

STATEMENT OF COMMISSIONER MICHAEL J. COPPS

Re: In the Matter of Fostering Innovation and Investment in the Wireless Communications Market, GN Docket No. 09-157; A National Broadband Plan For Our Future, GN Docket No. 09-51

In the Matter of Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions With Respect to Mobile Wireless including Commercial Mobile Services, WT Docket No. 09-66

Consumer Information and Disclosure, CG Docket No. 09-158; Truth-in-Billing and Billing Format, CC Docket No. 98-170; IP-Enabled Services, WC Docket No. 04-36

Today we launch three important Notices of Inquiry—each going to the heart of the Commission’s core function: protecting and empowering American consumers. This is a most propitious beginning for the first meeting of our fully reconstituted FCC. These items are welcome news. I want to thank Chairman Genachowski for his vision and leadership in bringing these items forward at the outset of his tenure. It shows a commitment that bodes well for the months and years ahead.

The Notices that we are adopting today lay the groundwork for sound public policy-making. They seek to protect consumers in three ways—by searching out new ways for the Commission to facilitate wireless innovation and investment; by improving our ability to promote wireless competition; and by ensuring that consumers of wireless and other services have the information they need to make intelligent choices.

We begin with innovation. More even than the dramatic technology advances of the Twentieth century, the Twenty-first will be about stunning and transformative innovations in technology. Wireless innovations have already empowered consumers in ways unimagined just a few short years ago. Those first seemingly magical devices that carried our voices hither and yon—when everything was working well—are now evolving into robust mobile computers. The wireless industry deserves recognition and credit for how much it has accomplished. But mark me down as one who believes we have only glimpsed the beginning. Much more is coming. How much more depends in significant measure on our country’s success in encouraging wireless innovation. There should be no doubt that facilitating further innovations in wireless technologies and services is absolutely crucial to our nation’s prosperity and well-being in the Digital Age. We look to industry for much of that. But visionary public policy should always be the handmaiden of private enterprise. That’s how we grew this country. Now, once again, we must learn to harness all our national resources for innovation and growth.

One of the great and costly shortfalls of the last decade was a declining national commitment to basic technology research and development. The tsunami of industry consolidation America endured in recent years short-changed research and development because R&D supposedly didn’t nourish the quarterly bottom-line in ways sufficiently appealing to speculators-on-the-make. At the same time, government was for the most part exiting its role as an incubator of research and development. These simultaneous private and public cut-backs constituted a double whammy that cost us—consumers, citizens and country—dearly. The National Research Council reported, a couple of years ago, that without enhanced focus on technology research and development the U.S. role as a global leader in technology innovation can only continue to decline. The report showed how industry and government-funded research have decreased considerably over the past several decades. We need to understand these things.

We need to act upon them.

With today's Notice on fostering innovation in the wireless communications market, we begin to act. We launch an inquiry to understand how the Commission can better promote innovation and investment in new technologies and services. We ask wide-ranging questions. We seek to better understand where and how key innovations are occurring across the extensive "value chain" of the wireless market. What has gone wrong? Where are the shortfalls? What are other countries doing to promote innovation? We also inquire about ways to improve spectrum management practices to make more spectrum available for innovative services. For example, do technology innovations create new opportunities for accessing or sharing spectrum? What are they? How can we revise our rules to enable greater access for those with new products and services that Americans want? How can we do a better job as an agency addressing interference protection concerns and the conflicting claims of contending parties so that rulemakings do not continue to languish? What rule changes do we need to make as wireless network infrastructure and technologies bring us a flood of new possibilities and new applications? Improving the Commission's analysis and understanding of these matters will substantially enhance our ability to take the actions needed to promote wireless innovation and investment.

I am also pleased that a number of questions in this Notice focus on innovations in wireless devices and applications. The increasing sophistication and complexity of new devices and applications have opened new worlds to millions of consumers. How exactly does the "openness" of wireless networks and devices affect the pace of innovation? Aren't open platforms and open access the kinds of models that best promote innovation? What can we learn from the Internet model, where openness has provided consumers a fantastic world of choice in applications and services? The freedom to choose devices and applications is, I believe, good for consumers and good for entrepreneurs, too.

Wireless technologies and services are not just ends in themselves. These are things that will be called on to help solve many of the critical challenges facing our country—improvements in health care through telemedicine and patient monitoring devices; energy conservation through "smart grids;" education by bringing classrooms to eager learners wherever they may be; and public safety by enhancing the capabilities of our first responders, just to name a few. As we enable wireless technologies and services, we enable America to meet and master these many challenges. I would also say how pleased I am that we will have the opportunity to consider the comments we receive in this Notice as we develop our Congressionally-mandated National Broadband Plan, wherein promoting innovation will be critical to the achievement of our goals. Of course we already have records on some of these issues so that action does not have to wait until next year.

Today we also pave the way for improving the agency's annual *CMRS Competition Report* to Congress by expanding the scope of the report. For years I have advocated the benefits of a more granular, data-driven understanding of the current mobile wireless marketplace. While we have made some limited progress in this regard in recent years, we have a long way to go. In particular, I have remained concerned that the Commission has not yet developed a clearer, more analytically sound standard for evaluating the state of competition that these annual reports are supposed to address.

This is a crucial time to fully understand the state of competition in wireless. It's no secret to most folks in this room that I have been more than a tad critical of the extensive consolidation that has occurred in wireless. While I again applaud the technology and service strides the wireless industry has made, I remain unconvinced that the road we traveled was ideal.

The Commission has a statutory duty to prevent undue concentration in the wireless marketplace. We opened the floodgates to consolidation with the repeal of spectrum caps and, more recently, the Commission has been playing unhelpful games with altering spectrum aggregation screens without first completing the necessary analysis on how the use of different frequency bands may affect competition. The time is now, with a new Commission and with a National Broadband Plan in the making, to decide what path to take in order to ensure a more competitive wireless marketplace.

Today's Notice signals that the Commission is, at last, moving beyond too heavy a focus on what it has classified as "commercial mobile radio service" so that, going forward, we can cover more completely the broader mobile wireless marketplace. The nature of mobile wireless services has evolved significantly in recent years, transitioning from a reliance chiefly on mobile voice services to the increasing use and reliance on mobile broadband services in a variety of forms that connect Americans in myriad new ways. We need to better understand the various segments that comprise the mobile wireless ecosystem. So in this inquiry we seek to identify the retail service and consumer market segments that we should examine – which could include analysis of the market by type of service (such as mobile voice, text, or data), type of device (such as handsets or modem cards), type of subscription (such as prepaid or postpaid), or type of subscriber using the service (such as individual consumers, small businesses, or enterprises). We seek additional data about "upstream" markets (such as spectrum, towers, and backhaul) and "downstream" or "edge" markets (such as applications and content) that may affect mobile wireless competition. And we seek more data regarding the range of choices that consumers have that affect their purchasing decisions. These are the right questions.

Finally, we will consider today a Notice addressing consumer information and disclosure. It inquires how the Commission can better protect consumers by ensuring that they have the information they need when purchasing their communications services. We have not done much of a job on this important element of consumer protection in recent years. Consumers cannot be expected to make informed choices without information that truly informs. I have spoken in the past about, for example, better cell phone mapping being available to consumers when they go in to sign up with a carrier. The situation is arguably better now than it was, but it could have been better sooner and there is still room for improvement. Wireless bills remain a monthly agony for consumers. Ask my wife who pays our bills about how much she looks forward to *that* envelope arriving in the mail each month!

Consumer protection must always be front-and-center as we discharge our public interest obligations, and in a market that I think is less than maximally competitive, that's not just good public policy—it is essential public policy. If information is power, consumers too often lack power. So as the Digital Revolution transforms our lives, let's make sure that consumers have the information they need to select and maintain the products and services that serve them best.

I am also very pleased that this Notice asks whether the Commission's truth-in-billing rules—which currently apply only to wireline and wireless voice services and then, as I've remarked, not always adequately—should be extended to broadband Internet access service and subscription video services. The Digital Age is a time of communications convergence wherein voice, video and broadband services are more and more intertwined. Double, triple and quadruple play services are now offered by single or partnered service providers. I am pleased that, finally, with this item, the Commission begins to examine what information should be readily available to consumers who seek to protect and empower themselves when selecting, maintaining or switching these new services.

In sum, these Notices are good news. By issuing them, we endeavor to become the more pro-consumer agency that we were originally conceived to be—and must yet become. But let there be no doubt that these Notices represent only the beginning of the process. NOIs begin proceedings; NPRMs breathe direction into them; Commission Orders bring the change. I hope, and I believe, that this Commission will act with a sense of urgency in getting from NOIs to final Orders. That's fundamental to doing our job for the American people.

Again, I appreciate the leadership of the Chairman and the input of all my colleagues, two of whom didn't have exactly an abundance of time to consider these items. And I thank the staff from all the different bureaus and offices that has collaborated in the preparation of these proceedings. A job well done!