

**FCC Chairman Julius Genachowski  
Remarks on Spectrum  
As Prepared for Delivery**

**The White House  
Washington, D.C.  
April 6, 2011**

The world is going mobile.

We're still in the early innings, but there's no questioning the incredible opportunity that mobile broadband presents – opportunity to spur economic growth, create jobs, enhance our global competitiveness, and improve our quality of life.

Mobile broadband is being adopted faster than any computing platform in history – creating a uniquely powerful platform for innovation.

Mobile broadband applications barely existed in 2008. Today, tens of thousands of businesses are developing hundreds of thousands of mobile apps. And this “apps economy” is projected to generate \$38 billion in annual sales by 2015.

Mobile broadband can also power innovations in areas like public safety, education, health care, and energy – including 21<sup>st</sup> century devices that can help police and firefighters save lives – digital textbooks and software that can help teachers teach and students learn – remote monitoring technologies for people with diabetes or heart disease – and smart-grid technologies that can reduce energy costs and increase energy security.

From e-commerce to social networks to entertainment and communications, American companies and entrepreneurs are leading the world in mobile innovation, creating enormous potential for exports abroad and economic growth at home.

The opportunities of mobile communications are huge. We need to seize them.

Now, all this mobile innovation relies on spectrum – the airwaves. Spectrum is the invisible infrastructure that's necessary for mobile communications.

Nearly 20 years ago, with the help of economists in this room, Congress authorized and the FCC implemented a breakthrough policy innovation to better allocate this scarce resource – spectrum auctions.

Previously, spectrum was licensed through comparative hearings and lotteries. The big idea behind auctions was that we would use market forces to drive spectrum to its most valuable uses.

The big idea was right. Spectrum auctions have not only raised more than \$50 billion in revenue for the Treasury; spectrum auctions have generated hundreds of billions of dollars in private investment and productivity gains, and enabled new competition that lowered prices for consumers and accelerated the pace of innovation, helping grow our economy.

New spectrum opportunities and challenges now require the U.S. to move to the next generation of market-based auction policy.

Demand for spectrum is rapidly outstripping supply.

Compared to old feature phones, smartphones place 24 times the demand on spectrum, and tablets 120 times as much.

The number of smartphones now being sold exceeds the number of PCs. And with a whole new category of devices – tablets – taking off faster than anybody projected, this growing demand is not going away.

We need to tackle the looming spectrum crunch by dramatically increasing the new spectrum available for mobile broadband, and the efficiency of its use.

But the days for easy reallocations are over.

There's much we need to do – including fostering greater efficiency in technology and software, spurring dynamic spectrum sharing and secondary markets, and releasing unlicensed spectrum for the next generation of Wi-Fi, machine-to-machine communication and other innovations.

The single most important step we can take is implementing voluntary incentive auctions.

Incentive auctions are based on the same premise as the original spectrum auctions – unleashing market forces to reallocate this scarce resource. But they are two-sided auctions, providing for licensees who voluntarily supply spectrum to receive a share of the proceeds. It's an incentive-based approach, grounded in strong free-market principles.

The letter released today by more than 100 of the nation's leading economists is a major endorsement of this idea. The economists who've signed this letter include Nobel Prize winners, former members of both Republican and Democratic administrations, and FCC Chief Economists who served under Chairmen of both parties.

These are economists from across the spectrum, so to speak. They disagree on many things, but they agree on the importance and necessity of voluntary incentive auctions.

As they say in their letter: "The original ... auction system implemented in 1994 was novel, but the FCC was able to implement the pathbreaking auctions that were the basis for successful auctions around the world. We expect that the same will be true of

incentive auctions.”

This letter follows one sent earlier this year by associations representing more than 2,000 companies with over \$1 trillion in revenue, calling on Congress “to swiftly pass legislation allowing the FCC to conduct voluntary incentive auctions” as called for in the FCC’s National Broadband Plan, and calling these auctions “critical to furthering innovation and growing jobs in America.”

I thank the economists here today for voicing their support for incentive auctions, and hope their endorsement will fuel bipartisan momentum to add this critically important tool to the Commission’s toolbox.

Other countries – our global competitors – are focused on mobile opportunities. It’s essential that we move quickly. If we wait until there’s a crisis, we’ll have waited too long because it takes real time to reallocate spectrum.

Every day we delay freeing up new spectrum is a day with real costs to consumers, our economy, our global competitiveness, and our future.

We have an incredibly bright mobile future ahead of us, if we seize it.