

**STATEMENT OF
CHAIRMAN AJIT PAI**

Re: *Toll Free Assignment Modernization*, WC Docket No. 17-192; *Toll Free Service Access Codes*, WC Docket No. 95-155.

In 1959, when Ronald Coase proposed that the FCC auction spectrum licenses, he was met with more than a little skepticism. One commenter said of his proposal: “I know of no country on the face of the globe—except for a few corrupt Latin American dictatorships—where the ‘sale’ of the spectrum could even be seriously proposed.”¹ And when he stood before this very agency to discuss his idea, one FCC commissioner publicly mocked him, asking “[a]re you spoofing us? Is this all a big joke?”² With that great start, it then took 34 years before the FCC finally started auctioning licenses to use the airwaves.

For some reason, when it comes to figuring out who should get to use a valuable public resource—like spectrum or toll free numbers—there’s a resistance to innovative ideas. I suppose there’s something comforting about holding “beauty contests” (as we did with spectrum) or using a first-come, first-served approach (as we currently do with toll free numbers). But when it comes to a scarce resource, the market—not commissioners’ caprice or fast filing—is the superior method to allocate licenses. That’s especially true given that companies literally might build multi-million dollar businesses upon this resource and the proceeds can defray our multi-trillion dollar debt. And in this case, as proposed, the revenues from toll-free number auctions would be used to defray the costs of number administration.

In his paper, Coase recognized what he was up against, observing: “It is to be expected that even so modest a suggestion for bidding . . . would not be welcomed.”³ Fifty-eight years and one Nobel Prize later, he’s been vindicated—including today. My thanks to the staff of the Wireline Competition Bureau, the Wireless Telecommunications Bureau, the Office of Strategic Planning, and the Office of General Counsel for their work. In particular, thanks to William Andrlle, Larry Atlas, Tavi Carare, Terri Cavanaugh, Jean Ann Collins, Rita Cookmeyer, Alex Espinoza, Heather Hendrickson, Dan Kahn, Rachel Kazan, Jean Kiddoo, Evan Kwerel, Wayne Leighton, Rick Mallen, Linda Oliver, Eric Ralph, Ann Stevens, Joel Taubenblatt, Margie Wiener, and Chin Yoo.

¹ Ronald Coase, *Comment on Thomas W. Hazlett: Assigning Property Rights to Radio Spectrum Users: Why Did FCC License Auctions Take 67 Years?*, 41 J.L. & Econ. 579 (1998).

² *Id.*

³ Ronald Coase, *The Federal Communications Commission*, 2 J.L. & Econ. 1, 24 (1959).