

**REMARKS OF FCC CHAIRMAN AJIT PAI
AT THE RESURGENT CONFERENCE**

AUSTIN, TX

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Before we begin, I have a confession to make. My main preparation for this event was unsuccessfully trying to figure out a way to get around the three-hour line for Franklin Barbecue. The most disappointing thing isn't missing out on that brisket; it's that I spent three hours on this research. Thankfully, I found a food truck on my way here. The free market in action!

Thank you to Erick Erickson and the Resurgent team for inviting me to join this important conversation. I look forward to talking with Jesse Blumenthal about topics like next-generation wireless connectivity (also known as 5G), emerging technologies, and free speech. But this is an eclectic audience from outside the Beltway, so I thought it would be helpful if I first gave a brief overview of my background and the guiding principles that shape my regulatory philosophy.

I've been on the FCC since 2012, and I've been honored to serve as its Chairman for the past 19 months. But I've been working in the communications field for most of the last two decades. I've had a front-row seat to one of the most incredible free-market success stories in history: the Internet. The key to this success story was that American policymakers of both parties picked markets over micromanagement in the 1990s. This light-touch approach to regulation is what allowed the Internet to develop so quickly and so successfully. Anyone, anywhere could introduce a new product or service on this platform without having to ask the government for permission. This concept of permissionless innovation has been essential to the growth of technological innovation. Adam Thierer of the Mercatus Center explained the concept best; he described it as the "notion that experimentation with new technologies and business models should generally be permitted by default." The free market, not bureaucracy, should pick winners and losers.

In the absence of heavy-handed regulation, private-sector broadband providers invested over \$1.5 trillion in networks over the course of 20 years to connect Americans to these new products and services. The broader Internet economy has transformed how we work and live, creating millions of new jobs and trillions of dollars in economic value for consumers. Companies that started small became big. I think the fact that some of the digital companies that launched out of dorm rooms and garages have become global leaders that are participating in this conference reflects the vital role that free markets have played in the Internet revolution.

Given this record, one might think that Americans would be brimming with hope about the future that technological innovation can bring us. But the reality is that we are now seeing more skepticism about the impact of digital technologies than ever before.

Part of the anxiety flows from worries about how these technologies are changing the nature of work. Here's a recent story. A team of 15 radiologists competed against an artificial intelligence system to see who could diagnose neurological disorders faster and more accurately. Each side studied 225 samples. The team of humans took an average of 30 minutes to make a diagnosis with a 66% accuracy rate. The AI system made a correct diagnosis 87% of the time in only 15 minutes.

Medical school graduates have cause to feel threatened by digital innovation, and they're not alone. Many workers without college degrees, who represent 70% of American adults, are thinking the same thing. And make no mistake, there are legitimate questions about the impact of automation on the workforce.

I bring up this issue to help explain why it's sometimes hard for government to be on the side of innovation. Before change occurs, it's often easier to identify and focus on those who will be hurt than those who will be helped, even if far more people will be helped in the end. Or to paraphrase the French economist Frédéric Bastiat, policymakers have a destructive habit of focusing on that which is seen, without acknowledging that which is not seen.

Perhaps the best example of this dynamic can be found at the Food and Drug Administration. The FDA's job is to keep us safe while at the same time giving the green light to potentially life-saving drugs. These responsibilities require a balancing act. But incentives often place a thumb on the scale against innovation. If you approve a drug that can't be 100% guaranteed to be safe, there's a risk that people could get hurt. Then you'll be vilified in the press, dragged before Congress, and your professional reputation ruined. If FDA reviewers refuse to approve a beneficial drug, however, few people will probably ever know about it. Indeed, the numerous lives that could have been improved or saved are unlikely even to be acknowledged in public.

Returning to digital technologies, there are some legitimate downsides that we can clearly see. But we shouldn't let that excuse us from considering the benefits that technology can bring.

Instead of viewing innovation as a problem to be regulated based on rules from the past, government should see innovation's potential, guided by markets that embrace the future. Government can best serve the public interest through regulatory humility. This means making an honest assessment of where the market is, recognizing that government can't predict and shouldn't micromanage the future, and getting rid of the red tape that stifles innovation and progress.

What kind of red tape are we talking about? Consider this example.

You probably recognize that the world of communications is going digital. The technologies of the future are based on the Internet Protocol, or IP. But I inherited rules at the FCC demanding that companies maintain their fading copper networks, some of which have been in the ground for a century. That comes at a serious cost to consumers. By definition, every dollar that a company spends propping up copper is a dollar that can't be spent building a next-generation, IP-based network. We voted to get rid of these perverse rules, enabling investment in the networks of the past to be used on the networks of the future.

Perhaps the best example of the benefits that flow when the FCC steps back and puts its faith in the market came in the 1980s. Back then, there were some airwaves so undesirable and unused that they were dubbed "junk" bands. The FCC wasn't sure what to do with them, so they set some aside for what we call "unlicensed" spectrum. Basically, anyone can use this spectrum, so long as you don't cause harmful interference to those using other spectrum bands. At first, the applications were things like baby monitors and garage door openers. But the real breakthroughs were Bluetooth, and, perhaps most important, Wi-Fi. Today, Wi-Fi is so popular that it drives what hotels people check into and helps save countless audience members from not-so-compelling speakers like me. And these breakthroughs were not the result of government micromanagement.

Here's the bottom line. Whenever a technological innovation creates uncertainty, some will always have the knee-jerk reaction to presume it's bad. They'll demand that we do whatever's necessary to maintain the status quo. Strangle it with a study. Call for a commission. Bemoan those supposedly left behind. Stipulate absolute certainty. Regulate new services with the paradigms of old.

But we should resist that temptation. "Guilty until proven innocent" is not a recipe for innovation, and it doesn't make consumers better off. History tells us that it is not preemptive regulation, but permissionless innovation made possible by competitive free markets that best guarantees consumer welfare. A future enabled by the next generation of technology can be bright, if only we choose to let the light in.