

“Wire Less Is More”

**An Address by
Chairman William E. Kennard
Federal Communications Commission
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A New Challenge for a New Century

Thank you, Tom, for that introduction.

This is the third time I have addressed CTIA as Chairman.

In my first two speeches, I challenged this industry to think of wireless as a substitute for wireline – to break out of the mindset that wireless will always be a complement -- an appendage -- to the wireline network.

And I said that wireless had become the poster child for competition.

This year, I realize that my original vision was much too limited.

This year I come with a different message, and a different challenge. This year, my message is that thinking of the wireless network simply as an alternative to the wireline network is too limited a vision.

Because you have the potential to be much more than a substitute. You are much more than an add-on, an adjunct, a niche-filler, whether to wireline or any other service.

It’s time for us to think of wireless as the premier network for the 21st century.

Its time for you to stop defining yourself by reference to the wireline network. Maybe your slogan should be . . . “Wire-Less-Is-More, Not Less.”

You have been so successful with the American people that you have actually changed the way we live.

We are safer. Parents sleep better at night knowing that they can reach their children, wherever they are.

We are more efficient. Business people on the road can stay connected anywhere, anytime.

And wireless is helping to bridge the digital divide. From the bush country in Alaska to the Gila River Indian Reservation in Arizona, wireless companies are bringing phone service to Americans in remote locations. Many of whom never had wireline service.

Of course, America is also adjusting to the wireless world.

One restaurant in Manhattan has a special dining room called the “cell-phone room” where diners can use their wireless phones with impunity. You come in and they ask you “smoking or non-smoking”, “wireless or not?”

School teachers have to tell elementary school kids to turn off their phones in class.

And Peggy Post, the great granddaughter of etiquette guru Emily Post, has drawn the line at funerals.

But clearly, America is cutting the cord. And this is only the beginning.

I believe we will look back and remember this as the time when the Internet migrated out of clunky, cumbersome machines called PCs and into a wide array of handheld wireless devices.

It’s an exciting future, and I congratulate you on your successes.

But success always brings bigger challenges.

Today I want to talk about what I believe to be the most serious challenge facing your industry today: the need for more spectrum.

The demand for spectrum is simply outstripping supply.

Spectrum is the life-blood of your business. Without it, your businesses can’t grow.

So my challenge is a straightforward one. We simply have to redouble our efforts to manage the spectrum resource in ways that make more spectrum available.

It’s as simple as that. Spectrum scarcity is the ultimate spectrum cap.

Building on Past Successes

Now, government has made tremendous strides in recent years to improve spectrum management.

And our biggest successes have come when we have used market-oriented methods, such as auctions, to assign spectrum.

When we have put our faith in the marketplace to choose the best uses for spectrum.

When we have allowed you the flexibility you need to choose the products and services your customers want.

When we have helped you become more efficient - - through refarming, through partitioning and disaggregation.

And when we have explored new ways to create even greater efficiencies, like band managers with the freedom to lease spectrum to third parties.

During my tenure as Chairman, we have stepped up our efforts on spectrum management.

Last year we held hearings on the future of spectrum management. And I thank Commissioner Susan Ness for spearheading the hearings and for her solid leadership on spectrum issues.

We also issued a comprehensive blueprint for spectrum policy. We are looking to the future.

We established a high-level Spectrum Policy Executive Committee to bring increased focus to the issue.

We plan to hold two major auctions later this year: one for spectrum to be returned by television broadcasters (channels 60-69), and another for C-block licenses that we plan to reclaim from bankruptcy.

These auctions will provide wonderful new opportunities for wireless data services.

And we continue to work closely with our colleagues in other federal agencies in our search for more spectrum for Third Generation wireless.

But despite all of these efforts, we are running out of new spectrum, particularly in the valuable range below 3 GHz.

I believe that spectrum management should be at the very top of your public policy agenda, because government can't prevent a spectrum drought without you.

We will head off a spectrum drought if we build on the successes of the past: expanding on the market-based approaches of the last decade; finding more ways to create a fluid market in spectrum.

How do we do this? Here are some ideas that I would like to see us develop with your help.

First, we need to encourage secondary markets for underused spectrum.

The demand is there. Parties come to the Commission all the time seeking spectrum on a short-term basis for sporting events, like the Super Bowl, or for use in major metropolitan areas.

We know that there are blocks of spectrum that are not being used.

We can create a secondary market for that spectrum. We can find ways to allow potential "buyers and sellers" to come together.

Today in America, there is a spot market for wireline bandwidth. If it can be done there, why not for wireless?

I have directed the Commission staff to convene a forum on this issue. I want us to be ahead of the curve. I want to have rules and policies that allow a secondary market for spectrum so that it flows as freely in the marketplace as any commodity.

In a fluid marketplace, information about available goods and services flows freely.

I envision a web site that lists both licensees with available spectrum and companies looking to use or buy it. I want the Commission to work with industry to make this happen.

We also need to harness technology to head-off a spectrum drought. I believe that software defined radios may hold the key. They allow users to operate over wide areas of spectrum in efficient ways. So I am announcing today that the Commission will begin a proceeding on this promising technology.

Nowhere is the need for a more fluid spectrum market more pressing than in the auctions for television channels 60-69, scheduled to begin May. This is prime spectrum that can jumpstart wireless competition to cable modems and DSL. But, while much of this spectrum currently is unoccupied, TV broadcasters will continue to use much of the band until the end of the transition to digital television. That is, unless we let the market work and permit negotiations between the auction winners and the incumbent broadcasters so that broadcasters complete their transition to digital sooner rather than later.

So I urge incumbent broadcasters to voluntarily negotiate with incoming licensees, so that this valuable spectrum can be used quickly to its maximum capacity. While negotiations and voluntary agreements to accelerate moving to new assignments can be accomplished under existing case-by-case waivers, I would like to see an easier, more market-driven process.

One industry proposal even calls for a private auction to run parallel with the FCC's auction in which local broadcasters would be able to auction the right to move their stations to their lower permanent channels. This is a very interesting and creative idea that deserves consideration. But even more may need to be done to clear this band to make it useable everywhere in the near term. We need your help to come up with creative, market-driven approaches that will serve the public's interest in having new high-speed wireless services as well as maintaining local television service.

This is an important first step in the development of a true spot market for spectrum.

Second, I want to talk about spectrum sharing. This presents our biggest challenge in spectrum management today. It is key to meeting increasing demand, yet it also raises extremely difficult interference issues.

We are seeing a troubling increase in interference today. Everyone is affected. Police, firefighters, average consumers.

One solution is to improve the quality of receivers. In a perfect world, market forces alone would force improvements in receiver quality. But, again, that works only if consumers get the information they need to make informed choices.

One way to leverage the market is to ensure that buyers of receivers know what they're getting. Equipment manufacturers could adopt voluntary labeling to give their customers a clearer idea of the interference they should expect from different types of receivers.

You also must intensify your talks on interference with other segments of the industry. Technical solutions for terrestrial-satellite sharing are becoming more difficult at the very time we want to rely on the marketplace to make those decisions.

We also need to explore better ways to license satellite systems. The current process takes too long to work out these complex sharing issues. Although the global nature of some satellite services poses unique issues, all of our spectrum management tools - - including auctions - - should be available.

I envision a future in which wireless bandwidth is as plentiful as restaurants in New Orleans and as reliable as the wireline dialtone.

And when we get there, wireless will take its rightful place as one of the nation's premiere networks.

And many good and necessary things will flow from this.

Wireless will get its rightful share of universal service funding.

Wireless will be better able to break down barriers to building access.

Wireless will be better able to serve the public safety needs of our communities.

And wireless will be better able to close the digital divide – to bring the Internet into the lives of millions of Americans through inexpensive handheld devices.

Conclusion

In past years, I and former FCC chairmen have come to this convention heralding your industry as the poster child for competition.

Well, this year, its time to grapple with the question: what happens when the poster child for competition grows up?

For one thing, you have to begin to face the challenges of your own success.

For your industry and for the Commission, the biggest challenge is the dwindling supply of quality spectrum.

It's a challenge that we must tackle together in the months ahead.

When we do, we will demonstrate to the American people what you know and I know.

That wireless must no longer be defined by its relationship to the wireline network. That wireless is not less. It is much, much more.

Thank you.

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