

**REMARKS OF FCC CHAIRMAN AJIT PAI  
TO THE REASON FOUNDATION**

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It's great to be with you—and frankly, a bit surprising. You see, the last time I spoke to the Reason Foundation was back in 2017 at the Reason Media Awards in New York City. I closed my remarks at that lovely, high-class affair with a riff on the libertarian lessons from the cartoon South Park. It would have been totally understandable if you never invited me back. Yet here we are.

Thank you to David [Nott] and everybody at the Reason Foundation for this recognition. While selecting me as this year's recipient of the Savas Award could fairly be called into question, your timing of this celebration could not be more perfect. This award was established to highlight innovative efforts to, quote, "provide public services through partnerships with private organizations." You could make a strong case that this has been the best two weeks for public-private partnerships ever.

For starters, SpaceX just delivered four astronauts to the International Space Station. By partnering with SpaceX, NASA has ended its reliance on Russia to fly astronauts to the Space Station at a cost of up to \$80 million a seat. Boeing is also working to develop a commercial spacecraft in partnership with NASA, and the space agency says having these two companies compete for contracts has saved tens of billions in development costs. Perhaps most important, we get to watch astronauts rocket into space from U.S. soil again, which will always be cool as hell.

If a historic space flight weren't enough, Pfizer and BioNTech just announced that their vaccine candidate has proven to be 95% effective in preventing COVID-19. Historically, it takes five to seven years from the sequencing of a virus to the start of vaccination programs. Pfizer and other companies like Moderna are on track to do it in less than a year. This is in large part due to Operation Warp Speed, through which the federal government has allowed steps in the traditional vaccine development timeline to be conducted simultaneously and committed funding for both the development of vaccines as well as the production of vaccines prior to their approval.

When faced with two of the most difficult challenges you could imagine—safely sending humans into space and finding a vaccine for a once-in-a-century virus in a matter of months—results were achieved not through the brute-force compulsion of the state but by harnessing the power of private innovation. And it reinforces my long-held view that markets are far superior to mandates when it comes to delivering value.

This is basically the approach I've taken at the FCC over the past four years. And while I wouldn't say our achievements rise to the level of human exploration to the heavens or a medical breakthrough that could restore normalcy to the world, I feel confident in saying that the communications sector is doing much better now than when I took over.

At the FCC, we have a broad range of responsibilities—from things most people know about like broadcast TV to things you might not be aware of, like undersea cables or making it easier for first responders to find 911 callers in multi-story buildings. But at the end of the day, the FCC has at least two fundamental jobs. The first is to promote innovation, investment, and U.S. leadership across the communications sector. The second is to make sure that all Americans have access to modern communications and can share in the benefits of technology's march.

Over the past four years, we've kept those two jobs in mind. Even though our policy agenda has been broader and deeper and more aggressive than any FCC in recent history, it's been animated by two objectives above all others: closing the digital divide and promoting U.S. leadership in 5G, the next generation of wireless technology.

So where do we stand on those two objectives?

Let's start with the digital divide. With school, jobs, and so many other facets of our lives moving online during the pandemic, there's been a spike in the number of calls to make sure every American has access to affordable, high-speed Internet. But this is something I've been talking about since literally my first day as FCC Chairman, when I said my number one priority would be extending what I call digital opportunity to every person in every corner of this country.

At first blush, some think markets have no role in solving this problem. Indeed, when some talk about closing the digital divide, they equate it with some of the massive public works projects of the past, like rural electrification under FDR and Eisenhower's interstate highway system. To be sure, there are some remote parts of the country where the private economics don't work and public investment may be needed. But if the end is to make sure every American has access to world-leading Internet connectivity, the primary means required are private investments—on a massive scale.

In the United States, we rely on roughly \$80 billion a year in private investment to upgrade and expand our wired and wireless networks. Let me repeat that: \$80 billion every year. That is why bridging the digital divide requires reducing the cost of private broadband buildout, which in turn requires reducing the regulatory burden on buildout.

Across the board, the FCC has been working hard to modernize its regulations and clear unnecessary roadblocks to network investment. The details of this work can sound deathly boring, often because it is; few light up at the prospect of cheaper and quicker pole attachments or a faster transition from copper lines to fiber networks. But these are the reforms that ultimately make a big difference.

When it comes to removing regulatory burdens that were creating an unnecessary drag on private investment, the Commission's most high-profile battle was over so-called net neutrality regulations. For the first two decades of the commercial Internet, there actually was a consensus across Republican and Democratic Administrations alike that government should take a light-touch approach to Internet regulation, and that we should trust the free market, not some bureaucracy, to pick winners and losers in the digital marketplace. It's actually in the law: the Communications Act says it's the policy of the United States "to preserve the . . . free market that presently exists for the Internet." With that free market—and hence without heavy-handed regulation—private-sector broadband providers invested over \$1.5 trillion in networks to connect Americans and our Internet economy became the envy of the world. I'd say this hands-off approach worked pretty well.

But the prior Administration decided that we should dramatically change course. Even though there had been no market failure, they said that the mere risk that Internet service providers would start favoring or blocking certain traffic was so great that we should regulate the Internet like a slow-moving utility under rules developed in the 1930s for the Ma Bell telephone monopoly.

In 2017, we rejected this backward-looking view and once again chose markets over micromanagement. In our *Restoring Internet Freedom Order*, we restored the market-based approach that protects the free and open Internet and encourages infrastructure investment. We heard a lot of absurd predictions when we made that decision. Bernie Sanders proclaimed, "This is the end of the internet as we know it." The entire Senate Democratic caucus warned: "you'll get the internet one word at a time." The ACLU ominously predicted that "before we know it, a flood will have washed away the free and open internet we all rely on." And good-faith experts on the nuances of telecom regulation from places like Hollywood, Washington activist groups, and the Twitter School of Law told the American people that they would have to pay extra to reach certain websites, that they would have to pay a fee each time they posted on social media, that they would be blocked from accessing their favorite websites, and more. Much, much more.

Oops. You will be shocked, shocked to learn that they were wrong. Since our decision in 2017, average fixed broadband download speeds in the United States have more than doubled. In 2018, we set an annual record for fiber deployment in the United States. And then we broke that record in 2019.

During the first three years of my Chairmanship, the number of Americans living in areas without access to fixed broadband with speeds of at least 25/3 Mbps—the Commission’s benchmark for high-speed broadband—fell by 46%. And from 2015 to 2020, real prices for broadband decreased by about a third.

Moreover, our infrastructure has been strong enough to withstand the big increase and time- and geographically-shifted usage patterns caused by the pandemic. Indeed, our broadband speeds have gone up, not down, during the pandemic. And we haven’t had to go hat in hand to Netflix, YouTube, and other Internet content companies and beg them to slow down or throttle content—which is exactly what Europe, which has embraced strict net-neutrality regulation, has had to do.

And most of all, the Internet has remained free and open. Our new rules put in place tough transparency requirements so consumers will know if ISPs are favoring certain content over others. It turns out you don’t need heavy-handed rules to stop bad behavior by ISPs when a watchful public and healthy marketplace will more than suffice.

That football having been spiked, let’s shift to 5G. For those few who have miraculously avoided all the TV ads, what you should know is that 5G is fast—up to 100 times faster than 4G. The lag time between a device’s request for data and the network’s response will be less than one-tenth of what it is today. And tomorrow’s networks will be able to connect billions more devices, from your phone to your refrigerator, from your animatronic Nick Gillespie to your virtual-reality Katherine Mangu Ward goggles.

How do we get there? Some have suggested that the best way to assure U.S. leadership in 5G technology is for the government to drive the decision-making regarding a nationwide 5G network. But I strongly disagree, and have said so, on the record, repeatedly. The main lesson to draw from the wireless sector’s development over the past three decades—including American leadership in 4G—is that the market, not government, is best positioned to drive innovation and investment. That lesson’s been vindicated in part by this year’s Nobel Prize in Economic Sciences, which went to two individuals who helped design the FCC’s early spectrum auctions. Any federal effort to construct a nationalized 5G network would be a costly and counterproductive distraction from the policies we need to help the United States win the 5G future.

Instead, we’ve been pursuing what we call the 5G FAST (Facilitating America’s Superiority in 5G Technology) plan. This strategy has had three parts: freeing up spectrum for the private sector, promoting wireless infrastructure, and modernizing our regulations to encourage deployment of fiber, which is needed to carry wireless data into the core of the network.

On spectrum, we’ve been the most aggressive FCC in history. To date, we’ve already made available through three auctions more high-band spectrum for commercial use than previously was used for terrestrial mobile broadband by all wireless service providers in the United States combined. We’ve already finished repurposing low-band spectrum for mobile broadband, which is being used to provide 5G service to areas where over 250 million Americans live.

And we’ve made a lot of progress on mid-band spectrum, which is appealing for 5G because it combines good geographic coverage with good capacity. There are too many actions to get into the details, but the bottom line is that we’ve used market tools like auctions to put us on a path for a massive amount of mid-band spectrum to be available for 5G. We’ve also increased the amount of mid-band spectrum available for unlicensed use by a factor of five—a massive benefit to all of us, especially those of you watching this event over a Wi-Fi connection.

The same goes for the other two planks of the 5G FAST plan: promoting wireless infrastructure and modernizing our regulations to encourage more fiber deployment. By getting rid of red tape, we’re seeing incredible results on infrastructure. For example, in 2018 and 2019, we added over 72,000 new wireless cell sites in the United States, 10 times more than the deployments from 2013, 2014, 2015, and 2016 combined. And as I noted before, fiber deployment in 2018 and 2019 hit all-time highs.

In sum, we've done a lot on broadband infrastructure and 5G, and I'm really proud of our work. But as I close, I feel compelled to mention one of the most personally meaningful public-private partnerships I've been a part of over the past three years—and it's actually one that involves *Reason*. In fact, I'd almost say that this example, more than any other I've discussed, illustrates why I believe in markets, individual liberty, and equal opportunity.

Do you know who Elias Zarate is?

You probably don't. Elias is a barber in Memphis, Tennessee. His mother was killed by a drunk driver when he was 10 years old. His father abandoned the family a few years later. Elias never had a chance to finish high school; he had to drop out and work to support himself and his younger siblings.

His passion is barbering. In 2017, he started working at a higher-end shop in downtown Memphis. He was building a client base and improving his reputation—until a state inspector stopped by and fined him \$1,500 for cutting hair without a license. Later, he was called to a hearing in Nashville in which he was told that Tennessee requires barbers to have a license, which requires going to barber school, which in turn requires a high school diploma.

The state at first rejected Elias' appeals and upheld the fine, tacking on an additional \$600 for court costs for good measure. His reaction: "I was devastated. I felt like everything I had struggled to build had been snatched from me in the blink of an eye."

As you probably know, this kind of scheme is called occupational licensing. However well-intentioned—and all too often, it's not—it's bad for service providers and consumers alike. People who want to offer a basic, non-dangerous service—haircuts, guided tours, flowers, you name it—can't do what they want without kissing the ring of the state. These hurdles disproportionately hurt minorities, those who have lower incomes, those with less education, and military spouses who often move from state to state. And studies have shown that occupational licensing often doesn't even benefit consumers with higher quality or safer services.

I read about Elias' case in early 2018, in a superb article in *Reason* written by Eric Boehm. Eric put it so well: in Tennessee, "[y]ou can restart the heart of a pulseless, unbreathing person without a high school diploma, but you cannot cut hair." I was convinced. But more than that, I wanted to do something. And so I did. After a little finagling, I actually met Elias and his wife in April 2018, thanks to the Beacon Center, a free-market group in Tennessee.

Let me tell you this: there is perhaps no person who can better articulate the libertarian message than someone who has felt the arbitrary and capricious power of the state stand between him and his livelihood, with seemingly no way out. Elias and his wife wondered why the government would make it harder for him to be a productive member of society. I wondered the same. And so I contributed to his GoFundMe. I wrote about his case in the *Memphis Commercial Appeal*. I tweeted about it. I spoke about it, preaching from what little pulpit I have. Eric wrote a great follow-up article in which he pointed out that *Reason* readers helped pay off Elias' fines. Progress.

But the icing on the cake came four months ago: After two years of litigation, Elias won his case against the Tennessee Board of Cosmetology and Barber Examiners (a government entity whose name alone should convince you of the wisdom of limited government). A court held that it was constitutionally irrational for the government to require barbers to have a high school diploma, especially when they don't require one for cosmetologists.

Sometimes, I've been asked why I care about Elias' case. On occasion, I've been mocked for it—why on Earth is the Chairman of the FCC getting involved in a barbering dispute in Tennessee? You know why? Because it matters. It genuinely matters. Yes, it's been an honor advancing a free-market vision of telecom regulation and promoting U.S. leadership in the communications sector. But to me, Elias' case is concrete proof of how our vision empowers individuals, and what can be accomplished

when public officials, publications like *Reason*, and advocates like the Beacon Center collaborate to make economic freedom real for someone who otherwise had no hope.

So here's the bottom line. One of my guiding principles as FCC Chairman has been to have faith in free markets and free minds. Time and again, that faith has been rewarded. The Internet economy in the United States is stronger than ever. We're pushing ahead in 5G. And a barber in Tennessee is able to do what he loves. I want to thank the Reason Foundation once again for honoring me, but honestly, the people we should all thank are America's innovators and entrepreneurs, those who challenge the status quo and create and build.