

Special Review Memorandum

Re: Presidential Transition Guidance, Supp. II.

Foreword

When it comes to "telecommunications" and the "Information Economy," our next President will probably be pestered regarding (a) "broadband," (b) the February shift to digital over-the-air television, and (c) maybe emergency communications (especially if NOAA hurricane forecasts for the fall prove correct). But all this tends to be "inside baseball," pretty boring stuff, doesn't it?

There's our new President, with visions of bringing a just and lasting peace to the Middle East, or providing universal health care, or solving the "energy crisis" forever -- and, some bean-counting boffin wants him to spend time worrying about "broadband"? Where will it ever end, right?

Who was the political writer who coined that term, "MEGO" -- for "mine eyes gaze over"? To describe all the important, but definitely pretty boring stuff. Sort of like the "Doha Round," or that Boeing-Northrop Grumman air tanker fight. Wouldn't that include most telecommunications stuff, too?

Four Big High-Policy Challenges

But don't abandon all hope quite yet. Because there are at least four "high-policy" topics which the next President and his top advisers will need to consider -- and, might even want to do so. Four things which can be presented in standard Brookings Institution, "high-policy" fashion.

First, there's the obvious question of the \$9 billion a year "Universal Service Fund" (USF) -- said to be just about the largest "off-budget entitlement program" (even though it's really on-budget and more a question of transfer payments than anything else). USF was set up for an age which is fast coming to a close, wasn't it? Once upon a time there used to be lots of poor people who couldn't afford phones and many remote rural areas and small town markets where maintaining conventional telephone service required some level of outside support.

Now, however, most poor people have cellphones (you can get a pre-paid TracPhone for about \$15 plus service, remember, at any Wal-Mart store). Rural and small town America have cellular, plus cable-provided service -- and, they have conventional telephone service, too.

Sure, there are important "transitional equities" involved here. But the reality is the USF is a bit like the March of Dimes Foundation after polio was conquered, isn't it? And,

do you really think a public program which channels over \$4 billion a year to telephone companies is just going to be overlooked, casually accepted?

Then, there's the related question: What in the world is the Federal Communications Commission (FCC) -- an independent, pseudo-judicial regulatory agency -- doing overseeing the administration of the USF program?

Don't we have an Under Secretary for Rural Development? Well, if we're going to have a USF, why not at least transfer the oversight function to the Commerce or Agriculture Department, right?

Schools, Libraries & Now, Tele-Medicine

And, the second high-policy issue -- or, choice -- is like unto it, isn't it? Back in 1996, you'll remember, Congress passed legislation to complete the task of "school wiring" -- installing Internet access facilities in the country's schools and libraries. Something which the nonprofit "Net Day" and similar programs had sought to achieve.

These days, virtually all schools and classrooms are wired, all libraries, too -- and, the FCC's program is seeking new missions. It's diversified from providing seed-money, initial capital grants to providing annual support funding (sort of what's happened at the Urban Mass Transit Administration, isn't it?). In addition, the program has now decided it wants to push tele-medicine -- probably a worthy enough venture. Plus medical care is a growth industry, isn't it?

But, again, what in the world is an independent regulatory agency doing running a \$2.65 billion a year support program for schools, libraries, and now, hospitals? Or, to put it another way: If you were asked to list the 10 Federal agencies with expertise in education, library science, or health care delivery, where do you think the FCC would be placed?¹

There Are "Enough Zeroes"

Now, when you get into billions of dollars, even the most jaded Washington political sophisticates tend to take notice, don't they? For the past eight years, the White House Office of Management & Budget (OMB) has been trying to figure a way out of the USF-School and Libraries process, an "exit strategy," if you will.

OMB's problem has not only involved the sheer cost of these efforts, but the

¹ We'll reserve for another time the public policy issue of whether you want to place "industry promotion" or "operations" under the same institutional umbrella as "policing." The old Civil Aeronautics Administration was split into a Civil Aeronautics Board and the FAA, for that reason. The Atomic Energy Commission was split into a Nuclear Regulatory Commission and a Department of Energy, for much the same. In banking and financial services, there are "composite" agencies -- the Federal Reserve, for instance. But that's the exception, isn't it?

fact they're administered by an independent agency -- and, thus afford Congress much more involvement than if these were standard grant programs run by Executive branch agencies.

If the President and his (or her) Administration are going to be held responsible for major spending efforts -- supporting all the school computer systems in the country, for instance -- than shouldn't the President have the authority to oversee these efforts? That's how the "good public policy" arguments would go.²

Public Broadcasting & "Sunk Costs"

Third, there's the core question of public broadcasting -- radio and television -- and what the Government needs to do, as state support for this enterprise attenuates, and it's thus increasingly at risk. (As far as viewer and listener support is concerned, the number of people pledging seems to be shrinking -- but the size of pledges is growing.)

At present, something like 39 states are facing major budget deficits -- typically forbidden (at least, in theory) by their constitution. Thus, Governors and their bean-counters have been cutting programs right, left, and center. And, according to Current, public broadcasting seems to be bearing somewhat more than its "fair share of the cuts."

Well, your Review's always noted the major investment Government's made -- directly and by virtue of deductible "tax expenditures" -- in public broadcasting. It's probably better than \$10 billion -- and, you've also got perhaps \$3 billion in capital plant (which is a lot in a field like broadcasting). Additionally, taxpayers have funded creation of a programming cadre which actually knows what it's doing. We regularly cite WGBH's "Nova" series -- where else would you get understandable shows on thermodynamics or the operation of medieval trebuchets? But there are other examples, of course -- not to mention the local news, information, and public affairs shows nearly all these noncommercial outlets originate.

The Tyranny of Big Market Perspectives

When people talk, or hypothesize, about the demise of a public radio or television outlet -- as Senator McCain has done -- they often think how it'd affect a market they personally know. In most mid- to large broadcast markets, there are a number of radio and television outlets -- thus, it's reasonable to assume one less station isn't going to make a whole lot of difference. In a number of metropolitan markets, moreover, you have several "competing" public broadcasting operations.

² It should be noted that consolidating these large support programs in large Cabinet agencies creates downside risks, too. As Congressman Jim Moran has noted, one result of creating the 174,000-person Department of Homeland Security has been to multiply the levels of review. What used to take two levels now requires five -- and, the inevitable consequence is more indecision and delay.

Look at Washington, with Maryland Public Broadcasting, WETA, Howard's WHUT, and Northern Virginia.

Well, the problem with that sort of thinking is all of America isn't like Phoenix, Arizona, or Washington, DC -- the market where America's political class spend most of their time, correct? There are some 60 million people living in areas classified as "rural" -- that's about the population of Italy, or France. In many provincial markets, moreover, there

may be relatively few outlets to begin with -- and, given the economics of today's print and broadcast advertising markets, there seem to be fewer and fewer, don't there?

We also think some suggestions to capitalize on public broadcasting assets further make sense. Why not enlist these folks in producing in-class instructional fare, for instance, or government employee training courses -- or, as WETA-TV in Washington suggested some years ago, providing emergency communications?

Ourselves, we worry about just declaring \$3 billion worth of public broadcasting equipment -- and, tens of thousands of competent professionals -- to be redundant. Does that make sense?³

"Public Diplomacy"

A fourth high-policy area where the next President and his (or her) "team" need to become engaged is "public diplomacy" -- namely, the Voice of America, Board for Broadcasting, and "telling America's story to the world."

North Carolina Senator Jesse Helms during the Clinton Administration closed down the U.S. Information Agency (USIA) and blended the remnants with the U.S. Department of State. And, in those still-immortal words of President Jimmy Carter, the result's been an "incomplete success," hasn't it?

We're not sure the American image abroad is in quite the dire straits some suggest. We still have lots of out-of-status aliens streaming into the country, right? But this is nevertheless an area where much more needs to be done, isn't it?

³ We should note that House Appropriations Subcommittees this past week rejected the Bush Administration public broadcasting funding cuts. Thus, the National Telecommunications & Information Administration's Public Telecommunications Facilities Program (PTFP) received \$20 million in fiscal year 2009 funding. You know, the Kennedy Administration had three communications programs: (1) All-channel receivers (to make UHF viable -- anyone remember UHF and those sets which required "fingers like a safe cracker"? Then (2) Comsat -- now, in theory, part of Lockheed-Martin, maybe. And (3) PTFP. Only PTFP has much relevance these days, right? In addition, the Labor-HHS-Education Subcommittee decided to let the Corporation for Public Broadcasting get \$430 million for fiscal year 2011, plus \$40 million for digital conversion and \$27 million for a new public radio "interconnect" this coming fiscal year.

How to Do It? Uncertain?

Ourselves, we're not sure how all this should be straightened out. Should we press for greater overseas sales of American media products, realizing this both generates revenues and helps spread "American values"? Should we re-create a USIA, and move it as far as possible from the State Department? Ask Norm Pattiz, or someone like him -- someone who knows all about these things.

Should we just give up, and assume large areas of the world -- and, lots of the various troublesome populations -- will just never like us? Are we ever going to win the hearts-and-minds of Arabs and other Islamists, for instance?

As we said, we're not sure what the answers here might be. But it's obvious and inarguable that something needs to be done on the "public diplomacy" front, isn't it? And, that, in turn, is going to affect the next President's foreign policy and national defense initiatives, isn't it?

Conclusion

Schools and libraries, Universal Service, tele-medicine, public broadcasting, and "public diplomacy"? These strike us as interesting high-policy areas the next Administration needs to consider. And, to reach sound, defensible conclusions about these matters doesn't require steeping fully in Title 47 of the U.S. Code or telecommunications lore, either, does it?

These are topics and issues, moreover, that either of the Presidential candidates will need to tackle. They involve political judgments -- but also questions of good government and responsibility. So, start putting together your one-page "Talking Papers" and "Decision Memorandums." For it'll soon be transition time, sooner than you think.

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