

## Gordon Smith Speech at Media Institute Luncheon

Thank you, Patrick. I appreciate this opportunity to discuss our nation's broadband *and* broadcast futures, and what role the Federal Communications Commission – and Congress – can and should play in fostering them.

Others have spent time here in recent months talking about a rewrite of the 1996 Telecommunications Act, creating a new age, a restructured FCC – one that unshackles industry from burdensome legacy regulations that discourage investment and instead incentivizes innovation and entrepreneurial spirit. The Media Institute is an excellent forum for this kind of conversation, and you can expect broadcasters' voices to be among those heard in this debate.

But that's not the topic I'm here to discuss with you today. You see, as a former member of the Senate Commerce Committee, it was my experience that such ideas take time – multiple Congresses in fact – to ripen. And it takes even more time to legislate – even when you have a *functional* Congress. So today, as we usher in the dawn of a new FCC chairmanship, I would like to use this time to reflect on the *current* FCC: where it has been, where it is going and the promise it holds to advance a broadband-*broadcast* ecosystem that is the envy of the world.

The year 2009 marked an abrupt policy priority shift at the FCC. Under Chairman Julius Genachowski, the FCC became an agency singularly focused on broadband. These efforts ranged from imposing net neutrality rules to expanding the Universal Service Fund and to transforming satellite spectrum into terrestrial spectrum. Despite its questionable authority over broadband, the FCC effectively became the FBPC – the Federal Broadband Promotion Commission.

An example of this could be seen in August 2009, when the Commission issued a Notice of Inquiry titled, "Fostering Innovation and Investment in the Wireless Communications Market." The Notice "sought to identify appropriate and concrete steps the Commission can take to support and encourage further innovation and investment in broadband, and to understand better the factors that encourage innovation and investment in wireless."

Now, to be clear, I don't think anyone would take issue with this inquiry – including broadcasters. Understanding the Commission's role, or lack thereof, in fostering further innovation and investment in broadband is an important pursuit. The FCC *should, indeed*, ensure that its rules and regulations do not hamper investment and innovation in broadband. Broadband, much like broadcast radio and television, has been a game-changer that has impacted the way we communicate, as well as deliver and receive content.

What is interesting to note, however, is that the Commission hasn't undertaken a similar inquiry into U.S. television and radio broadcasting.

Which raises a question: Wouldn't it make sense for the Commission to have a parallel examination "to identify appropriate and concrete steps the FCC can take to support and encourage further innovation and investment in *broadcasting*, and better understand the factors that encourage such investment"?

The answer is, of course, it would. In fact, the FCC *should* pursue that information.

In the course of such an inquiry, the Commission might learn that, as a Woods & Poole Economics study shows, the local broadcast radio and television industry, and the businesses that depend on it, generate \$1.17 trillion annually for the nation's economy.

But, unfortunately, rather than supporting innovation in our industry and working with broadcasters so that

we can continue to outpace the rest of the world, the Commission has had a different, in fact, a myopic focus.

While everyone – including me – is excited about broadband and its possibilities – we should not forget that broadcast radio and television have always had – and continue to have – a transformative role in the lives of all Americans.

From its earliest days, broadcasting's value and impact on local communities has been unquestionable.

Local communities depend on their stations to provide them with the news, emergency information and entertainment they rely on each day. Broadcasters take this responsibility very seriously... this responsibility goes to the very heart of localism.

Not only have broadcast radio and TV become an integral part of the American lifestyle, they play another role in our society – supporting the foundation of our democratic ideals – the freedom of speech and of the press.

There is no substitute for broadcasters' dedication to localism. We turn on the radio or TV to find out what the weather is like before heading to work, and look for the familiar faces of our local newscasters to tell us what's happening in our "neck of the woods."

Broadcast TV connects us to our communities and to each other. This is what sets us apart from other mediums.

Broadcasters also deliver lifesaving information during times of crisis – often placing their own lives in peril when doing so. So I would ask, is this not a highest and best use of spectrum?

Because of the strength of the broadcast infrastructure, its architecture, and the power of its airwaves, local stations are often the only available communications medium during disaster situations, when cell phones and wireless networks can be unreliable. We saw this during Hurricane Sandy last year, during the tornadoes in Moore, Oklahoma, this year, and just this week with the tornadoes that struck the Midwest.

And then there are the laws of physics, laws not even Congress can change. Broadcasting's physics, its one-to-many architecture, is undeniably the best delivery system for video; the one-to-one architecture of wireless broadband networks is inherently constrained in the video world, no matter how Congress may legislate and the FCC may regulate.

As an aside, I often hear critics of broadcasting advocate for the "highest and best use" of spectrum. Let me freely admit that if highest and best use is determined only by the calculation of dollars and cents, or by how many gadgets and gizmos quickly mount up on the ash-heap of our landfills, broadcasters will lose out in that calculation every time.

But, if "highest and best use" includes, not only the advantages of our one-to-many architecture, but also the durable public values it serves – reliability, decency standards, children's programming, news, weather, sports, localism and lifesaving information during times of crisis – broadcasters win every time.

But more, even in today's digital world, with so many competing sources of information, broadcasting remains the most trusted source of news, as the FCC itself recognized in its *Information Needs of Communities* report. The report notes: "Most Americans still get their news from the local TV news team – and many stations do an extraordinary job informing their communities. Increasingly, they are offering news through multiple platforms, giving consumers more ways to get the bread-and-butter news they need." It also highlights stations' dedication to their communities, saying "Many serve their communities with genuine passion for making the news available, for free, to an impressively broad audience. In many ways, local TV news is more important than ever."

Both the National Broadband Plan and Chairman Wheeler have compared broadband to transformative communications evolutions: from roads and highways to electricity and broadcasting.

Much like roads, highways and electricity, broadcasting is indelibly inked into the fabric of our lives. New innovations have come along; yet, the traditional, foundational technologies have not faded away. They have continued to develop and thrive. For example, as new forms of transportation developed, they added to what our nation's highways could deliver. They did not override them or make them less essential to commerce or connecting our communities.

Broadcast television and radio have also evolved to adapt to consumers' needs; they are the ultimate media survivors. Our unique role in every community has not – and cannot – be replaced. We have much to offer as a complement to broadband, and the same could be said of broadband's relationship to broadcast. The advent of broadband has pushed our industry to innovate and operate in new and different ways to the benefit of all Americans and our general economy. Broadband and broadcast are natural partners, and we should work together.

As Chairman Wheeler develops his vision for the FCC, I urge him to put as much effort into ensuring our world leadership in broadcast as he does in broadband. Chairman Wheeler has described himself as a "network guy" – and while I'd like to think that means he wholeheartedly supports ABC, CBS, Fox, NBC and Univision and their hundreds of local affiliates across America – I believe he means that he is interested in our communications networks. Two of our most essential networks, as he himself recently noted, are our broadcast television and radio networks.

We need a nimble FCC that works with our industry with the same gusto and verve it has for the broadband industry.

How, you might ask?

- For starters, meaningfully and efficiently review ownership rules to ensure competition with other industries – cross-industry competition as well as intra-industry competition. Our industry also welcomes ideas for increased diversity and localism; we are the only communications sector that proactively embraces these values.
- Allow flexibility so broadcast networks can evolve with others. Our industry is one that exemplifies being under the thumb of command-and-control regulation. We need to work closely with the FCC to ensure that these regulations are allowing us to keep pace with other parts of the communications ecosystem, not fight with one or both arms tied behind our backs.
- To continue to serve the public in ways no other media is expected to, the current deregulatory retransmission consent regime is essential. The Commission should continue to encourage honest and fair negotiations that result in market-based deals that ultimately provide incredibly informative and entertaining programs for viewers. Tipping the scale in favor of pay-TV providers that seek government intervention to increase their own profits only hurts our local communities.

As we discuss spectrum policy, it is also essential to keep in mind that comparing broadcast to wireless is comparing apples and oranges. The wireless industry has grown up quickly in a largely deregulated environment, with little government intrusion. The broadcast industry, on the other hand, has grown up for decades under heavy government regulation, which has led us to be smaller and localized. Though broadcasters wholeheartedly embrace serving local audiences, the industry doesn't – and *can't* – have an AT&T or Verizon that spans the country and can make any one innovation appear instantaneously. We have to coordinate as an industry – a diverse industry by design. So, we compete every day, but with the shackles of heavy regulation in order to serve other congressional and FCC objectives.

When Commissioner Mignon Clyburn circulated an NPRM on foreign broadcast ownership, that marked an important moment; perhaps the Commission was taking its responsibility seriously to drive innovation and investment in the U.S. broadcast industry, just as it does with the broadband industry. The importance of this item is *not* so broadcasters can abandon the business, move or shrink. This is an opportunity to fund investment and innovation and help us continue to lead the world. Imagine that.

Last March, former Chairman Genachowski distributed what amounted to a list of accomplishments during his tenure. It catalogued approximately 50 items, including proceedings undertaken and industry investments. What I found most notable about the list was that there was *not a single accomplishment outside of the broadband realm*. Not one. And there was no mention of the ways in which the Commission helped support the U.S. broadcast industry in its mission of serving every local community.

This was a missed opportunity. The broadcast industry is a vibrant and critical part of the U.S. economy. It binds our communities together and provides reliable news and information not available anywhere else.

So, as we move forward into a new age at the FCC, I strongly urge the Commission to carefully think about how it can help foster a broadcast industry that continues to lead the world in providing the unique localism that no other medium can replicate, and work with us to ensure that broadcasting's vital role in every community in America continues to flourish.

I thank you for this opportunity to share my thoughts with you today. It is my hope that working together, we will ensure broadcasting's continued growth and evolution as an indispensable, even irreplaceable, American institution – broadcast radio and television.