

Spectrum Management Policy Series Memorandum
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Re: Spectrum: The Government Needs This Asset, Too!

Introduction

You have to hand it to the U.S. Treasury Department and its publicists. First, they've managed to recruit almost the entire FCC membership and staff in their "revenue enhancement" efforts. Remember how kids used to write away and get badges which declared them "junior G-men"? Well, the Treasury Department has enlisted nearly everyone at the FCC as a "junior revenue" -- and, they haven't even had to give them badges, have they? Have you ever seen a group of civil servants more enthusiastic about increasing another agency's budget? Fantastic!

"Dead Weight Loss"

Second, however, the U.S. Treasury Department has also managed to convince the FCC members and staff -- not to mention many in Congress, and the media -- that taking radio frequency spectrum away from the Government and handing it over to, say, a cellphone company, has to be just outstanding.

Economists, policy experts, Congressmen -- they're always talking about how wasteful the Federal Government is when it comes to using or managing the "spectrum research." Most of these self-styled experts have no idea what they're talking about, of course -- which makes analysis easier. The U.S. Treasury Department has encouraged such fuzzy thinking, talking, and writing, of course.

Remember when former Speaker of the House Newt Gingrich declared that former Senator Bob Dole was simply the "tax collector for the welfare state"? Well, that cup's certainly passed from Dole's lips, hasn't it? These days, probably no Federal agency does more to transfer more billions of dollars to the Treasury than the FCC.

Once the Treasury Department gets its hands on these billions -- extracted so enthusiastically from the "Information Economy" -- Treasury has the money needed for all those good things the Government spends money on, right? More armaments for Iraq, more "mobile office allowances" for Congressmen, more tax cuts for the ultra-rich. It never ends, does it?

Not Really True

Well, your Review's never been a fan of extracting tens of billions of dollars from the telecommunications sector and spending it instead on building bridges to nowhere in Alaska, flying the President off somewhere, or whatever. We've always wanted to recycle telecom money for telecom purposes -- regardless of what all those pointy-headed people at the Treasury Department want and say. We want to keep telecom money "in the family," so to

Speak.

But our real worry has long been the propaganda which leads people to think the Federal Government and its radio spectrum-based operations are some sort of "dead weight loss." Because they aren't.

The Government uses radio spectrum for all the same reasons the private sector does -- (a) to deliver public services, emergency help, national defense, and otherwise; (b) to leverage scarce personnel resources -- National Park Service fire fighters, for instance, or FBI agents; (c) to support advanced technology systems which help keep this country safe; and (d) to handle the air, highway, and waterway transportation systems. To keep them working.

About 40% of the Economy

These days, the Federal Government directly is about 25% of the economy -- and, it's a big chunk, indirectly, of the further 15% attributable to state and local government. And, just because services are delivered and maintained by Government doesn't mean they're not highly valued, and valuable, does it?

During the Clinton Administration, the U.S. Treasury Department and its willing accomplices at the Office of Management & Budget thought raiding the Defense Department's spectrum store-house was an endlessly good idea. Finally, they got a report from the Joint Chiefs of Staff saying, in essence, "Lay off!" The Pentagon noted there were numerous radio-intensive weapons systems already in the procurement pipeline -- and, that stripping away the frequencies they need would jeopardize the national defense.

But look these days at some of the other major applications and uses. The U.S. Coast Guard, the National Park Service, NASA, the Federal Aviation Administration, the FBI -- these are some of the biggest Federal Government licensees. You don't seriously think there's more merit in adding "3G" services to cellphones than protecting the national forests, or winning the war on drugs, or keeping the air traffic control system going, do you?

Conclusion

The U.S. Treasury Department and its FCC stooges may think spectrum auctions are the best thing in the world. As far as we can tell, the only unarguable consequence of spectrum auctions has been the hollowing out of the U.S. telecommunications equipment manufacturing sector -- and, the shrinking of the U.S. R&D budget. All the money which might have supported U.S. manufacturing and U.S. technological leadership has, instead, been siphoned away and sent to the Treasury Department.

But leaving the merits of spectrum auctions to one side, it seems to us someone in Government needs continually to remind the public that all those Government spectrum-

dependent operations aren't a "dead weight loss," but instead a critical public and national service. The Government needs spectrum for all the same reasons the private sector does -- to deliver services more efficiently, to meet new service requirements, and to promote more service effectiveness. That's at least as critical to the country, we submit, as cellular "3G." So.

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