

REMARKS OF TOM WHEELER, CHAIRMAN, FEDERAL COMMUNICATIONS COMMISSION,
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AS PREPARED FOR DELIVERY

It's great to be back at MAVA – especially on this day. It was exactly 365 days ago that I went from being a member of MAVA to being the 31st Chairman of the Federal Communications Commission.

It was actually May 1st when President Obama nominated me, but the realities of the United States Senate held that up for six months. That limbo period was one in which you learn to appreciate your partners. Mark, Will, Pascal and Randy had to live with this guy who came in every day, wasn't sure when he would suddenly be out of there, and was trying to balance winding down one job with starting up another. I was blessed to have great partners and I will always be grateful to them.

One of the things that has struck me about being Chairman of the FCC is how similar it is to the job of a VC, or the job of a growth company CEO. Like being a VC, the most challenging and exciting part about my job is confronting the impact of new technologies that create entirely changed circumstances for American consumers and businesses. And, like a CEO, the buck stops here. I am grateful that I have four other commissioners with whom to work, but by statute I am the CEO of an agency charged with the responsibility of overseeing industries that make up approximately one-sixth of the U.S. economy.

As you know, the job of a CEO is to decide. In your case, it is decisions to optimize return for your stakeholders. In my case it is to maximize for the ill-defined and often vague and multi-faceted concept of the “public interest.”

I am honored and privileged to be in this role. I believe there is a symbiotic relationship between what you do and what we do. You are building or applying new technologies to create new services that produce economic growth. My job is to assure access to and openness of the network pathways essential to your growth, while pursuing the public interest that includes not only access and openness, but also consumer protection, public safety, and national security.

Together we have a joint challenge: to win the 21st century. The 20th century was the American century because of American innovation – much of it enabled by the networks that connect us. The digital revolution that closed out that century, however, created opportunities for others to challenge that leadership. As we move from the centralizing nature of analog networks to the distributed nature of digital networks, opportunity not only expanded beyond traditional industrial activity, but it also expanded beyond our shores.

You as entrepreneurs, and I as a government official, share the same challenge: what will we do so that this century ends with our nation and the American people in better shape than when we entered it? I believe a key answer to that question is how we win the transformation from an analog economy to a digital economy; and key to that is the transformation of our networks. You are digital natives. Our economy is increasingly digital. Our challenge as a nation is transitioning from the security of analog-based concepts and institutions to the new and seemingly less secure realities of digital. Because we are the “network agency,” the FCC is smack-dab in the middle of those digital transitions.

At the heart of our transition activities are two verities. In the 20th century regulation was based on analog realities that dictated unique physical networks for different services and an attitude of government knows best. Internet Protocol smashed the first assumption; Internet speed destroyed the other. Yet, while the laws of physics have been wrestled to the ground to enable these transitions, the laws of human nature and the incentive for economic maximization still remain to affect that public interest obligation I just referenced.

The central underpinning of our digital transitions strategy is that competition is the most effective tool for driving innovation, investment, and consumer and economic benefits. Since taking this job my mantra has been, “Competition, Competition, Competition.” Thinking about how our activities apply to what you do, let’s briefly take a look at Internet speeds, video services, public safety, and the concept of an Open Internet – all through the lens of competition.

I’m sure you are as tired as I am of seeing how our country ranks on Internet connectivity when compared to other nations. Other nations have chosen to invest public funds to build high-speed broadband to everybody; our country has not. These decisions were made years ago. Our focus needs to be on how we behave today so as to make these differences disappear in the future. At the heart of this is turning loose the American genius for competition.

Unfortunately, today there is an inverse relationship between competition and broadband throughput – as bandwidth increases, competitive choice decreases. Until this year, the FCC defined “high-speed” as 4 Mbps – an anomaly at a time when a single HD video requires more throughput than that. As far as I’m concerned, table stakes for the 21st century is 25 Mbps, and 100 Mbps should be our goal.

Unfortunately, the competitive choice represented by traditional DSL has not kept pace with faster fiber and cable networks. If 25 Mbps is table stakes, we should be very concerned that three-quarters of American homes have no competitive choice at that speed – and that includes almost 20 percent who have no option at all at that speed.

That’s why I’ve laid out an Agenda for Broadband Competition. That policy is simple: where competition exists in the broadband marketplace, the Commission will protect it; and where greater competition can exist, we will take the steps necessary to encourage it.

One of the reasons DSL has trailed in high-speed capacity is because of the heretofore limited capacity of copper lines. New breakthroughs, however, mean that the old copper infrastructure has a new future. Throughput over copper of 1 gigabit per second is now possible over distances of 70 meters. That may be a shorter distance than slower-speed DSL, but it is a pathway to a stepwise high-speed build out.

That is one reason why I circulated to my colleagues last Friday a proposal to deal with the retirement of copper plant. Yes, the future is fiber. But while copper is old, it is not obsolete. And of particular importance to the public interest is that the rush to fiber should not be to the detriment of competition or public safety.

Communication providers like Verizon and AT&T have announced plans to pull out some copper networks and replace them with all-fiber. I am all-in for all-fiber – but changes in network infrastructure cannot come at the expense of competition and public safety. If fiber is used as an excuse to thwart competition, America and innovation will be the loser. Many businesses that rely on your services, for instance, rely on competitive providers for whom copper is often the last leg of delivery. The push by incumbent carriers to do away with their copper networks, or stop offering legacy services, cannot be a push to do away with a competitive choice for small and medium-sized businesses – especially when copper capacity is on the upswing.

At the same time, the removal of copper connections can shift the burden to consumers who need access to 911 when the power goes out. Whereas the copper phone network brings its own power and works even if the home or office is without electricity, fiber or coax phone systems do not. This means subscribers need back-up power to use their landline connection to make a 911 call when the power goes out.

Changes in network technology should not deprive consumers and businesses of competitive choices, force higher prices, or remove the ability to call in an emergency. The FCC will deal with these important issues at our November 21 meeting.

Another major change we are grappling with at the Commission is that the world has gone wireless. Nine days from today we will begin the auction of 65 MHz of prime wireless spectrum. Beyond that, we are developing a never-before-tried two-sided auction to repurpose spectrum from broadcasting to broadband by purchasing television spectrum, rebanding it, and then selling it to wireless carriers. Right now some broadcasters have gone to court to block the way in which we do this. It is an unfortunate reaction to an expansive and progressive undertaking. We will prevail in court and then move to auction the new spectrum.

We are also looking to the future of spectrum sharing in our 3.5 GHz proceeding. Following the suggestion of the President's Council of Advisors on Science and Technology, our proposed rules would allow three tiers of users to coexist in the same band, managed by a spectrum access system. Such a model is key to our ability to move beyond the balkanization of our spectrum to a future of wireless abundance.

Our tech transitions activities also involve other aspects of video delivery. When IP made video simply zeroes and ones it opened up the opportunity for new Internet-based competition to cable and satellite services. Yet efforts to develop new video services – even by tech powerhouses like Apple and Google – have faltered because they could not get access to programming content that was owned by cable networks or broadcasters.

Two weeks ago I proposed to my colleagues that we require of cable operators and broadcasters the same thing that spurred the growth of the satellite video business in the mid-1990s – that competitors should be able to negotiate in good faith for video content, even if it is owned by cable companies and broadcasters.

By facilitating access to such content, we expect Internet-based linear programming services to develop as a competitor to cable and satellite. Consumers will be able to buy the channels they want instead of having to pay for channels they don't want. As you know, a startup called Aereo

has already proposed doing this, but the broadcasters were able to stop it in court, in part because of the old rules of the FCC. Aereo wasn't the reason for the new rules, but the idea that entrepreneurs should be able to assemble programs to offer consumers choices is something that shouldn't be hindered by the FCC.

The move to a technology neutral definition of video delivery also implicates the issue of the Open Internet. While the new Multichannel Video Provider (MVPD) rule I have just proposed addresses rivals' blocking access to content, there remains the ability of ISPs – who are generally video providers themselves – to block or degrade access to the IP connection.

I am a strong believer in an Open Internet. In my career as an entrepreneur as well as a VC I have seen up close and personal how those who control networks can decide the fate of new ideas and new services based solely on the interests of the network provider. Nor is this just about video. It is the Internet's open design that has allowed innovation without permission, enabled your companies to scale quickly, and encouraged entrepreneurs to build world-leading companies in garages and dorm rooms.

I am painfully aware that for a decade the Open Internet has been a debate, not a reality. It is time to do something about how, beyond a transparency requirement, there are no Open Internet protections in place today.

The rules we need must bar broadband networks from cutting special deals to prioritize some websites' and applications' traffic over others to harm consumers, harm competition, and limit innovation on the Internet.

I have repeatedly stated that all proposals, including different methods of applying Title II of the Communications Act, are on the table. Our Notice of Proposed Rulemaking was expansive in the alternatives on which it sought input. Included in that input are a series of proposals from a diverse set of groups that an Open Internet rule should use both Title II and Section 706 of the

Communications Act to stop paid prioritization from harming an Open Internet through a “double-barreled” approach.

The common core of the competitive initiatives we have been discussing is the ability to get access to, get on, and interconnect with the new digital networks. This is the shape-shifter that is defining the analog-to-digital transition that will determine who wins the 21st century. Those of you in this room are lifting your weight in developing innovative new applications and technologies. A year ago I was one of you. Now, as the Chairman of the FCC, I want to clearly state that I still share in your goals, only now I’m working them from a different angle.

Innovation has always been the economic loadstone of America. Our networks have always been the backbone of that innovation. And that the heart of such efforts is the common mantra: Competition, Competition, Competition.

Thank you.