisioning, billing, or facilitating the resale of its service shall use such information only for such purpose, and shall not use such information for its own marketing efforts. Nothing in this subsection prohibits a carrier from using customer information obtained from its customers, either directly or indirectly through its agents—

(1) to provide, market, or bill for its services; or

(2) to perform credit evaluations on existing or potential customers.

On page 119, line 3, strike, "The" and insert "Notwithstanding section 332(c)(1)(A) of this Act, the".

On page 119, line 16, strike "ers;" and insert "ers or the preservation and advancement of universal services;".

On page 121, line 23, strike "10401" and insert "14101".

On page 124, line 10, insert "or created" after "designated".

On page 124, line 16, strike "shall be assigned" and insert "shall be permitted to use".

On page 124, line 21, insert "as determined by the Commission" after "basis".

On page 126, line 8, insert "the Commission," before "the National".

On page 126, line 9, insert a comma after "Administration".

On page 128, strike lines 3 through 24.

On page 129, line 1, strike "(h)" and insert "(g)".

On page 129, line 6, strike "6" and insert "18".

On page 129, beginning on line 7, strike "undertake" and insert "commence".

On page 132, beginning on line 5, strike "designated as an essential telecommunications carrier under section 214(d)".

On page 132, line 14, after "areas." insert "A telecommunications carrier providing service pursuant to this paragraph shall be entitled to have an amount equal to the difference, if any, between the price for services provided to health care providers for rural areas and the price for similar services provided to other customers in comparable urban areas treated as a service obligation described in section 253(d) that is considered as part of its obligation to contribute to universal service under section 253(c).",

On page 132, strike lines 15 through 23 and insert the following:

"(2) Educational Providers and Libraries.—All telecommunications carriers serving a geographic area shall, upon a bona fide request, provide to elementary schools, secondary schools and libraries universal services (as defined in Section 253) that permit such schools and libraries to provide or receive telecommunications services for educational purposes at rates less than the amounts charged for similar services to other parties. The discount shall be an amount that the Commission and the States determine is appropriate and necessary to ensure affordable access to and use of such telecommunications by such entities. A telecommunications carrier providing service pursuant to this paragraph shall be entitled to have an amount equal to the amount of the discount, treated as a service obligation described in section 253(d) that is considered as part of its obligation to contribute to universal service under section 253(c)."

On page 133, beginning with "shall" on line 1, strike through line 6 and insert the following: "shall, for essential telecommunications carriers providing service pursuant to subsection (a), include the amount of the support payments reasonably necessary to allow such carrier to provide such service to such users under section 253."

On page 135, line 8, strike the closing quotation marks and the second period.

On page 135, between lines 8 and 9, insert the following:

"(e) TERMS AND CONDITIONS.—Telecommunications services and network capacity provided under this section may not be sold, resold, or otherwise transferred in consideration for money or any other thing of value.".

On page 136, after line 21, insert the following:

**SEC. 312. DIRECT BROADCAST SATELLITE.**

(a) DBS SIGNAL SECURITY.—Section 705(e)(4) (47 U.S.C. 605(e)(4)) is amended by inserting "satellite delivered video or audio programming intended for direct receipt by subscribers in their residences or in their commercial or business premises," after "programming,".

(b) FCC JURISDICTION OVER DIRECT-TO-HOME SATELLITE SERVICES.—Section 303 (47 U.S.C. 303) is amended by adding at the end thereof the following new subsection:

"(v) Have exclusive jurisdiction to regulate the provision of direct-to-home satellite services. For purposes of this subsection, the term 'direct-to-home satellite services' means the distribution or broadcasting of programming or services by satellite directly to the subscriber's premises without the use of ground receiving or distrib on equipment, except at the subscriber's ises, or used in the initial uplink proce the direct-to-home satellite.".

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## AUTHORITY FOR COMMITTEES TO MEET

### COMMITTEE ON ARMED SERVICES

Mr. HATCH. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet at 10 a.m. on Wednesday, June 7, 1995, in open session, to receive testimony on the situation in Bosnia.

The PRESIDING OFFICER. Without objection, it is so ordered.

### COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. HATCH. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Wednesday, June 7, 1995, to conduct a hearing on pending nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

### COMMITTEE ON FINANCE

Mr. HATCH. Mr. President, I ask unanimous consent that the Finance Committee be permitted to meet Wednesday, June 7, 1995, beginning at 9:30 a.m. in room SD-215, to conduct a hearing on small business issues, including estate tax proposals and expensing of business equipment proposals.

The PRESIDING OFFICER. Without objection, it is so ordered.

### COMMITTEE ON FOREIGN RELATIONS

Mr. HATCH. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, June 7, 1995, at 10 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

### COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. HATCH. Mr. President, I ask unanimous consent on behalf of the Governmental Affairs Committee to meet on Wednesday, June 7, at 10 a.m. for a hearing on the subject: Duplication, Overlap and Fragmentation in Government Programs.

The PRESIDING OFFICER. Without objection, it is so ordered.

### SELECT COMMITTEE ON INTELLIGENCE

Mr. HATCH. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, June 7, 1995, at 2 p.m. to hold a closed hearing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

### SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

Mr. HATCH. Mr. President, I ask unanimous consent that the Subcommittee on Oversight and Investigations of the Committee on Energy and Natural Resources be granted permission to meet during the session of the