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# PREFACE

William E. Kennard\*

I am honored to have the pleasure of introducing Volume 7 of *CommLaw Conspectus: Journal of Communications Law and Policy*. I recently completed my first year as Chairman of the Federal Communications Commission (“FCC”). It has been the most fascinating year of my life, and one of the most challenging.

We are experiencing a period of profound change, and opportunity, in communications. Last year, 61 million Americans had a cellular phone, and because of competition, these phones were of a higher quality and bills were more than 50 percent lower than a decade ago. American families now have several long-distance companies competing for their service, driving down rates to their lowest in our history. And last year, the first digital television signals were broadcast. But how the rapid transformation of our technology affects our society and economy is seen no better than with the Internet.

The Internet is not just a computer network. It may be the single greatest innovation in the dissemination of information since Guttenberg invented the printing press. It has brought everything from Wordsworth to *Wired* to homes that are, in some cases, miles from the nearest library. By running over a variety of physical networks, Internet access has become efficient and competitive, cutting transaction costs and precipitating the recent explosion in e-commerce. In fact, online retail sales this holiday season were estimated to reach \$2.3 billion, an increase of 109 percent from 1997. Besides shopping, Americans are able to bank, act as their own stock brokers, or buy their airline tickets and choose their own seats—all online. This revolution means more than convenience. The Internet has made businesses more efficient and productive, spurred the

growth of whole new industry, and become an integral part of our current prosperity.

Yet, just as the dirt roads at the beginning of this century had to give way to the interstate to accommodate the car, the wires that carry the Internet to most homes today need to be updated for the 21st century. The Internet backbone—the actual wires that route data from Schenectady to Sydney—is a high-speed network, whose capacity (or bandwidth) is constantly expanding. On the other end, personal computers are becoming faster and faster. The problem lies in the “last mile” between the Internet and the home computer. The basic copper phone wires that run into most of our homes cannot handle the wealth of data, voice, and video that we crave.

Fortunately, the telecommunications industry has recognized our need for speed. Cable TV companies are upgrading their networks to provide Internet access. The phone companies are developing new ways to juice up those outdated copper wires in order to handle high-speed digital connections. And wireless phone companies are working on bringing the Internet to you wherever you are and whenever you want it.

The key to constructing a faster Internet is simple: competition. With three large industries poised to deliver different routes onto the Information Superhighway, the best course that the FCC and the government can take is to allow a robust marketplace to flourish. Competition is already driving the increased capacity and decreased access prices in our Internet backbones, and I have no reason to believe that a robust marketplace will not act similarly in overcoming the “last mile” challenge.

At the FCC, we have two proceedings currently underway that will establish new ground rules to

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\* Mr. Kennard is Chairman of the Federal Communications Commission. Prior to being confirmed as

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Chairman, Mr. Kennard served as the General Counsel of the FCC from 1993 to 1998.

promote innovation and investment in the traditional telephone networks. New entrants must have access to critical elements of the incumbents' networks on reasonable and realistic terms if they are to be competitive. But the incumbents must be given every opportunity to succeed as well, whether on an integrated basis, or through separate subsidiaries that obtain access to facilities under the same terms as new entrants. Nondiscrimination is crucial, because our job is not to pick winners and losers, but rather to set the stage for fair competition, and then let the market and consumers decide.

But just as we need a faster Internet, we need an Internet that reaches farther. In the New Economy, an economy centered on skilled workers and entrepreneurial markets, broad access to technology and to information is critical to success. That is why I am committed to ensuring that all Americans—no matter where they live, what their age, or what their special needs—have access to the technologies and promise of tomorrow.

In the Telecommunications Act of 1996, Congress recognized this goal by expanding the concept of universal service to include not just ubiquitous voice telephone service, but also advanced telecommunications and information services, like the Internet. In response, the Commission has taken action to ensure that our nation's schools, libraries, and rural health centers are wired to the Internet. And in the coming year, we also will be holding field hearings to examine what can be done to ensure that the most criti-

cally undeserved areas are not left behind. In the end, I hope that our commitment to deregulation and open markets will foster the innovations on which our economy depends and develop the services upon which all Americans increasingly rely.

*CommLaw Conspectus* has developed a reputation for presenting timely, well-developed articles. The editorial board and staff of the publication are to be commended for the quality of their work. The articles in this issue are related to the development of the Internet and the marriage of computers and communications networks. Barbara Esbin, who until recently was an Associate Chief of our Cable Services Bureau, has written a thought-provoking discussion of the difficult regulatory issues produced by the growth of Internet access services being provided by cable systems; Leonard Kennedy, a member, and Lori Zallaps, an associate, of the law firm Dow, Lohnes & Albertson, have provided a well-reasoned call to avoid imposing harmful regulation on the Internet; Paul Garnett, an associate at the law firm of Swidler Berlin Shereff Friedman, has written a piece addressing the constitutional implications of pricing unbundled network elements; and Commissioner Michael Powell, my colleague and friend at the FCC, describes the communications industry's efforts to grapple with one of the problems that has come with the increased linkage between computers and communications—the need to ensure that communications networks continue to work when the calendar changes in the year 2000.