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*The Future of the FCC: Promote Competition, Then Relax*

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Abstract by Janet C. Goldberg

In the past, powerful communications industry participants used the Federal Communications Commission's (FCC) administrative processes to stifle competition and bar access to new companies. In the present, however, three sectors of the communications industry are robustly competitive. These sectors include channels of mass media, the supply of terminal equipment, and enhanced network services such as voice mail and Internet access and use. Nevertheless, two concentrations of market power persist: cable television and local telephone service. On the supply side of the communications industry, technology is currently changing in two ways. First, digitalization is minimizing differences between discrete parts of the industry. Second, the capacity of existing networks is increasing due to new spectrum allocations, fiber optics, the Internet and other new technologies. On the demand side, some experts believe that a trend toward large numbers of customers wanting "one stop shopping" (purchasing local, long distance, international mobile, Internet, and other communications services from a single company) is emerging.

In the future, the FCC should decline to adopt proposals that are designed to "level the playing field" unless economic analysis indicates a close connection between the proposal and promotion of competition or consumer welfare. The FCC's regulation of rates should be limited to instances where this is the only option for fixing problems of "substantial and persistent market power." Additionally, the FCC should focus on what is best for consumers, rather than companies. Our nation's tradition of free speech also requires that the FCC decline to regulate the content of programming (*i.e.*, television and radio). Finally, the FCC should continue to rely on the Telecommunications Act of 1996 to promote competition, but complex adjustments to this Act are necessary.

The FCC of the future should be much less powerful than the current FCC. However, it is premature and presumptuous to say that the FCC will not be needed in the future. The agency is still needed to perform certain limited activities, including repealing regulations that have outlived their usefulness, implementing policies that create new markets and incentives to compete, rapidly dispersing "necessary inputs" such as licenses or spectrum, reforming universal service, protecting consumers, and adjudicating "property disputes" among holders of radio rights. Unfortunately, the chances that the reforms discussed above will occur in the near future are dim, given the current political climate.