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Citation: 3 Bernard D. Reams Jr. & William H. Manz Federal Law A Legislative History of the Telecommunications of 1996 Pub. L. No. 104-104 110 Stat. 56 1996 the Communications Decency Act H4520 1997

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Liddy. I suppose at a future Republican senatorial dinner, we will see both of them doing a duet.

WE HAVE TO GET OUR FINANCIAL HOUSE IN ORDER

(Mr. SCARBOROUGH asked and was given permission to address the House for 1 minute.)

Mr. SCARBOROUGH. Mr. Speaker, this Congress faces two challenges in the next 100 days and in the rest of this session. We have got to get our financial house in order. We have got to finally balance the budget, do it for the first time since 1969. The second thing we are going to have to do is finally get Medicare costs under control. A report by President Clinton's own task force shows that Medicare goes bankrupt by the year 2002. We have got to do both of these things at the same time, and it is going to call for heavy lifting, and it is going to call for bipartisan support.

I ask the Democrats today to come forward with a plan that not only saves Medicare but also balances the budget by the year 2002. If they are not willing to take part in the process, I ask that they step back and let the Republican Party do it, along with other conservative Democrats who are just as concerned about this very important issue. We have no choice. We must take care of Medicare and we must balance the budget by the year 2002, or it is the senior citizens who will suffer in the end.

COMMENDING THE FEDERAL EMPLOYEES WHO SERVE THE PUBLIC

(Mr. OLVER asked and was given permission to address the House for 1 minute.)

Mr. OLVER. Mr. Speaker, the deadly bombing 2 weeks ago in Oklahoma City has had a chilling effect on our Nation.

More than 100 Federal employees died.

They died because a few used violence to express their hate for the American Government.

We are angry. We want justice.

Our healing has barely begun.

As we mourn with the families of the victims, let us remember that Federal employees are not nameless, faceless bureaucrats. They are people. They help others every day.

In my district many Federal employees help us in our everyday lives.

I am reminded of Jeffrey Reck who serves as district manager of the Social Security Administration in Fitchburg, MA.

Jeff helps people get the benefits they deserve.

He gets answers. He gives people the personal help that we all need from our Government. He treats people like people.

Jeff's work is a tribute to his fallen colleagues and to Federal employees everywhere. I commend him and so many thousands who serve the public.

PROTECT MEDICARE

(Mr. LEWIS of Georgia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEWIS of Georgia. Mr. Speaker, I rise today to say to my Republican colleagues, it is time to deliver on your promises.

You said you would cut taxes, balance the budget, and leave Social Security and defense intact. Now tell us: How will you do it?

To date the Republicans have raided the Medicare trust fund to pay for their tax cuts for the rich. Their tax bill takes $27 billion away from the Medicare trust fund and from our Nation's senior citizens.

In 1993 and again in 1994, the President and the Democrats took action to make the Medicare Program stronger. And, we did it over the loud protests of my colleagues on the other side of the aisle.

I say to my Republican colleagues, don't take health care from our senior citizens to pay for tax cuts for the rich. That is not Medicare reform. And our senior citizens will not be fooled.

APPOINTMENT OF MEMBER TO ACT AS CHAIRMAN OF REVIEW PANEL ESTABLISHED BY RULE 51 OF THE RULES OF THE HOUSE

The SPEAKER pro tempore (Mr. INGLIS of South Carolina) laid before the House the following communication from the Honorable WILLIAM M. THOMAS, Member of Congress:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOUSE OVERSIGHT,
Washington, DC, May 1, 1995.

Hon. NEWT GINGRICH,
Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to House Rule 51, clause 7, I have appointed the Honorable Vernon J. Ehlers as chairman of the review panel established by that Rule for the 104th Congress.

Best regards.

BILL THOMAS,
Chairman.

NEW DEREGULATION FOR TELECOMMUNICATIONS

(Mr. STEARNS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STEARNS. Mr. Speaker, I just wanted to advise and introduce to the Members that we had a telecommunications press conference today offered through the Committee on Commerce a new deregulatory bill which will allow mass communications to change dramatically, and I had the honor to offer as an amendment to this bill new broadcast ownership changes to allow many new forms of ownership for video broadcasting. It is bipartisan bill.

Basically it reduces restrictions on ownership of broadcasting stations and other media mass communications. As I mentioned, it repeals antiquated rules and regulations and brings broadcasting up to date with technology. The bill states that the FCC does not provide or enforce any regulations concerning cross ownership. The details of this will be in a statement that I will put in the extension of my remarks today.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

COMMUNICATIONS ACT OF 1995

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. FIELDS] is recognized for 5 minutes.

Mr. FIELDS of Texas. Mr. Speaker, this morning, I introduced on behalf of myself, Chairman TOM BLILEY, our Republican Members, and Democrat cosponsors, the Communications Act of 1995. Hearings are planned for Wednesday, May 10, Thursday, May 11, and Friday, May 12.

Truly, this is a watershed and historic moment for the telecommunication industry, our country, and the consuming public.

This legislation meets several broad objectives:

First, and foremost, the legislation gives definition and certainty as we move into this time of convergence and technological innovation.

Second, this legislation is much more deregulatory than the telecommunications legislation, introduced and passed last year. This legislation recognizes that the 1934 act is outdated—a dinosaur—and coupled with a hodgepodge of FCC administrative decisions and Federal court decisions, the telecommunications industry could be stifled and the consumer denied better products and services at lower costs unless we pass this historic legislation.

Third, great attention was paid in creating level playing fields—an atmosphere of legislative parity so that the rules are fair to all competitors as new lines of business are entered.

Fourth, it was our goal and objective for our legislation to be dynamic so that it evolves with and recognizes new technology and its applications.

Fifth, our legislation is predicated on competition and an opportunity model not government, be it Federal or State micromanagement.

I can't stand up here and tell you that the Communications Act of 1995 is perfect or that it will not change; of course, the legislative process itself is dynamic.

But, I can tell you that there has been much consultation with industry leaders, consumer groups, States and cities, with our members and between our respective staffs, and it should be recognized that this legislation builds on the foundation of the 14 months of

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negotiation between ED MARKEY and me last session and the 4 months of discussion and negotiation this year.

In January, we had very constructive meeting with CEO's from broadcast, computer, long distance, cable and satellite, telephony and wireless industries. The checklist approach in opening the local loop originated as a result of these meetings. Rather than a date certain, the regional Bell operating companies receive a date certain which is uncertain, meaning that if their loop is open, they could begin offering long-distance service as early as 18 months after the date of enactment. The long-distance companies said they could compromise on the involvement of the Justice Department if a certain number of requirements were met, meaning that the local loop is really open to competition. The checklist requirements which must be met are: interconnection and equal access, unbundling, number portability, dialing parity, resale, access to conduits and rights of way, elimination of franchise limitations, network interoperability, good-faith negotiation, and facilities-based competitor.

Our legislation gives pricing flexibility to telephone companies, eliminating the rate-of-return concept, and totally eliminating all pricing regulation when a telephone company has competition.

Bell operating companies can enter manufacturing when they have met interconnection and equal access requirements with no separate subsidiary required.

Bell operating companies are allowed to provide electronic publishing through a separate subsidiary with safeguards and a prohibition against cross-subsidies and discrimination against unaffiliated electronic publishers. This provision sunsets in the year 2000. The BOC's are not allowed to offer alarm monitoring service before July 1, 2000.

Broadcasters receive the ability to compress their signal under the spectrum flexibility language. There is also a streamlining of the broadcast license process and an extension of the length of the license from 5 to 7 years.

Direct broadcast satellite services will be exempted from State and local taxation laws.

Congressman SCHAEFER has composed a package of cable provisions which are part of the bipartisan bill. We deregulate the small cable provider upon enactment and deregulate the upper tier of larger companies at about the time that the telephone company will begin operating a cable service.

Congressman STEARNS will offer his bill as an amendment to raise broadcast ownership caps quickly and eliminate cross-ownership restrictions. VHF-VHF combinations could be restricted if it were determined that they would restrict competition or the diversity of voices in a local market.

Congressman OXLEY will offer an amendment to remove foreign ownership restrictions on domestic telephone and broadcast companies.

Congressmen GILLMOR and BOUCHER will offer an amendment to remove restrictions that prohibit the entry of those companies governed by the Public Utility Holding Companies Act into telecommunication services.

We stand here today with broad and deep bipartisan support; telecommunication policy should not be Democrat or Republican.

We feel that this legislation serves the consumer; that this legislation gives the definition and certainty for the industry to move forward and to build the information superhighway.

This will be an evolutionary and dynamic process—but now unleashed, our legislation will pass this committee and the House—there will be a conference with the Senate and a bill will be presented to the President and signed into law, because that's good for the country and our consuming public.

Mr. BLILEY. Mr. Speaker, today is a historic moment. Today we introduce the Communications Act of 1995, one of the most sweeping reforms of communications law in history. No law can stop the advancement of technology, but bad and antiquated laws can stop consumers from enjoying the fruits of technological progress. And that is what we have today: Americans not able to enjoy the full range of technologically feasible telecommunications services because technology has outpaced the state of the law.

MORE COMPETITION

The legislation that we are introducing today will bring competition to the local telephone and video markets—two traditional monopolies. Many companies would like to have the opportunity to compete for local telephone service. But the laws and regulations of this land effectively prohibit them from competing for business and offering innovative services, higher quality services, and lower priced services. American consumers want the choices that competition provides. The Communications Act of 1995 will give them those choices.

The bill sets the rules of the road for opening the local exchange to competition. It requires the presence of a competitor in the local exchange prior to allowing a Bell operating company to apply for entry into long distance.

Current laws restrict firms from entering other telecommunications markets as well, and the American consumer ultimately suffers. Telephone companies are prohibited by law from offering video services. The competition for higher quality and lower priced services that these and other firms could bring to the home video market would only benefit consumers. The bill will give broadcasters greater freedom to use spectrum creatively to offer new services. The bill will ultimately lead to more competition for electronic publishing, alarm, and telemessaging services.

LESS REGULATION

In short, the Communications Act of 1995 will promote competition in practically all telecommunications markets. But the mere presence of many firms competing in the current American telecommunications would not be enough to make consumers as well off as they could be. American telecommunications markets today are burdened with excessive regulations.

Firms that offer telecommunications services in the United States have artificially high costs because of: First, the high costs of complying with regulations, second, the length of licensing procedures, and third, the uncertainty of the outcome of licensing procedures. Who pays for the high cost of regulation? As always, it is the poor American consumer who pays the price. These costs of regulation are passed along to telecommunications consumers in the form of high prices for services, a lack of responsiveness to new market conditions, and a slow rate of innovation.

The Communications Act of 1995 would harness and substantially reduce Federal regulation of telecommunications. The act streamlines licensing procedures for broadcasters. The act creates temporary rules that promote a transition to competition. After the transition, most of the act sunsets. The act requires the Federal Communications Commission to forbear from—to stop—regulation. Much of the act would be largely administered locally rather than federally. The act would prevent States or the Federal Government from requiring costly rate-of-return regulation. Once telecommunications markets are competitive, price regulation would be banned altogether.

GREATER BENEFITS TO TELECOMMUNICATIONS CONSUMERS

American telecommunications consumers will be the beneficiaries of the Communications Act of 1995. Less regulation will lead to lower costs. More competition will lead to greater innovation, greater choice of services, and lower prices. Today we embark on the effort to fulfill these promises to the American telecommunications consumer.

Mr. OXLEY. Mr. Speaker, today's introduction of a telecommunications law rewrite is a landmark compromise that culminates years of work. I'm proud to be an original cosponsor of the Communications Act of 1995. The bill has already attracted significant support among Democrats, thanks to the leadership of subcommittee chairman JACK FIELDS.

America is poised to lead the world in communications technology. This procompetitive, anti-regulatory legislation will help us make the most of the greatest economic opportunity in the history of the world.

The United States should pursue two basic strategies during this transition into the information age: to increase competitiveness among U.S. companies to inspire more choices, better programming, and more efficient service for U.S. consumers, and to export aggressively so U.S. companies will prosper and hire American workers.

I will offer a free trade amendment to the bill to repeal restrictions on foreign investment that date back to World War I. The foreign ownership restriction is a telegraph law that has no place in a telecommunications age.

Section 310(b) of the 1934 Communications Act prohibits any foreign entity from holding an investment of more than 25 percent in U.S. broadcast facilities or common carrier companies. It was passed to guard against foreign sabotage when a limited number of information sources existed. When U.S. firms seek to sell telecommunications goods and services abroad, foreign governments point to U.S. market restrictions as justification for theirs. This is a distressing reality for U.S. companies seeking to create new jobs here at home.

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Telecommunications is one of the Nation's most dynamic export industries, expected to account for one-sixth of the domestic economy by the year 2000. The global telecommunications services industry alone will generate almost $1 trillion in revenues by the end of the decade.

I look forward to a constructive hearing and markup process on this bill, and I believe we will achieve our goal of enacting a modern telecommunications policy this year.

Mr. GILLMOR. Mr. Speaker, the telecommunications bill we are introducing today is one of the most important bills to be considered in Congress in many years, and its passage will have a tremendous impact in America for decades to come.

If this legislation is enacted, the law will begin to foster economic and technological development, instead of hamper it. The bill will provide consumers and businesses new communications services, an increase in choices in the marketplace, more competition and better prices.

The bill represents the biggest single deregulation of a major industrial sector in American history, involving one-seventh of the U.S. economy and affecting virtually every American citizen.

In addition to the provisions of the main bill, I have introduced a measure to allow public utilities to enter the telecommunications industry. Right now utility companies have the technological capacity to offer cable and telephone services, but they do not have the legal capacity. This legislation I am sponsoring with Representative RICK BOUCHER would allow public utilities this entry, further increasing competition and reducing prices for consumers.

Mr. BARTON of Texas. Mr. Speaker, today Commerce Committee Chairman TOM BLILEY, and Telecommunications Subcommittee Chairman JACK FIELDS, introduced the largest telecommunications reform bill ever to go through Congress. I am proud to be an original cosponsor of this historic legislation.

The Communications Act of 1995 will be the biggest job creation bill to pass this Congress. The legislation moves a number of currently heavily regulated industries into true market competition with each other, thus ensuring consumers real choices as to who to place their local telephone, cable television, and electronic data business with. The bill, when it becomes law, puts the consumer in the driver seat for all of his or her communications needs.

It is the most comprehensive, promarket and procompetition bill introduced for these services in the history of the Congress. The current telecommunications laws were passed over half a century ago when there were few radios, television existed only in the laboratory, and computers had not even been thought of. Today, telecommunications services are expanding daily and our laws should be expanded accordingly. Congress should quickly move ahead with this reform effort to meet the new challenges facing us today.

I support this deregulatory approach that will promote growth and competition in the telecommunications industry. If we can create a fair marketplace for telecommunication services, the industry, through competition, will create the much-touted information superhighway in a less expensive and more efficient fashion.

Mrs. LINCOLN. Mr. Speaker, I'm pleased to be an original cosponsor of H.R. 1555, the Communications Act of 1995. I'd like to thank Mr. FIELDS and Mr. MARKEY, Mr. DINGELL, and Mr. BLILEY for their commitment to this legislation.

I'm proud that this issue has remained a priority and that we have been able to build upon the legislation that passed the House of Representatives during the last Congress.

Once again, I have a special interest in keeping telephone rates in rural areas low while protecting small- and medium-sized phone companies from unfair competition. I have appreciated Chairman FIELDS' willingness to work with me on this issue throughout the drafting process. This bill, as introduced today, offers several protections for rural carriers, but I realize that it does not go far enough. Today, I pledge my commitment to improving this bill as it moves through the Commerce Committee. I have encouraged my colleagues to look at the Senate language regarding rural carriers, which exempts carriers who have 2 percent or fewer of the access lines nationwide, because I would like to see this bill move in that direction. As a start, Mr. FIELDS has assured me that we can amend this bill to exempt carriers that provide telephone exchange service to any local exchange carrier study area with fewer than 100,000 access lines. I appreciate his willingness to work with me and his commitment to protecting and preserving rural America.

Mr. Speaker, for rural America, this bill represents an amazing opportunity for advancements in education, among other things. I was pleased to see provisions to ensure that educational institutions will have access to this growing technology. Additionally, I pledge to work toward enhancing this bill to ensure that health care providers will be able to tap into resources to expand their infrastructure to provide telemedicine, which is essential to rural areas like the First Congressional District. This will be vital in delivering services that will help up keep up with advances in larger cities while preserving the quality of life we enjoy.

I look forward to working with my colleagues on the Commerce Committee to build upon this legislation and bring a bill to the House floor that this body can approve with the overwhelming support that we saw in passage of H.R. 3636 and H.R. 3626 during the last Congress.

Mr. STEARNS. Mr. Speaker, I am pleased to give my full support for the Communications Act of 1995 which the Subcommittee on Telecommunications and Finance introduced today with bipartisan support. I commend Chairman BLILEY and Chairman FIELDS for the outstanding work they did on this much-needed legislation.

I would also like to thank the staffs of both the subcommittee and full committee for their efforts in getting this legislation drafted and wish to commend them for the open and fair manner in which they achieved writing this groundbreaking legislation. This bill provides sweeping reforms in the communications industry and gives consumers a greater choice of services. This legislation will provide lower prices and higher quality. Clearly, the consumers will be the winners.

The antiquated Communications Act of 1934 needs to be updated to ensure that the American telecommunications industries will be able to compete in this high-technology information age in which we are living. This legislation encourages competition and deregulation, thereby opening up future market opportunities for those who wish to compete in all telecommunications services. Comprehensive reform of this industry is long overdue and I am proud to cosponsor this bill which will achieve that goal.

Mr. DINGELL. Mr. Speaker, today I joined many of my colleagues on the Commerce Committee in the introduction of H.R. 1555, the Communications Act of 1995. I would like to congratulate the chairman of the Commerce Committee, Mr. BLILEY, and the chairman of the Subcommittee on Telecommunications and Finance, Mr. FIELDS, for their cooperation and work in drafting this landmark piece of legislation.

This legislation closely tracks the legislation overwhelmingly passed by the House last year, H.R. 3626. That bill passed by a vote of 423 to 5, and it is my hope that H.R. 1555 will have the same level of support when it goes to the floor.

The legislation does several important things. It removes the artificial barriers to entry that restrict competition in several telecommunications markets. Upon the enactment of this bill, telephone companies will be permitted to offer cable service. Cable operators will be able to offer telephone service. Long distance companies will be able to resell local telephone service. And ultimately, the Bell operating companies will have the ability to enter the long distance market.

The dismantling of these barriers to entry will result in several significant improvements for the American public. Perhaps most importantly, services that have traditionally been offered by regulated monopolies will become competitive. Cable operators will have to fight with telephone companies to attract—and keep—consumers. Telephone companies will face a variety of competitors, each seeking new and innovative ways to attract subscribers. The long distance industry will face the entry of seven large, well-financed competitors.

The result, for the American public, will be lower prices and greater responsiveness to the needs of consumers.

In addition, we are likely to see the pace of innovation accelerate. Markets that heretofore have been responsive to Government edict will listen to consumers. Companies will refine their marketing efforts to make certain that consumers come first.

And by allowing competition across the telecommunications landscape, competitors are likely to create packages of services that appeal to consumers. Consumers can have the option of one-stop shopping, in which local and long distance telephone service can be obtained from a single vendor. Cable subscribers will be able to obtain a package that also includes telephone service. Consumers will be able to obtain greater convenience and save money—or, if they choose, they will still be able to purchase their service on an a la carte basis from a variety of service providers.

This is a good bill. But like any piece of legislation, it can be improved. I am particularly troubled by the provisions that end the regulation of cable rates on the day that the Federal Communications Commission issues its rules governing the offering of cable service by telephone companies. My concerns are shared by

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many of the Democratic members of the committee; they are shared by the administration; and I think it's likely that we will see some amendments to ensure that consumers are not gouged by monopolies until a competitive alternative is available.

But despite my reservations about this provision, I expect that we will be able to resolve our differences here in a manner comparable to the way we have developed a consensus on the other provisions of this bill. In that regard, I would like to commend both Chairman BLILEY and Chairman FIELDS for the manner in which they have treated the Democrats during the drafting process. This has been a truly bipartisan process, and the legislative text that was introduced today reflects the many compromises and changes that were made by both sides.

Telecommunications issues have never been partisan, and have never been ideological. The manner in which the majority has treated the minority in this case is exemplary, and it is my hope that it will serve as a model for the many legislative initiatives we have before us. I would like to thank both of these fine legislators, and look forward to continuing this bipartisan approach as H.R. 1555 moves through the House.

Mr. Speaker, H.R. 1555 is a good bill, and before it is sent to the President for his signature, it will be a better bill. I urge my colleagues to join with us in support of this legislation, and enact a statute that will enable the telecommunications industries to bring to the American people the benefits that the twenty-first century has to offer.

Ms. ESHOO. Mr. Speaker, I rise to inform Members about the introduction of the Commerce Committee's historic legislation to reshape our Nation's telecommunications laws.

I'm proud to be an original cosponsor of this legislation and commend Commerce Committee Chairman BLILEY, Telecommunications and Finance Subcommittee Chairman FIELDS, and ranking members JOHN DINGELL and ED MARKEY for their efforts to produce a bipartisan bill.

The Nation cannot wait another year for telecommunications reform. The current law of the land for telecommunications is based on a law written in the 1800's to govern railroads in America. Now, after several decades of extraordinary advances in information technology, most of our Nation's telephone system consists of a pair of copper wires.

As the Representative from Silicon Valley in California, I know the importance of deregulation to computer and software technology. Information technologies are the business of Silicon Valley.

I believe we can look to the computer and software industries as examples of good things to come for the communications industry if competition can be established.

Consider the first digital computer made in 1943 which was 8 feet high, 50 feet long, contained 500 miles of wire, and could perform about three additions per second. Today, consumers can purchase a computer with wafer-thin microprocessors which are capable of hundreds of millions of additions per second and fit on your lap.

Yet today's twisted copper wire telephone network is unsuitable for modern computers and software applications which can incorporate voice, video, graphic, and data transmissions and send them simultaneously in real-time exchanges.

A technology gap exists between the information technology and communications industries and this hurts our international competitiveness. This bill can help close the gap, encourage competition, and foster increases in high technology exports and jobs.

A successful telecommunications bill should pass two critical tests. First, it should establish a process which brings the greatest competition to bear, and second it should promote technology innovation and production in a way that can make a difference in peoples' lives.

This bill is a step forward in meeting these important goals and I'm proud to cosponsor it.

GENERAL LEAVE

Mr. DUNCAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the subject of the special order today by the gentleman from Texas [Mr. FIELDS].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

FINANCIAL SERVICES REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. LAFALCE] is recognized for 5 minutes.

Mr. LAFALCE. Mr. Speaker, the House has a unique opportunity during this Congress to take important and long-overdue steps to modernize the U.S. financial services system and prepare it for the competitive challenges of the 21st century.

In 1991, I served as chair of the Banking Committee's Task Force on the International Competitiveness of U.S. Financial Institutions. That task force concluded that our financial services policy had failed to keep pace with new market developments, including changes in corporate and individual consumer needs, new technology and product innovation. The result was a financial services system that was potentially uncompetitive, inefficient, unduly expensive, and slow to respond to changing customer demands.

The task force report concluded that it was incumbent upon policymakers to undertake a fundamental and comprehensive reassessment of the major laws and the regulatory structure which underpin the U.S. financial system. There have been several abortive efforts since that time to do so. But I believe we have now finally achieved substantial consensus that change is necessary, the circumstances are now ripe for meaningful action, and the goal is within our reach.

The chairmen of both the House and Senate Banking Committees have put forward comprehensive reform proposals. While these proposals differ in important regards, they share many key elements. The Treasury Department has put forward a proposal of its own that is substantively comparable in many critical respects. In addition, the affected industries are engaged in meaningful and substantive discussions on the key issues in an effort to achieve some consensus.

While differences in perspective certainly exist, what is most noteworthy is the widely shared assumption that our financial services system requires substantial reinvention. If we can keep our eye on this shared goal, we should be able to build upon the many points on which we all agree and effect reasonable compromise where we do not in the days ahead.

To that end, while I have very definite ideas of my own as to the best course of action on key issues, I do not plan to introduce legislation at this point. A Banking Committee markup is imminent, and we will be working from the chairman's mark—which is still in preparation—as is appropriate. I believe our best prospect of success lies in working cooperatively and in a spirit of compromise to further refine that mark in a way that builds consensus on these important issues. Past experience should certainly have taught us that legislation which does not reflect a reasonably broad consensus is doomed to failure.

I. PRINCIPLES TO GUIDE DELIBERATIONS

I would, however, like to set forth some principles which I believe should guide our deliberations.

(A) Congress should attempt to achieve the broadest reform possible;

(B) Elimination of the barrier between commercial and investment banking should be accomplished so as to maximize efficiencies and take advantage of possible synergies between lines of business, while safeguarding safety and soundness;

(C) Reform should create a true two-way street between banks and securities firms, level the competitive playing field, and provide such firms equal opportunity to enter each other's businesses;

(D) Nothing we do should turn the clock back or impose new restrictions where none are warranted;

(E) Safeguarding consumer rights and interests should be an integral part of any reform package;

(F) Proper regulatory oversight should emphasize functional regulation, ensure necessary political accountability, and take advantage of the benefits provided by a creative tention between regulators; and

(G) Reform should ensure that foreign banks have a fair opportunity to compete on equal terms, and are not competitively disadvantaged.

II. THE NEED FOR REFORM

A. The need for broad reform.

It is imperative that we strive for the broadest financial services reform on which it is possible to achieve consensus. This is not a time to be timid.

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