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**Folder Title:**  
Telecommunications - NII (National Information Infrastructure) [2]

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# Withdrawal/Redaction Sheet

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. minutes	re: NIITF meeting [partial] (2 pages)	01/25/1994	P3/b(3)
002. minutes	re: NIITF meeting [partial] (2 pages)	01/25/1994	P3/b(3)
003. minutes	re: NIITF meeting [partial] (1 page)	10/17/1993	P3/b(3)
004. minutes	re: NIITF meeting [partial] (1 page)	10/27/1993	P3/b(3)

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**COLLECTION:**

Clinton Presidential Records  
 Council of Economic Advisers  
 Stiglitz, Joseph  
 OA/Box Number: 9563

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**FOLDER TITLE:**

Telecommunications - NII (National Information Infrastructure) [2]

2019-0203-F  
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**RESTRICTION CODES**

**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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**Freedom of Information Act - [5 U.S.C. 552(b)]**

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]



**Date:** March 15, 1994  
**To:** All IITF Participants  
**From:** IITF Secretariat  
**Subject:** Upcoming NII Events

FSIT

Detailed information concerning two upcoming NII events is available below. All IITF participants are welcome to attend.

**NII Advisory Council Meeting**  
**March 18, 1994**

As you may know, the National Information Infrastructure Advisory Council (NIIAC) will hold its second meeting on Friday, March 18, 1994. The meeting will be held in the Thomas Jefferson Memorial Auditorium, at the Department of Agriculture South Building, from 8:00 a.m. to 5:00 p.m. The meeting will be open to the public and all IITF participants are welcome to attend.

Attached is an agenda outlining the issues that the NIIAC will be addressing at its second meeting. To register, please contact Alison Andrews or Sarah Maloney at 202/482-1835 (office) or 202/482-0979 (fax).

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**Public Interest Summit**  
**March 29, 1994**

The Information Infrastructure Task Force (IITF), with co-sponsors the Benton Foundation, National Video Resources, the Rockefeller Foundation, and the John D. and Catherine T. MacArthur Foundation, would like to invite you to participate in a public interest conference, "Shaping the National Information Infrastructure: The Public Interest Summit." This event will be held on March 29, 1994, at the Hyatt Regency Hotel, 400 New Jersey Avenue, NW, Washington, D.C.

Please join Vice President Gore, key Administration officials, and public interest leaders at the Summit to discuss public interest concerns in shaping the "information superhighway." For your convenience, attached is a letter outlining specific areas that will be addressed at the Public Interest Summit, as well as a registration form to be returned by March 17 to reserve a seat. If you have any questions, please contact Yvette Barrett at 202/482-1835 (office).

**UNITED STATES ADVISORY COUNCIL ON  
THE NATIONAL INFORMATION INFRASTRUCTURE**  
March 18, 1994

**AGENDA**

- 8:00 a.m.            Opening Remarks  
  
                          Co-Chairs Delano Lewis and Ed McCracken
- 8:10 a.m.            How Should the Advisory Council Define the NII?  
  
                          Panel Discussion:  
                                  John Cooke, Moderator  
                                  Jane Smith Patterson  
                                  Mitchell Kapor  
                                  James Houghton
- 9:15 a.m.            15 minute break
- 9:30 a.m.            Mega-Project I: Access to the NII  
  
                          Panel will propose scope for this Project:  
                                  Lynn Forrester  
                                  Craig Fields  
                                  Toni Carbo Bearman
- 10:45 a.m.           15 minute break
- 11:00 a.m.           Council Priorities  
  
                          Co-Chairs will propose priorities and lead discussion
- 12:15 p.m.           15 minute break

12:30 p.m. Luncheon Discussion: Council Administration and Logistics

Interaction with Government  
Regional Meetings  
E-Mail  
Funding  
Staffing

1:45 p.m. 15 minute break

2:00 p.m. Public Comment, Questions and Answers

2:45 p.m. 15 minute break

3:00 p.m. Discussion on Telecommunications Issues

4:45 p.m. Closing Remarks and Adjournment

Co-Chairs Delano Lewis and Ed McCracken

**SHAPING THE NATIONAL INFORMATION INFRASTRUCTURE:  
THE PUBLIC INTEREST SUMMIT**

**March 29 — Washington, D.C.**

**Join Vice President Gore, key Administration officials and  
hundreds of public interest leaders to articulate a  
public interest agenda for the "information superhighway."**

Benton Foundation

1634 Eye Street, NW  
Washington, DC 20006  
Tel 202•638•5770  
Fax 202•638•5771  
Email: ablau@cap.gwu.edu

Dear Colleague:

The information superhighway is being built today, but is it shaped by a public interest vision? Who will make sure that the promised benefits in education, health care, civic participation, and community development are backed up by public policies? We urge you and your organization to be part of the answer. Join top leaders of the public interest community for "Shaping the National Information Infrastructure: The Public Interest Summit," on March 29 from 8:30 a.m. to 5:30 p.m. at the Hyatt Regency Hotel, 400 New Jersey Ave., N.W., Washington, D.C.

Throughout the day, Administration officials will appear with public interest leaders in a substantive dialogue designed to elevate public interest issues to the top of the communications policy agenda. Vice President Gore is scheduled to deliver the keynote address on Administration programs to advance public interest goals. Nonprofit leaders will address the social, economic, and political impacts of the NII:

- Will the NII reach all of Americans, or will it leave some of us behind? Who will have the access to be an information provider? Will it support a nation of active speakers or a nation of passive consumers? How much will it cost? What policies are needed to make it available and keep it within reach?
- What types of education, health care and other services, applications and programming do we want to see on the NII? How will we ensure that these are delivered once the highway is built?
- What will the NII mean for our communities and for economic development? How do we make sure its benefits are widely shared?
- Will the NII increase public access to government information and support an informed, active populace? What are the NII's implications for core democratic values: citizen participation, free speech, free assembly, and privacy?

**This meeting is not just for communications policy groups; it is for public interest leaders from every sector who care about how we will educate our**

**Andrew Blau**  
Project Coordinator  
**Karen Menichelli**  
Associate Director  
**Larry Kirkman**  
Executive Director

communications policy project

**children, revitalize our communities, and communicate our values in the 21st century.** You have a contribution to make to this dialogue and a stake in the outcome of each of these issues. We hope to see you there.

The Public Interest Summit is co-sponsored by the Information Infrastructure Task Force; Benton Foundation; The John D. and Catherine T. MacArthur Foundation; National Video Resources; and the Rockefeller Foundation. For more information, contact Amy Mayers at the Benton Foundation: 202-638-5770, x32.

Sincerely,



Andrew Blau  
Communications Policy Project  
Benton Foundation  
Chair, Program Committee

— Program Committee —

Prudence Adler  
Association of Research Libraries

Gary Bass  
OMB Watch

Jerry Berman  
Electronic Frontier Foundation

Jeffrey Chester  
Center for Media Education

Richard Civille  
Center for Civic Networking

Robert Gillespie  
Higher Education and  
Libraries Consortium for  
Information Policy

Janlori Goldman  
Privacy and Technology Project  
American Civil Liberties Union

T. Andrew Lewis  
Alliance for Community Media

Patrice McDermott  
OMB Watch

Paul Schroeder  
American Council of the Blind

Bradley Stillman  
Consumer Federation of America

## Register now

Attendance at this important event is limited and we expect it to be over-subscribed. Therefore, we reserve the right to limit the number of registrants from any one organization. We are requesting a \$25 registration fee. Please check the box on the registration form if the fee would be an impediment to attending and we will contact you.

To reserve a place at the Summit, fax the registration form on the back of this page (no cover page needed) to 1-800/947-7904 by **March 15**. To confirm your registration, we must receive your \$25 payment (checks only) by **March 22**, made payable to "Benton Foundation." Please indicate on the check that it is for the Summit.

If you are coming from out of town, the Hyatt Regency is holding a limited number of rooms for Summit participants until March 15. You can make a reservation by calling the Hyatt at 202/737-1234. Ask for Reservations and tell them you are coming to the Public Interest Summit. The special Summit rate is \$132 plus sales and occupancy tax for a single or double. If you need a referral to other hotels with a range of rates, check the box on the Summit registration form.

We will have display tables at the Summit and invite you to bring your organization's materials to share with other participants. If you will be bringing materials, please indicate this on your faxback form so we can arrange for enough space.

If you need any more information, please call Amy Mayers, at 202/638-5770, x32. We look forward to seeing you on March 29.

**SHAPING THE NATIONAL INFORMATION INFRASTRUCTURE:  
THE PUBLIC INTEREST SUMMIT**

**REGISTRATION FORM**

Please reserve your space by faxing back this registration form (no cover sheet necessary) to 1-800/947-7904 by **MARCH 15**. To confirm your registration, send your \$25 check made payable to the Benton Foundation by **MARCH 22nd** to: The Benton Foundation, 1634 Eye Street NW, 12th Floor, Washington, DC 20006.

Please print/type clearly so your information will be accurate on your nametag and for follow-up materials.)

Name \_\_\_\_\_

Title \_\_\_\_\_

Organization \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Ph \_\_\_\_\_

Email \_\_\_\_\_

Fax \_\_\_\_\_

- I will be bringing materials to distribute.
- I will need a sign language interpreter.
- I will need a kosher lunch for Passover.
- I will need a vegetarian lunch.
- I will need information on other hotels.  
Please call me.
- Do you have any other special needs? Please specify:  
\_\_\_\_\_  
\_\_\_\_\_
- The \$25 is an impediment to my attending.  
Please call me.

## CONFERENCE SUMMARY

### E-MEDIA 94: Improving the Process Used by the Federal Agencies to Make Information Available to the Public

WASHINGTON, DC -- Despite inclement weather, the second E-MEDIA Conference, held on January 21 at the Department of Commerce, attracted over 100 attendees. Participants were trained in using electronic media to disseminate Federal information. Sponsored jointly by the Federal Government's Information Infrastructure Task Force (IITF) and Americans Communicating Electronically (ACE), E-MEDIA 94 included presentations on i) the administration's policies regarding the dissemination of information to the public; and ii) specific experience already gained by a number of Federal agencies in using state-of-the-art electronic facilities for implementing these policies. A third Conference, E-Media 94.1, has been scheduled for April 4, 1994, at the Department of Commerce Auditorium.

Bruce McConnell, of the Office of Management and Budget presenting the administration's policy perspective, emphasized that existing Federal information resource management policies are being reviewed and specific directives defining revised policies are being developed. As stated by Mr. McConnell, the Administration's objective is to ensure that the public has timely and effective access to significant portions of the immense reservoir of information that Federal agencies develop while performing their mandated missions. Mr. McConnell indicated that OMB Circular A-130, published in the Federal Register on July 2, 1993, presents the administration's latest directives regarding the dissemination of information to the public. Section 8a(3) and (8) present the conditions under which Federal agencies shall use electronic media for collecting and disseminating information. Mr. McConnell also emphasized that Section 8a(8) of OMB Circular A-130 directs the Federal agencies to use public networks such as the Internet when analyses indicate that this approach is practical and cost-effective for both the Federal Government and that portion of the public seeking or providing given information.

Paul Evan Peters, Executive Director of the Coalition for Networked Information, presenting a public sector perspective, emphasized the importance of communications in maintaining our cultural values. He summarized the often stated conclusions that i) dominant governments thrive on poor communications; ii) democracies thrive on good communications; and iii) healthy and competitive economic systems require excellent communications. Mr. Peters stressed that urgent work is required at the local level to assure success in establishing the "National Information Infrastructure". Individual users will need to define the nature and scope of services they want to receive from an aggregate of interoperable U.S. and global information resources. Mr. Peters suggested that designers of the information superhighway adopt the slogan "It's the Network, Stupid".

Nancy Tosta, Staff Director for the Federal Geographic Data Committee (FGDC) of the USGS presenting a Federal agency perspective, emphasized that the implementation of the administration's National Information Infrastructure initiatives are expected to provide significant opportunities for promoting the objectives of the National Spatial Data Infrastructure program. Analyses by Earth Scientists of geographic variables require the integration of information from physically dispersed databases containing immense volumes of data. Making this information available to analysts, within and outside the Federal Government, in a timely and cost-effective manner appears to be feasible with current digital network technology. However, there remain significant challenges in implementing this technology such that the objectives of the National Spatial Data Infrastructure program can be satisfied.

Eliot Christian of the U.S. Geological Survey and William Moen of Syracuse University summarized the development of the proposed Government Information Locator Service (GILS). GILS is envisioned as an integral part of the administration's NII initiatives, and is intended to assist the public in identifying sources for Federal Government information. Essential elements of GILS, as proposed, include i) adopting, for use throughout the Federal Government, the American National Standard Institute's (ANSI) information search and retrieval standard known as "Z39.50"; and ii) retaining within the agencies the responsibilities for maintaining decentralized databases of information generated in that agency's mission activities. Directives to the Federal agencies for implementing GILS are expected to be provided through a future OMB bulletin.

Don Johnson, Director of the National Technical Information Service in the Department of Commerce, summarized electronic bulletin board experience and future plans in operating FedWorld. After 15 months of operation, the FedWorld now receives about 6,000 calls a day. While initially the service offered by FedWorld was limited to providing a "gateway" (by directing callers) to about 150 other Federal Government bulletin boards in the DC area, this gateway service now comprises only about 25% of FedWorld's overall services. FedWorld now offers services (also accessible over the Internet) that include an "on-line market place" for collected Federal Government documents, search service support to the Depository Libraries, and fee-for-service electronic document library support to Federal agencies. A major upgrade in the FedWorld facilities is planned which will permit receiving up to 200 calls simultaneously and up to 10,000 calls per day.

Ken Rogers, Acting Director of the Office of Business Analysis in the Department of Commerce, summarized electronic bulletin board experience and future plans in operating the Economic Bulletin Board®. This bulletin board is operated on a "fee-for-service" basis (also accessible over the Internet) and has been operating since 1985. Mr. Rogers stated that development had been initiated on a "business and economic node for the information superhighway". While portions of this node are still being defined, this node is

intended to be a source for a wide range of information that will assist U.S. industry i) in achieving increased competitiveness, ii) in increasing participation in international markets; and iii) in developing new markets within and outside the U.S.

Judy Russell, Director of the Office of Electronic Information Dissemination Services (EIDS) in the Government Printing Office, summarized GPO's efforts to satisfy recent legislative directives to disseminate Federal Government documents in electronic form. The legislation requires the establishment of both a "locator system" and an "electronic storage system". Extensive contract work is underway on the development of these systems and announcements regarding prototype testing will be made in the near future.

The Information Infrastructure Task Force (IITF), Chaired by Secretary Brown of the Department of Commerce, is responsible for implementing the National Information Infrastructure (NII). The IITF is addressing a wide range of issues and has established a number of committees and working groups; the dissemination of Federal Government information is being addressed by the Government Information Working Group (GIWG), chaired by Mr. Bruce McConnell of OMB. During mid-1993, the GIWG identified an urgent need to establish a public forum to address a wide range of issues regarding the administration's existing policies and the Federal agencies' recently gained experience regarding the implementation of state-of-the-art technology for exchanging information in electronic form with the public. To satisfy this need, the GIWG convened E-MEDIA 93 in November 1993 at the U.S. Geological Survey. The success of E-MEDIA 93 confirmed the continuing need for a forum of this type; therefore, planning was quickly initiated for E-MEDIA 94 under the co-sponsorship of the GIWG and Americans Communicating Electronically (ACE).

ACE is a program established in June 1993 by the Communication Information and Technology staff within the Agriculture Research and Education Service (ARES) of the Department of Agriculture. The objective of the ACE Program is to promote enhanced interactive citizen-government communications. ACE is actively seeking individual participation by both Federal Government employees and members of the public. Further information regarding ACE can be obtained by contacting Tom Tate (Internet E-Mail:ttate@esusda.gov or phone: 202 720 8155).

Mr. Irving thanks all the speakers at E-MEDIA 94 for making the conference possible. Special thanks are also extended by Mr. Irving to Eliot Christian and the members of his planning committee for organizing E-MEDIA 94.

**THE CLINTON ADMINISTRATION'S  
INFORMATION INFRASTRUCTURE TASK FORCE MEETING  
Chair: Ronald H. Brown, Secretary of Commerce  
Government-Internal Minutes of January 25, 1994, Meeting**

**TIME AND PLACE:** 10:00 a.m., Vice President's Ceremonial Office, Old Executive Office Building.

**PURPOSE:** To review the current and planned activities regarding the promotion of the National Information Infrastructure ("NII").

**SUMMARY OF THE MEETING**

**OPENING REMARKS**

Secretary Brown called the meeting to order and welcomed everyone to the second meeting of the Information Infrastructure Task Force ("IITF"). He noted that at the moment Vice President Gore was involved with preparations for President Clinton's State of the Union address and, therefore, would not be present for most, and perhaps all, of this meeting. Secretary Brown asked that everyone in the room identify himself or herself.

**IITF OVERVIEW**

Secretary Brown noted that a great number of agencies are represented in the IITF and that it provides an excellent example of interagency coordination. Realizing the full potential of the NII requires work on a number of fronts simultaneously. He said that the Vice President would be very pleased that so many persons have taken the time to become involved in this initiative. The IITF members are able to share their views and visions for the future. Secretary Brown stated that the IITF members have built a solid foundation even though this is only the IITF's second meeting.

Secretary Brown reported that there will be a lot of action on Capitol Hill with respect to the NII. He said that the Administration wants to work closely with the Hill. He informed the IITF that he had dinner with Senator Hollings and Representative Dingell last night. They told him that they want to be significant players in the NII.

Secretary Brown delineated some of the goals of the NII. The Administration wants to facilitate economic growth by removing unnecessary regulatory barriers. The Administration seeks to provide real economic opportunity not only in the telecommunications sector, but also in all sectors of the U.S. economy. The NII will make all industries more productive and, therefore, more competitive both at home and abroad. The NII could be a new jobs program for the United States. It also will promote advances in education, health care, and information access. Secretary Brown emphasized the importance of universal access, in order to avoid a society of information haves and have nots. Americans should have access to information regardless of geography, income, or other impediments. Our goal should be the maximum dissemination of information. He noted that the Vice President stated in his January 11 speech that universal access is a principal goal. In that speech, the Vice

President challenged private industry to link social institutions -- classrooms, libraries, hospitals, and clinics -- to the information highway by the year 2000.

Secretary Brown stated that a number of important events will take place this week. President Clinton will deliver his State of the Union address this evening. Assistant Attorney General Anne Bingaman and Assistant Secretary Larry Irving will testify regarding NII legislation on the Hill on Wednesday and Thursday. On Thursday, the Administration will release its White Paper setting forth its legislative proposals.

The Secretary also noted that there is a lot of work to do outside the Beltway. There is a growing public awareness of and interest in the NII. The press has written and spoken a great deal about the information superhighway.

Secretary Brown also announced the appointment of the NII Advisory Council. He noted that the Advisory Council has 27 members who reflect a wide range of interests. There are still a couple of groups who believe that they are not represented, and there is a possibility for one or two more members. He said that the IITF now needs to chart a course for the Advisory Council and make sure that the members' concerns and views become part of the process.

## **IITF COMMITTEE REPORTS**

### Telecommunications Policy Committee

Larry Irving, Assistant Secretary of Commerce for Communications and Information and Chair of the Telecommunications Policy Committee, gave the first report. He began by noting that many of the members of the Telecommunications Policy Committee are actively involved in the NII's legislative effort. He stated that the legislative initiative has been led by Vice President Gore and Secretary Brown. The Administration's legislative proposals are based on the following five principles that the Vice President and Secretary Brown set forth in speeches earlier this month: (1) encouraging private investment in the NII; (2) promoting and protecting competition; (3) providing open access to the NII by consumers and service providers; (4) preserving and advancing universal service to avoid creating a society of information "haves" and "have nots;" and (5) ensuring flexibility so that the newly-adopted regulatory framework can keep pace with the rapid technological and market changes that pervade the telecommunications and information industries. He noted that the Administration shares the belief of many in Congress that legislative reform of telecommunications policy is essential to meeting these goals.

Mr. Irving then summarized the major areas of the Administration's proposed legislative reform. First, proposals focus on local competition and interconnection. The Administration supports the general requirement that all carriers must interconnect with other providers of telecommunications and information services. Such a requirement helps ensure that the NII functions seamlessly. The Administration hopes that all providers will be able to provide any service to any user in the United States. He said that the Administration also supports imposing more specific procompetitive interconnection requirements on local exchange carriers, such as an obligation to interconnect at any technically feasible and economically reasonable point and an obligation to afford nondiscriminatory access to network facilities, services, functions, and information, where technically feasible and economically reasonable. The goal here is to break open the local loop bottlenecks.

Mr. Irving stated that a second area of reform concerns relations with the States. Because a national framework will promote maximum competition, the Administration proposes to preempt state entry regulation for provision of telecommunications and information services. The Administration also proposes to preempt state and local regulation of the rates for any service charged by a telecommunications carrier that the FCC finds, after notice and comment, to lack market power. He noted that the Administration will be working closely with the States on these and other issues. For instance, he will be participating in a conference call next week with NARUC.

A third area of reform will emphasize regulatory flexibility. An Administration priority is to make government work better for the American people by reducing red tape and eliminating regulatory overkill. The Administration wants to promote entrepreneurship and competition, and believes that forbearance can further these goals. Thus, the Administration proposes to authorize the FCC (1) to exempt carriers lacking market power from Title II of the Communications Act, except provisions relating to the duty to serve and interconnect; the duty to charge just, reasonable, and nondiscriminatory rates; damages; and customer complaints; and (2) to tailor the regulations it does impose to reflect a carrier's market power.

A fourth area of proposed legislative reform is universal service. The Administration supports efforts to make the preservation and advancement of universal service an explicit objective of the Communications Act. Mr. Irving noted that the United States currently has approximately 94 percent of households connected to the telephone system, although the rates are lower in certain areas of the country, such as Washington, D.C. and New Mexico. We want to preserve and improve such access. Moreover, as the Vice President stated in his speech on January 11, the Administration believes that advanced services should be available to rural and urban lower income users, to users in areas where the cost of service are high, and to social institutions, especially educational and health care facilities. The Administration supports charging the FCC and the states with continuing responsibility to review and revise objectives for expanding universal service to meet changing circumstances. The Administration is not suggesting any particular uniform universal service obligation to be dictated by Washington. Rather, we need to work with the States and allow each state flexibility depending on its needs.

Another key area of reform involves the cable-telephone cross-ownership restriction. Mr. Irving noted that although the existing cable-telephone company cross-ownership restriction of the 1984 Cable Act may have been appropriate when enacted, today it is an unnecessary and artificial barrier to competition in the delivery of video programming to American consumers and to investment in advanced local infrastructure. The Administration proposes to remove the current restriction. This action, coupled with its proposals to promote competition in local telephone service, will allow telephone companies and cable operators to compete in providing a full range of video, voice, and data services to the public. It will hasten the construction of the NII. Mr. Irving stated that we are not talking about one versus two wires into the home. The issue is robust competition. He noted that the wireless services also will be providing competition. He noted that to ensure that cable firms and telephone companies do not harm consumers or competition in providing these services, the Administration proposes safeguards, such as structural safeguards, nondiscriminatory access obligations, anti-buyout provisions, and franchise obligations. The Administration feels very strongly about the anti-buyout provisions. Under the current Congressional bills, TCI/Bell Atlantic would be able to keep all of Washington and Pittsburgh. The Administration believes that this situation should not occur.

Finally, the Administration will put forth the proposal for a new Title VII to regulate two-way, broadband transmission services. Mr. Irving explained that providers of such services now have their telephony regulated by Title II and their cable regulated by Title VI. The Administration believes that such services should be subject to less regulation and therefore conceived of a new Title VII, which will also encourage development of these services.

Mr. Irving announced that he, together with Assistant Attorney General Anne Bingaman, will testify on January 26 before the House Economic and Commercial Law Subcommittee (Chairman Brooks) on H.R. 3626 (the "MFJ bill") and on January 27 before the House Telecommunications and Finance Subcommittee on H.R. 3636 (the "local competition bill") and H.R. 3626.

Mr. Irving commended those persons who worked on the legislative proposals. The Office of the Vice President, Justice, OMB, OSTP, NEC, DOC, and the FCC (as observers) were all valuable contributors. He said that it was incredible that there were no leaks regarding the substance of the legislative proposals. He stated that Anne Bingaman has been a central figure in the formulation of the legislative proposals, and that he looks forward to testifying with her tomorrow.

Mr. Irving stated that the legislative efforts were only part of the work of the Telecommunications Policy Committee. The Committee has been busy with a number of other projects as well. On November 19, 1993, NTIA hosted an Agenda Planning Conference for regulators at the Annenberg Washington Program. Federal, state, and local regulators engaged in policy debate on NII issues. NTIA worked closely with the States on this project, and will continue such efforts. Members of the Committee assisted in planning this effort and participated on panels. We plan to have several similar meetings over the next six months.

The Committee will work with NTIA to publish a collection of papers entitled 20/20 Vision in February/March. 20/20 Vision is a collection of telecommunications and information technology experts' responses to the National Information Infrastructure: Agenda for Action.

The Committee will sponsor two panels on universal service and open access issues as part of the IITF's Public Interest Forum in February/March. The Committee also will work with NTIA to publish a Notice of Inquiry on network access issues.

The Telecommunications Policy Committee has two working groups: (1) the Universal Service Working Group, and (2) the International Telecommunications Policy Working Group. The Universal Service Working Group has had two meetings -- November 29 and January 10. The working group has been assisting on issues related to NTIA's series of universal service field hearings. The first field hearing on universal service took place on December 16 in Albuquerque, New Mexico. The focus of this hearing was to look at provision of services in a high-cost area. Congressman Bingaman and DOC Deputy Secretary Barram participated in the hearing. More than 50 witnesses and people from the public provided testimony. A second hearing was scheduled in South Central Los Angeles on January 19, but was postponed due to the earthquake. The large number of languages spoken in the L.A. area poses unique questions with respect to universal service requirements.

Mr. Irving noted that the International Telecommunications Policy Working Group, chaired by Carol Darr, also has been active. This working group has generated a comprehensive outline of international issues affecting the development of a global information infrastructure. It also has formed five subgroups, each of which will undertake activities related to the following issues: (1)

foreign government/foreign corporation participation in the NII and the use of the NII to open overseas markets; (2) the effect of current law on setting policy and legislative efforts to change the law; (3) U.S. government control of the flow of technology transfers; (4) U.S. participation in international organizations and standards setting bodies; and (5) the international use of research networks. The working group has identified two cross-cutting issues, international protection of intellectual property rights and privacy, which require coordination across the IITF's Committees.

Mr. Irving stated that this spring the Committee will establish a Network Reliability Working Group that will work with the private sector to reduce the vulnerability of the nation's information infrastructure and ensure that it is designed and managed in a way that minimizes the impact of accident or sabotage.

The Telecommunications Policy Committee will publish a six-month progress report on the status of its NII activities.

Finally, the Committee will establish an outreach program for public, industry, and public interest involvement in Committee activities by June.

Mr. Irving concluded his report by stating that the Administration hopes for success on the legislative front, and that it will be working closely with Congress over the next few months. He said that the alignment of the stars looks favorable. He welcomes interest and participation by members of the IITF. He stated that many other important issues await debate and resolution, such as broadcast and mass media issues, encouraging new entrants, and facilitating handicapped access to the information infrastructure. Many issues may need to be addressed by regulatory reforms, rather than legislation. The Committee hopes to work closely with the NII Advisory Council, which will hold its first meeting on February 10. It will be an opportunity to make the private-public partnership work.

There were no questions for Mr. Irving, but there was some general discussion about the NII.

Secretary of Education Riley spoke about the Department of Education's interest in the NII and the new information technologies. The Department's goal is to provide world-class education for all students in the United States. Secretary Riley noted that the use of technology is critical to this effort. The Secretary has seen examples of what can be done. He was recently in Iowa and Georgia, participating in some NII-related exercises. He said that interesting discussions are taking place in Los Angeles regarding distance-learning efforts during crises. He also noted that the Annenberg gift can be directed to supporting some of these initiatives.

Secretary Brown stated that there are few areas where we can have a more positive impact than in the educational realm. He said that the Vice President shares this view.

Secretary Brown noted that a key issue that all of the IITF Committees are facing is security. On the telecommunications side, a reliable network is essential for the NII to function. On the information side, protection of individual privacy and intellectual property requires strong, easy-to-use security technologies. Both of these kinds of applications mean new technologies are needed. To promote coordination and cross-fertilization on security issues, Sally Katzen will soon be hosting a general meeting on the subject of NII security, to be held in February.

## Committee on Applications and Technology

Arati Prabhakar, Director of the National Institute of Standards and Technology and Chair of the Committee on Applications and Technology, gave her report. First, she noted that the Committee addresses work that the government does and how the government participates in technology development. She then handed out a chart that shows the agencies participating in the Committee and the Committee's two working groups -- (1) the Government Information Technology Services Working Group; and (2) the Technology Policy Working Group. Jim Flyzik chairs the Government Information Technology Services Working Group. The group is working on formulating a strategic vision and an implementation plan for using government information resources across and within government agencies. The group also is initiating interagency teams to work on specific projects.

The Technology Policy Working Group is chaired by Duane Adams. This group was created to ask the tough technology questions about how we can create interoperable and scalable technologies. The group will address the issue of how to lay out the technology road maps. The need for a public-private dialogue is crucial here. This group will be co-sponsoring with industry groups a conference on the NII at the end of February.

Dr. Prabhakar stated that the High Performance Computing, Communications and Information Technology Subcommittee is coordinating the government's information technology programs. This is a critical piece of the NII effort. She noted that the Technology Policy Working Group and the full committee work closely with the Subcommittee.

Dr. Prabhakar then summarized the activities of the Committee on Applications and Technology. She noted that while it is impossible to get one's arms around all of the NII efforts taking place in the government, the Committee is compiling a list of current applications in each agency and the nature of the application (*e.g.*, government services, education). Tab E, section 5, of the briefing book for today's meeting contains a list of agencies that have contributed to the Committee's inventory. The Department of Agriculture should be added to that list. The Committee has put this information on-line. This will provide easy reference for when a person asks, for example, what the government is doing with respect to applications of technology to education.

The Committee also has provided a brief and thoughtful look at NII issues that cut across applications areas. The Committee looked at the following application areas: health care, environmental monitoring, manufacturing, electronic commerce and telecommuting, government services, education, and libraries. The important cross-cutting issues that emerged are: providing equitable access, user acceptance, privacy, user training, organizational learning, private-sector acceptance of government technology, intellectual property rights, information security, information access, information and data standards, conversion of information, user-friendly hardware and software, interoperability standards, scalability, cost and pricing, and public funding.

The Committee's current project is the development of a group of NII strategies. It will begin by focusing on the application areas listed above. The Committee will provide a snapshot of where we are today and a road map for how we get to where we want to be. It will explore potential legislative issues and ways to interact with the private sector. The Committee expects to have a draft in mid-February. It would like to get the IITF's approval of these strategies in April.

The Committee is working with the Council on Competitiveness to enable the IITF to co-host an applications conference this summer. The conference will explore the barriers and issues involved in implementing applications.

Dr. Prabhakar expressed pleasure with the interagency effort within the Committee.

It was noted that the Committee's report defines key terms, and it was suggested that it might be valuable to have a consistent set of terms for the IITF.

Secretary Brown put forth the question of how can we promote government use of e-mail. Dr. Prabhakar stated that an e-mail task force has been established. Deputy Secretary Barram also suggested that a way to motivate people to use e-mail would be for the Vice President, Secretary Brown, and other senior persons to be active users.

It was noted that many commercial services may be affordable by the government and should be explored.

#### Information Policy Committee

Sally Katzen, Administrator of the Office of Information and Regulatory Affairs, Office of Management and Budget, and Chair of the Information Policy Committee, reported on the Committee's activities. She began by noting her deep appreciation of the contributions by staff of numerous agencies.

The Committee has three working groups: (1) Privacy Working Group; (2) Intellectual Property Working Group; and (3) Government Information Working Group. The Privacy Working Group is putting together a statement of principles on the use and abuse of information -- "The Code of Fair Information Practices." The group has met with 30 experts to discuss potential modifications. The group has reached some tentative conclusions. With respect to the definition of privacy, the group is using the term to encompass data usage, not data protection. One needs to look at the interests of both record subjects and record holders. Record subjects cannot be passive. They need to take more responsibility. Collectors and users of data need to exercise more responsibility as well. The group should have a final product by mid-February.

The Government Information Working Group is developing the Government Information Locator Service ("GILS"). GILS would help the public locate and access information throughout the federal government. It would identify public information resources throughout the government agencies, describe the information available in those resources, and assist in obtaining the information. GILS would supplement, not supplant, other information sources. The group hopes that GILS could be accessed directly through 800 numbers, kiosks, electronic mail, bulletin boards, fax, and off-line media such as CD-ROM and floppy disks. The public also could be served by GILS indirectly through central disseminating agencies such as the Government Printing Office ("GPO"). GPO could have a major role in providing training to facilitate dissemination through interagency arrangements. The group has released its draft report on GILS. It would like to receive comments by February 25.

The Government Information Working Group has held two workshops on how to disseminate government information. Several hundred people attended the workshops. It will host a third workshop in April.

The Intellectual Property Working Group held a public hearing in November to hear testimony regarding preserving intellectual property rights in the electronic age. The group will issue a report by April 15.

## **ADOPTION OF COMMITTEE CHARTERS AND WORK PLANS**

Secretary Brown moved for the adoption of the charters and work plans of the various committees. The motion passed unanimously.

## **NII ADVISORY COUNCIL AND OUTREACH DISCUSSION**

Secretary Brown stated that the NII Advisory Council is an extremely important asset. Its members have a lot of talent and expertise. The members are listed under Tab C of the briefing book for today's meeting. The Advisory Council can have valuable input on the question of the role of government in the NII and on questions concerning privacy. The Advisory Council can help define for us when an application becomes a public service and perhaps should receive a subsidy. NTIA is exploring how to have all members of the Advisory Council connected by electronic mail.

## **DEPARTMENT/AGENCY REPORTS ON ACTIVITIES TO PROMOTE THE NII**

### Department of Energy

The five priority Department of Energy infrastructure applications are: (1) environmental restoration and waste minimization; (2) manufacturing; (3) education, focused at the pre-college level and on involving more women and minorities in science; (4) easy and affordable access to digital libraries; and (5) energy demand and supply management -- the ability of the consumer and the power companies to interactively determine usage patterns (especially important given the power crisis in D.C. last Thursday). DOE is at the planning and discussion stage for many of these applications.

DOE is the custodian of much environmental restoration data. The Department is talking with EPA, DOC, and the States with respect to making this information available to the public.

DOE is working on interactive video over Internet. DOE has used the Internet in exercises with K-12 children in Tennessee, Iowa, and New Mexico. The Department also is developing an electronic textbook using Mosaic, and the architecture can be extended to a number of other educational applications.

### NASA

NASA's contributions to the creation of a NII include: (1) applications of remote sensing data; (2) education, training, and lifelong learning; and (3) health care and telemedicine; and (4) development of digital libraries. NASA is trying to put more novel applications on the Internet. Through NASA teacher resource centers, the agency is reaching out to communities to disseminate information over the Internet for K-12 grades. Following his January 11 speech in Los Angeles, the Vice President visited one of the schools that NASA is working with in Silicon Valley and saw how the students are using Internet. NASA is working with DOE, NSF, and the Department of Education.

NASA also is working with the U.S. Postal Service, the IRS, and EPA to develop certification and authentication applications. In the area of health care, NASA has been involved in using satellites to provide remote medical assistance.

The NII will be used to "reinvent" NASA and improve its ability to operate effectively. NASA hopes to institute electronic contracting and solicitation. It seeks to use Internet to let the public direct questions to NASA scientists. One of the novel uses of Internet by NASA was the broadcast of the most recent space mission on Internet.

### EPA

EPA is currently putting environmental data bases on Internet. It is providing business with information on pollution-prevention practices and technology. EPA is also working with EPA's state partners so that they will have e-mail access to EPA and EPA will facilitate access to Internet. This will enable EPA to give state environmental agencies access to information and geographic data. The entire agency will be on e-mail by the end of March. EPA is developing its own software tool known as "Gateway," which will provide agency, other federal, and state databases to EPA users at the desktop.

### The Intelligence Community

The Intelligence Community agencies depend greatly on access to information. NSA is concerned with communications security and threats to the U.S. NII. The Intelligence Systems Board is currently instituting e-mail throughout the Intelligence Community agencies and dealing with security issues. The Intelligence Community will increasingly interact with persons outside the Intelligence Community -- those in academia, industry, and other government agencies. It also will increase outreach efforts to former employees.

### HUD

HUD is committed to improving access to information, especially information about the Community Reinvestment Act and the Homeowners Disclosure Act regarding mortgages. Community groups and lenders can benefit from such information. HUD also is working on putting information about small businesses on line.

### Department of Agriculture

The Department of Agriculture has been involved in programs promoting distance learning to rural areas and loans to rural telephone companies for constructing digital switches. Over the past forty years, the Department has furnished loans and loan guarantees through the Rural Electrification Administration. DOA recognizes the importance of universal access.

### **ADJOURNMENT**

Secretary Brown stated that he was greatly encouraged by the number of creative ideas. The presentations reveal a very good beginning. However, we can and must do more as effective advocates of the NII. He noted that there is a lot of talent in the IITF and on the NII Advisory

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. minutes	re: NIITF meeting [partial] (2 pages)	01/25/1994	P3/b(3)

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**COLLECTION:**

Clinton Presidential Records  
Council of Economic Advisers  
Stiglitz, Joseph  
OA/Box Number: 9563

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**FOLDER TITLE:**

Telecommunications - NII (National Information Infrastructure) [2]

2019-0203-F

jm2837

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**RESTRICTION CODES**

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Council and we will call on it as we go forward. Secretary Brown thanked everyone and adjourned the meeting at 12:00 p.m.

**ATTENDEES:**

Secretary Ronald H. Brown, DOC  
Secretary Richard Riley, ED  
Kathy Aterno, EPA  
Duane Adams, DOD/ARPA  
D. James Baker, DOC  
David Barram, DOC  
Lawrence E. Barrett, SBA  
Yvette Barrett, DOC/NTIA  
James H. Billington, Library of Congress  
Christopher Bullock, EPA  
Melvyn Ciment, NSF  
Stephen R. Colgate, DOJ  
Roger M. Cooper, DOJ  
(b)(3)  
Carol C. Darr, DOC  
Brad Delong, Treasury  
Michele Farquhar, DOC/NTIA  
Randy Feuerstein, Interior  
James J. Flyzik, Treasury  
Dirk Forrister, DOE  
Howard Frank, DOC/APPA  
Cita Furlani, DOC/NIST  
Jock Gill, EOP/Media Affairs  
John Gilsean, State  
Administrator Daniel S. Goldin, NASA  
Adam M. Golodner, Agriculture  
Jim Gray, TVA  
Jane Bortnick Griffith, Library of Congress  
John Grimes, DOD  
Dan Grulke, DOD  
Keith D. Hahn, NSC  
Janet Handal, DOD/ARPA  
Lee B. Holcomb, NASA  
Larry Irving, DOC/NTIA  
Administrator Roger Johnson, GSA  
Anita K. Jones, DOD  
Tom Kalil, NEC  
Charles Kalina, HPCC/OSTP  
Sally Katzen, OMB  
Maureen Kennedy, HUD  
Deborah Knopman, Interior  
Madeline Kunin, ED

[ 001 ]

Kelly Levy, DOC/NTIA  
Blair Levin, FCC  
Robert E. Litan, DOJ  
David Lytel, DOC/NIST  
Sarah Maloney, DOC/NTIA  
Mark N. Mandell, DOC/NIST  
Vonya B. McCann, State  
Bruce McConnell, OMB  
Denise Michel, DOC  
Alicia Munnell, Treasury  
Edward Murphy, Treasury  
David Nelson, DOE  
Michael Nelson, OSTP  
Robert Pepper, FCC  
Robert Peters, Agriculture  
Terry Peterson, ED  
Robert Portman, Labor  
Arati Prabhakar, DOC/NIST  
Robert Reisner, U.S. Postal Service  
Kathleen Roberts, DOC/NIST  
Linda Roberts, ED  
Jon Seymour, DOT

(b)(3)

Joe Stiglitz, CEA  
Neil J. Stillman, DHHS  
Jay Stowsky, CEA  
Thomas J. Sugrue, DOC/NTIA  
Eugene K. Taylor, DOT  
Jim Vollman, Labor  
William M. Webster, ED  
Tatia Williams, DOC/NTIA

**THE CLINTON ADMINISTRATION'S  
INFORMATION INFRASTRUCTURE TASK FORCE MEETING**

**Chair: Ronald H. Brown, Secretary of Commerce**  
**Public Minutes of January 25, 1994, Meeting**

**TIME AND PLACE:** 10:00 a.m., Vice President's Ceremonial Office, Old Executive Office Building.

**PURPOSE:** To review the current and planned activities regarding the promotion of the National Information Infrastructure ("NII").

**SUMMARY OF THE MEETING**

**OPENING REMARKS**

Secretary Brown called the meeting to order and welcomed everyone to the second meeting of the Information Infrastructure Task Force ("IITF"). He noted that at the moment Vice President Gore was involved with preparations for President Clinton's State of the Union address and, therefore, would not be present for most, and perhaps all, of this meeting. Secretary Brown asked that everyone in the room identify himself or herself. He noted that a great number of agencies are represented in the IITF and that it provides an excellent example of interagency coordination.

**IITF OVERVIEW**

Secretary Brown reported that there will be a lot of action on Capitol Hill with respect to the NII. He said that the Administration wants to work closely with the Hill.

Secretary Brown delineated some of the goals of the NII. The Administration wants to facilitate economic growth by removing unnecessary regulatory barriers. The NII also will promote advances in education, health care, and information access. Secretary Brown emphasized the importance of universal access, in order to avoid a society of information haves and have nots. Americans should have access to information regardless of geography, income, or other impediments. He noted that the Vice President stated in his January 11 speech that universal access is a principal goal. In that speech, the Vice President challenged private industry to link social institutions -- classrooms, libraries, hospitals, and clinics -- to the information highway by the year 2000.

Secretary Brown stated that a number of important events will take place this week. President Clinton will deliver his State of the Union address this evening. Assistant Attorney General Anne Bingaman and Assistant Secretary Larry Irving will testify regarding NII legislation on the Hill. On Thursday, the Administration will release its White Paper setting forth its legislative proposals.

The Secretary stated that there is a lot of work to do outside the Beltway. There is a growing public awareness of and interest in the NII.

Secretary Brown noted the appointment of the NII Advisory Council. The Advisory Council has 27 members who reflect a wide range of interests. The IITF now needs to chart a course for the Advisory Council and make sure that the members' concerns and views become part of the process.

## **IITF COMMITTEE REPORTS**

### Telecommunications Policy Committee

Larry Irving, Assistant Secretary of Commerce for Communications and Information and Chair of the Telecommunications Policy Committee, gave the first report. He began by noting that many of the members of the Telecommunications Policy Committee are actively involved in the NII's legislative effort. The legislative initiative has been led by Vice President Gore and Secretary Brown. The Administration's legislative proposals are based on the principles that the Vice President and Secretary Brown set forth in speeches earlier this month: (1) encouraging private investment in the NII; (2) promoting competition; (3) providing open access to the NII; (4) preserving and advancing universal service; and (5) ensuring flexibility so that the newly-adopted regulatory framework can keep pace with the rapid technological and market changes.

Mr. Irving then summarized the major areas of the Administration's proposed legislative reform. First, proposals focus on local competition and interconnection. The Administration supports the general requirement that all carriers must interconnect with other providers of telecommunications and information services. Such a requirement helps ensure that the NII functions seamlessly. Second, the Administration proposes to preempt state entry regulation for provision of telecommunications and information services. The Administration also proposes to preempt state and local regulation of the rates for any service charged by a telecommunications carrier that the FCC finds to lack market power. A third area of reform will emphasize regulatory flexibility. The Administration wants to promote entrepreneurship and competition, and believes that forbearance can further these goals. A fourth area of proposed legislative reform is universal service. The Administration supports efforts to make the preservation and advancement of universal service an explicit objective of the Communications Act.

Another key area of reform involves the cable-telephone cross-ownership restriction. The Administration proposes to remove the current restriction. This action, coupled with its proposals to promote competition in local telephone service, will allow telephone companies and cable operators to compete in providing a full range of video, voice, and data services to the public. To ensure that cable firms and telephone companies do not harm consumers or competition in providing these services, the Administration proposes safeguards, such as structural safeguards, nondiscriminatory access obligations, anti-buyout provisions, and franchise obligations.

Finally, the Administration will put forth the proposal for a new Title VII to regulate two-way, broadband transmission services, to encourage the development of these services. The Administration believes that such services should be subject to less regulation.

Mr. Irving announced that he and Assistant Attorney General Anne Bingaman will testify on January 26 before the House Economic and Commercial Law Subcommittee on H.R. 3626 (the "MFJ bill") and on January 27 before the House Telecommunications and Finance Subcommittee on H.R. 3636 (the "local competition bill") and H.R. 3626.

Mr. Irving stated that the legislative efforts are only part of the work of the Telecommunications Policy Committee. The Committee has been busy with a number of other projects as well. On November 19, 1993, NTIA hosted an Agenda Planning Conference for regulators at the Annenberg Washington Program. Federal, state, and local regulators engaged in policy debate on NII issues.

The Committee will work with NTIA to publish a collection of papers entitled 20/20 Vision in February/March. 20/20 Vision is a collection of telecommunications and information technology experts' responses to the The National Information Infrastructure: Agenda for Action.

The Committee will sponsor two panels on universal service and open access issues as part of the IITF's Public Interest Forum in February/March. The Committee also will work with NTIA to publish an Notice of Inquiry on network access issues.

The Telecommunications Policy Committee has two working groups: (1) the Universal Service Working Group, and (2) the International Telecommunications Policy Working Group. The Universal Service Working Group has been assisting on issues related to NTIA's series of universal service field hearings. The first field hearing on universal service took place on December 16 in Albuquerque, New Mexico. Congressman Bingaman and DOC Deputy Secretary Barram participated in the hearing. More than 50 witnesses and people from the public provided testimony. A second hearing was scheduled in South Central Los Angeles on January 19, but was postponed due to the earthquake.

Mr. Irving noted that the International Telecommunications Policy Working Group also has been active. This working group has generated a comprehensive outline of international issues affecting the development of a global information infrastructure. The group has identified two cross-cutting issues, international protection of intellectual property rights and privacy, which require coordination across the IITF's Committees.

Mr. Irving stated that this spring the Committee will establish a Network Reliability Working Group that will work with the private sector to reduce the vulnerability of the nation's information infrastructure and ensure that it is designed and managed in a way that minimizes the impact of accident or sabotage.

The Telecommunications Policy Committee will publish a six-month progress report on the status of its NII activities.

Mr. Irving concluded his report by stating that many other important issues await debate and resolution, such as broadcast and mass media issues, encouraging new entrants, and facilitating handicapped access to the information infrastructure. Many issues may need to be addressed by regulatory reforms, rather than legislation.

There were no questions for Mr. Irving, but there was some general discussion about the NII. Secretary of Education Riley spoke about the Department of Education's interest in the NII and the new information technologies.

Secretary Brown noted that a key issue that all of the IITF Committees are facing is security. On the telecommunications side, a reliable network is essential for the NII to function. On the information side, protection of individual privacy and intellectual property requires strong, easy-to-use security technologies. Both of these kinds of applications mean new technologies are needed. To promote

coordination and cross-fertilization on security issues, Sally Katzen will soon be hosting a general meeting on the subject of NII security, to be held in February.

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The Technology Policy Working Group was created to ask the tough technology questions about how we can create interoperable and scalable technologies. The group will address the issue of how to lay out the technology road maps. The need for a public-private dialogue is crucial here. This group will be co-sponsoring with industry groups a conference on the NII at the end of February. The High Performance Computing, Communications and Information Technology Subcommittee is coordinating the technology programs. This is a critical piece of the NII effort.

Dr. Prabhakar then summarized the activities of the full Committee on Applications and Technology. The Committee is compiling a list of current applications in each agency and the nature of the application (e.g., government services, education). The Committee has put this information on-line. This will provide easy reference for when a person asks, for example, what the government is doing with respect to applications of technology to education.

The Committee also has examined NII issues that cut across applications arenas. The Committee looked at the following application arenas: health care, environmental monitoring, manufacturing, electronic commerce and telecommuting, government services, education, and libraries. The important cross-cutting issues that emerged are: providing equitable access, user acceptance, privacy, user training, organizational learning, private-sector acceptance of government technology, intellectual property rights, information security, information access, information and data standards, conversion of information, user-friendly hardware and software, interoperability standards, scalability, cost and pricing, and public funding. The Committee's current project is the development of a group of NII applications strategies. It will begin by focusing on the application areas listed above. The Committee will provide a snapshot of where we are today and a road map for how we get to where we want to be. The Committee is working with the Council on Competitiveness to enable the IITF and the Council on Competitiveness to co-host an applications conference in the summer.

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### **ADOPTION OF COMMITTEE CHARTERS AND WORK PLANS**

Secretary Brown moved for the adoption of the charters and work plans of the various committees. The motion passed unanimously.

### **NII ADVISORY COUNCIL AND OUTREACH DISCUSSION**

Secretary Brown stated that the NII Advisory Council is an extremely important asset. Its members have a lot of talent and expertise. The Advisory Council can have valuable input on the question of the role of government in the NII and on questions concerning privacy.

### **DEPARTMENT/AGENCY REPORTS ON ACTIVITIES TO PROMOTE THE NII**

#### Department of Energy

The five priority Department of Energy infrastructure applications are: (1) environmental restoration and waste minimization; (2) manufacturing; (3) education, focused at the pre-college level and on involving more women and minorities in science; (4) digital libraries; and (5) energy demand and supply management -- the ability of the consumer and the power companies to interactively determine usage patterns (especially important given the power crisis in D.C. last Thursday).

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DOE is working on interactive video over Internet. DOE has used the Internet in exercises with K-12 children in Tennessee, Iowa, and New Mexico. The Department also is developing an electronic textbook using Mosaic.

#### NASA

NASA's contributions to the creation of a NII include: (1) applications of remote sensing data; (2) education, training, and lifelong learning; and (3) health care and telemedicine; and (4) development of digital libraries. NASA is working with DOE, NSF, and the Department of Education on educational issues. It also is working with the U.S. Postal Service, the IRS, and EPA to develop

certification and authentication applications. In the area of health care, NASA has been involved in using satellites to provide remote medical assistance.

The NII will be used improve NASA's ability to operate effectively. NASA hopes to institute electronic contracting and solicitation. It seeks to use Internet to let the public direct questions to NASA scientists.

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### Department of Agriculture

The Department of Agriculture has been involved in programs promoting distance learning to rural areas and loans to rural telephone companies for constructing digital switches. Over the past forty years, the Department has furnished loans and loan guarantees through the Rural Electrification Administration.

### **ADJOURNMENT**

Secretary Brown stated that he was greatly encouraged by the number of creative ideas. He noted that there is a lot of talent in the IITF and on the NII Advisory Council and we will call on it as we go forward. Secretary Brown thanked everyone and adjourned the meeting at 12:00 p.m.

### ATTENDEES:

Secretary Ronald H. Brown, DOC  
Secretary Richard Riley, ED  
Kathy Aterno, EPA  
Duane Adams, DOD/ARPA  
D. James Baker, DOC

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## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. minutes	re: NIITF meeting [partial] (2 pages)	01/25/1994	P3/b(3)

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**COLLECTION:**

Clinton Presidential Records  
Council of Economic Advisers  
Stiglitz, Joseph  
OA/Box Number: 9563

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Telecommunications - NII (National Information Infrastructure) [2]

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- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

David Barram, DOC  
Lawrence E. Barrett, SBA  
Yvette Barrett, DOC/NTIA  
James H. Billington, Library of Congress  
Christopher Bullock, EPA  
Melvyn Ciment, NSF  
Stephen R. Colgate, DOJ  
Roger M. Cooper, DOJ  
(b)(3)  
Carol C. Darr, DOC  
Brad DeLong, Treasury  
Michele Farquhar, DOC/NTIA  
Randy Feuerstein, Interior  
James J. Flyzik, Treasury  
Dirk Forrister, DOE  
Howard Frank, DOC/APPA  
Cita Furlani, DOC/NIST  
Jock Gill, EOP/Media Affairs  
John Gilsean, State  
Administrator Daniel S. Goldin, NASA  
Adam M. Golodner, Agriculture  
Jim Gray, TVA  
Jane Bortnick Griffith, Library of Congress  
John Grimes, DOD  
Dan Grulke, DOD  
Keith D. Hahn, NSC  
Janet Handal, DOD/ARPA  
Lee B. Holcomb, NASA  
Larry Irving, DOC/NTIA  
Administrator Roger Johnson, GSA  
Anita K. Jones, DOD  
Tom Kalil, NEC  
Charles Kalina, HPCC/OSTP  
Sally Katzen, OMB  
Maureen Kennedy, HUD  
Deborah Knopman, Interior  
Madeline Kunin, ED  
Kelly Levy, DOC/NTIA  
Blair Levin, FCC  
Robert E. Litan, DOJ  
David Lytel, DOC/NIST  
Sarah Maloney, DOC/NTIA  
Mark N. Mandell, DOC/NIST  
Vonya B. McCann, State  
Bruce McConnell, OMB  
Denise Michel, DOC  
Alicia Munnell, Treasury  
Edward Murphy, Treasury

[ 002 ]

David Nelson, DOE  
Michael Nelson, OSTP  
Robert Pepper, FCC  
Robert Peters, Agriculture  
Terry Peterson, ED  
Robert Portman, Labor  
Arati Prabhakar, DOC/NIST  
Robert Reisner, U.S. Postal Service  
Kathleen Roberts, DOC/NIST  
Linda Roberts, ED  
Jon Seymour, DOT

(b)(3)

Joe Stiglitz, CEA  
Neil J. Stillman, DHHS  
Jay Stowsky, CEA  
Thomas J. Sugrue, DOC/NTIA  
Eugene K. Taylor, DOT  
Jim Vollman, Labor  
William M. Webster, ED  
Tatia Williams, DOC/NTIA

# SET  
(Telecom)  
NTII

**FAX FOR:**

**Bingaman, Litan**

**Stiglitz, Baker**



**Thornton**

**Edley**

**Neihardt**

**Kalil**

**Simon**

**Pepper**

**Nelson**

**Licht**

**Total of 5 pages including this cover sheet. If transmission is not complete, please call 202-482-1835.**

DRAFT

## LEGISLATIVE OUTREACH TIMETABLE

Before Dec. 20	<u>Vice President/Secretary Brown meetings:</u> Vice President Gore and Secretary Brown to meet with key House and Senate Committee Chairmen and members
Late Dec./ early Jan.	<u>Administration-hosted event:</u> Vice President Gore-hosted event (with Secretary Brown and Legislative Task Force) related to telecommunications and infrastructure development for key Hill telecommunications policy staff
Early Jan.	<u>Legislative outreach:</u> Bingaman/Irving/others to meet with key Senate and House Commerce and Judiciary Members and staff
Ongoing	<u>Weekly Meetings with Hill staff:</u> Legislative Task Force representatives (NTIA, DOJ and others) to meet with key Hill staff prior to introduction of Administration bill
Jan. 21- early Feb.	<u>Introduction of bill:</u> Public introduction of Administration bill (depending on progress of discussions with Hill Members and staff)

DRAFT

LIST OF PRIVATE SECTOR REPRESENTATIVES  
FOR THE VICE PRESIDENT'S MEETING ON NII LEGISLATION

## RBOCS

Gary McBee, Chairman  
United States Telephone Association  
202/835-3100

John Clendenin, Chairman & Chief Executive Officer  
BellSouth Corporation  
404/249-2000

William Ferguson, Chairman & Chief Executive Officer  
Nynex Corporation  
212/370-7400

Richard McCormick, Chairman, President & Chief Executive Officer  
U S West  
303/793-6500

## UNITY COALITION

Brian Moir, Chairman  
Unity Coalition  
202/331-9852

-- plus one additional designate from the coalition to be  
determined

## LONG DISTANCE

Robert Allen, Chairman  
AT&T  
201/221-2000

G. M. Lowrie, Senior Vice President  
Federal Government Affairs  
AT&T's Washington Office  
202/457-3802

Bert Roberts, President  
MCI  
202/872-1600

Gary M. Parsons, Senior Vice President  
Corporate and Public Policy  
MCI  
202/887-2400

## COMPETITIVE LONG DISTANCE

James M. Smith, President  
Competitive Telecommunications Association  
202/296-6650

Roy Wilkens, President and Chief Executive Officer  
WilTel, Inc.  
918/588-3342

Bernard Ebberts, President and Chief Executive Officer  
LDDS Communications  
601/360-8600

## CABLE

Decker Anstrom, Acting President  
National Cable Television Association  
202/775-3651

Richard D. Roberts, Chairman  
National Cable Television Association  
804/624-5002

## CELLULAR

Thomas E. Wheeler, President & Chief Executive Officer  
Cellular Telephone Industry Association  
202/785-0081

Wayne M. Perry, Chairman  
Cellular Telephone Industry Association  
206/828-8485

## ALTERNATE ACCESS

Heather Burnett Gold, President  
Association for Local Telecommunications Services  
202/466-ALT1

Gary Lasher, Chairman  
Association for Local Telecommunications Services  
215/992-8507

## NEWSPAPERS

Cathleen Black, President  
Newspaper Association of America  
202/638-4770

Donald E. Newhouse, Chairman  
Newspaper Association of America  
201/877-4141

## MANUFACTURING

Alan (Mike) Fricchkorn, President  
Telecommunications Industry Association  
202/457-7737

Patrick Welker, Chairman  
Telecommunications Industry Association  
807/540-8265

## BROADCAST

Edward O. Fritts, President  
National Association of Broadcasters  
202/429-5300

Gary R. Chapman, Chairman  
National Association of Broadcasters  
401/454-2880

## COMPUTER INDUSTRY

On December 17th, the Computer Systems Policy Project will hold a meeting of its members in Washington, D.C. The Vice President might want to meet with the CSPP CEO's at that time. CSPP's Executive Director is Ken Kay, 202/628-1700.

EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON, D.C. 20500

F  
SIT  
(MII)

February 7, 1994

MEMORANDUM FOR GREG SIMON  
CHIEF DOMESTIC POLICY ADVISOR FOR  
THE VICE PRESIDENT

FROM:

JOSEPH STIGLITZ  
JONATHAN BAKER

*JS*  
*JB*

SUBJECT:

Draft Letter to the Editor of the Wall Street  
Journal

In response to your request, we have drafted a letter to the editor of the Wall Street Journal for the Vice President to send in response to Allan Murray's January 31, 1994 column on universal service.

If you think it would be useful, we could expand on the problems with the \$20 billion figure Murray employs. Please let us know if we can help further on this or other matters.

Attachment

DRAFT 2/7/94

To the Editor:

Imagine large numbers of citizens unable to use the public library, stop by town hall, attend school, visit the movie theater, shop at the mall, or go to work at an office downtown. Their individual lives--and the life of our community--would be tragically impoverished.

Yet this will be our future unless all Americans who desire it have easy, affordable access to advanced communications and information services. As the National Information Infrastructure (NII) develops, society will increasingly turn to it for access to education and community services, news and information, entertainment and shopping, and work. And the NII itself will become more valuable to each of us as more and more of our friends and neighbors are connected to it.

In the early part of this century, when electric power stopped being a curiosity and became a necessity, President Franklin Roosevelt and the Congress developed a program to extend electric service to previously unserved rural regions. Similarly, the United States has long been committed to the widespread availability of basic telephone service at affordable rates. But as telecommunications capabilities advance, and the NII develops, the concept of "universal service" must advance as well. When advanced communications technologies become as important to modern life as the telephone, electric power and public schooling are today, we must ensure that these enhanced services too are available to all.

For this reason, we must charge the FCC and the States with continuing responsibility to review and revise universal service objectives to meet changing circumstances. To get this process underway, I recently challenged industry to connect all of our classrooms, libraries, hospitals and clinics by the year 2000, and I have been delighted with the private sector response.

Alan Murray's recent skepticism about the wisdom of our Nation's universal service commitment is difficult to understand. His first concern is that a revised universal service obligation will be too expensive for the country to afford. Yet the primary danger is just the reverse: our society cannot afford the failure to connect large segments of our Nation to the information highways. Just as Congress, the Executive Branch, the FCC, and the States will share responsibility for reviewing and revising the nature of our universal service obligation, these governmental entities also will share responsibility for meeting those obligations in a financially responsible manner. (And the likely size of these obligations is far less than the \$20 billion figure Murray has unquestioningly adopted from a study commissioned by the threatened local telephone companies.)

Murray's second concern--that access to the NII is somehow not important because the information superhighway can supply entertainment as well as education, employment, and health information--is a remarkable complaint to read in a business-oriented publication. We all recognize that a high school auditorium is no less essential to a community because it is used for dances and films as well as lectures, meet-the-candidates programs, and job fairs. The same principle applies to the NII.

Finally, Murray complains that the benefits of universal service will not be targeted to the poor. The Administration is also concerned about ensuring access to the NII for the disadvantaged. That is why our proposal will make it possible for the FCC and the States to do so, and for them to identify other appropriate beneficiaries for universal service subsidies--including schools, hospitals, and those who now have access "lifeline" telephone service.

We must avoid creating a society of information "haves" and "have nots." The most important steps we are taking to accomplish this end are to adopt policies that encourage competition, and so result in lower prices for everyone. The lower the price, the less need for subsidies. But in addition, the Administration is committed to updating the concept of universal service to recognize the information needs of the American people in the 21st century.

Al Gore

DEC 7 - 4:00

Post-It™ brand fax transmittal memo 7671		# of pages ▶ 6
To: Stiglitz, Joe	From: Larry Irving	
Co.	Co.	
Dept.	Phone #	
Fax #	Fax #	



**UNITED STATES DEPARTMENT OF COMMERCE**  
**National Telecommunications and**  
**Information Administration**  
 Washington, D.C. 20230

*FSR (M11)*

December 7, 1993

MEMORANDUM FOR

Commerce: Jonathan Sallet  
 Justice: Ann Bingaman, Bob Litan, David Turetsky,  
           Rich Rosen  
 CEA: Joe Stiglitz, Jonathan Baker, Elizabeth  
        Schneirov  
 Leg. Affairs: Tracy Thornton  
 OMB: Chris Edley, Jonas Neihardt, Sally Katzen,  
        Bruce McConnell  
 NEC: Tom Kalil  
 OSTP: Mike Nelson  
 OVP: Greg Simon, Jim Kohlenberger  
 FCC: Bob Pepper, Merrill Spiegel

FROM: Larry Irving *ll*  
 SUBJECT: Background for Today's Conference  
           Call, 4:00 p.m.

Attached is a copy of the regulatory asymmetry options memo for this afternoon's conference call.

Please note the dates and times (room number subject to change) for the next two meetings of the Legislative Task Force:

- Thursday, 3:00-6:00 p.m., Room 230 OEOB  
 (includes one hour session w/CSPP staff at 3:00)
- Monday, 2:00-6:00 p.m., Room 230 OEOB  
 (includes two or three hour session with panel of telecommunications experts/academics)

Attachment

DRAFT December 3, 1993

MEMORANDUM FOR: The Vice President  
Secretary Brown

FROM: Legislative Drafting Team

SUBJECT: NII LEGISLATION

As you know, there is general consensus within the Administration that, in drafting NII legislation, we will propose allowing telephone companies (telcos) to provide video programming in their local telephone service areas, subject to certain conditions and safeguards, including some form of nondiscriminatory access or common carrier obligations (e.g., the "video dialtone" rules adopted by the FCC in July 1992). Both telecommunications reform bills now pending in Congress (S. 1086 and H.R. 3636) adopt this general approach, although they differ about the associated conditions and safeguards.

However, if telco entry into video services occurs subject to such common carrier obligations, telcos will be subject to regulatory requirements not faced by their principal competitors – incumbent cable systems. There are concerns that such "asymmetric regulation" may give cable systems an unwarranted competitive advantage. The attached memorandum offers several options for addressing this potential problem, as well as the pros and cons of each alternative.

THE APPROPRIATE REGULATORY TREATMENT  
OF TELCOS AND CABLE SYSTEMS WHEN THEY PROVIDE VIDEO SERVICES

**Option 1: Retain the "current" approach** (assuming some form of pending legislation passes) -- Telcos providing video services will be subject to statutory common carrier obligations not faced by competing cable systems.

Pros

Major changes to the present structure will be difficult. It is highly unlikely, for example, that Congress will impose common carrier obligations on cable systems so soon after it altered the cable regulatory landscape in 1992.

Imposing common carrier obligations on cable firms now, given current technology, would be disruptive to existing cable systems and their subscribers, at least where capacity is, or is nearly, filled already.

Cable firms are already subject to common carrier-like "leased access" requirements, which the FCC is now assessing on reconsideration.

It is even more unlikely that Congress will allow telcos to provide video in their service areas without some common carrier obligations:

- Virtually all parties involved in the debate over telco entry, including telcos themselves, assume some such obligations.
- Where telcos provide voice, data, and video services over integrated transmission facilities, it would be difficult to treat portions of those facilities differently for regulatory purposes.
- There are concerns that telcos may use their dominant position in the local telephone services market to become the dominant providers of video distribution facilities in the long term. Imposing a common carrier obligation on them now may avoid problems in the future.

Cons

Cable systems are **now** the dominant providers of video distribution facilities. Arguably, expanded common carrier obligations for cable are appropriate whether or not telcos become video companies. Telco entry into cable could be the occasion to impose such obligations. Conversely, action that would permit cable companies to offer telephone service might be the occasion for this treatment.

Moreover, cable systems may become the dominant providers of switched broadband facilities in the long run. Failing to impose common carrier obligations now may make it more difficult to do so later.

Asymmetric regulation creates the paradoxical situation that new telco entrants in the video market will face regulatory burdens not imposed on incumbent cable systems.

If the goal is to increase competition in delivery of video services, removal of as many regulatory burdens as possible on new entrants may be appropriate. In a competitive environment, regulatory requirements may be unnecessary and, potentially counterproductive. Thus it might be possible to couple the imposition of nondiscriminatory access requirements with freedom from other, more burdensome, requirements.

**Option 2: Treat telcos as common carriers; provide inducements for cable systems to provide facilities on a common carrier basis or condition common carrier treatment on the entry of cable into telco services:** Eliminate franchise requirements, rate regulation, and other Cable Act restrictions for cable systems, or condition cable entry into telco services, on the voluntary provision by cable companies of access to their distribution facilities on a nondiscriminatory or common carrier basis. [Note: Presumably under the "inducement" approach the same requirements would be eliminated for telcos offering video services as well.]

#### Pros

Creating cable common carrier obligations in this fashion would be less disruptive to cable systems and their customers than would imposition of such requirements.

Although Congress may be unwilling to impose common carrier obligations on cable systems, it may be less opposed to the notion of inducing systems to accept such obligations in return for major regulatory relief, or when cable enters areas traditionally regulated on a common carrier basis.

#### Cons

This approach would not eliminate the regulatory asymmetry between cable and telcos in the short run. [With current cable technology, it would be difficult for many cable systems to elect the common carrier option.] Nor is it certain to eliminate that asymmetry in the long term.

Congress would likely not agree to free cable systems from the various Cable Act requirements, even in return for cable's assumption of common carrier responsibilities unless, at the very least, cable systems faced some actual competition. In fact, both S. 1086 and H.R. 3636 contemplate imposing certain Cable Act requirements on telco video providers even though they will also have common carrier obligations.

Imposing common carrier obligations on cable companies' video service offerings upon their provision of telco services would create a disincentive for cable companies to offer telco services.

**Option 3:** Retain the "current approach," but instruct the FCC to reconsider whether to impose some types of common carrier obligations on cable systems at some specified future date(s) (e.g., [ ] years after enactment of legislation; every [ ] years after enactment). Give the FCC authority to impose such obligations if necessary.

Pros

The approach proposed in Option 2 may not induce enough cable systems voluntarily to assume common carrier responsibilities. Further government action may be needed.

Delegating the question to an expert administrative agency means that the issue will be considered with a thoroughness, speed, and subtlety that frequently is not possible in the legislative area.

Cons

This approach would not eliminate the regulatory asymmetry between cable and telcos for a considerable period of time, if at all.

This approach may create uncertainty with the cable industry as to the regulatory landscape in the future.

The following proposal addresses concerns that large cable multiple system operators may have sufficient market power to impede the growth of new video programming and, thereby, reduce the diversity of programming available to consumers. It could be adopted independently or in conjunction with the options discussed above.

*private comm  
basis*

**Option 4: Cable operators that serve more than [ ]% of all households subscribing to cable television nationwide must divest their ownership interests in any cable programming within [ ] years, unless they afford unaffiliated programming providers nondiscriminatory access to the operators' cable systems.**

Pros

There are legitimate concerns that cable operators serving a significant portion of the nation's cable subscribers may, by denying access to their systems, prevent the development and growth of new video programming sources and diminish the diversity of programming available to television viewers.

Foregoing divestiture in return for a cable operators' acceptance of common carrier obligations may secure the best of both worlds: (1) the efficiency benefits of vertical integration between programmers and distributors and (2) creation of common carrier obligations that would substantially reduce cable systems to adversely affect further growth in the programming market.

Cons

Because it is difficult to determine the share of nationwide subscribers that would give a cable operator market power vis-a-vis programmers, any subscribership trigger for divestiture would be somewhat arbitrary.

Barring firms from owning programming would raise serious First Amendment issues, as well as eliminate possible economic efficiencies associated with vertical integration.

Congress addressed cable programming issues in the 1992 Cable Act by imposing a variety of measures on program access, as well as limitations on cable system ownership of programming carried on their systems. It is unlikely that Congress would be eager to revisit this controversial area so soon after the 1992 Act.

Opposition from affected cable operators would be strong and focused.

THE WHITE HOUSE

WASHINGTON

December 8, 1993

FSIT  
(Nelson)

MEMORANDUM FOR THE VICE PRESIDENT

FROM: JONATHAN BAKER  
SENIOR ECONOMIST, COUNCIL OF ECONOMIC ADVISERS  
MICHAEL NELSON  
SPECIAL ASSISTANT FOR INFORMATION TECHNOLOGY,  
OFFICE OF SCIENCE AND TECHNOLOGY POLICY

SUBJECT: Possible NII Signature Items

The NII Legislative Working Group has been discussing the following possible "signature items" for an Administration bill on telecommunications policy. You may wish to raise any or all of these possibilities in your upcoming discussions with Congressional leaders. Detailed proposals will be submitted for your review later.

1. Regulatory evolution: Creating a regulatory framework that will allow regulation to be tailored to changing competitive conditions in the relevant markets and permit regulation to "wither away" when competition makes it unnecessary.

This proposal would distinguish the Administration's legislative proposal from existing bills by incorporating a long-run vision. It would promote private investment in the information infrastructure by offering firms the prospect of freedom from unnecessary regulatory constraints. The FCC's ability to do this under the current Communications Act is limited.

2. Unbundling: Allowing RBOCs to enter all lines of business if they agree to "unbundle" the "local loop," along with adopting certain safeguards to protect against regulatory evasion and anticompetitive discrimination against rivals.

The form of the necessary safeguards is under discussion (e.g., divestiture of the local loop, separate affiliates, and/or regulatory prohibitions against discrimination).

3. Regulatory symmetry: Giving the FCC the authority to impose common carrier obligations on cable systems when those systems provide two-way services, in order to ensure "regulatory symmetry" and open access.

You accepted the broad outline of this proposal this morning (option 3).

4. Programming ownership restrictions: Prohibiting cable operators and telephone companies that provide cable television from owning cable programming if they serve more than a minimum fraction of households nationwide.

You accepted the broad outline of this proposal this morning (option 4).

5. Widespread availability: Strengthening the provisions in existing legislative proposals for "universal service" for everyone and "open access" for all service providers.

6. Improving governmental responsiveness: Obtaining "fast track" consideration by Congress and/or the FCC of Executive Branch (e.g. NTIA) recommendations for modifications of statutes or agency rules, and/or revising administrative procedures imposed by the courts that slow FCC rulemaking.

JES  
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(Telecom)  
MI

EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON, D.C. 20500  
December 2, 1993

MEMORANDUM FOR NII LEGISLATIVE WORKING GROUP

FROM: JONATHAN B. BAKER *JBB*  
SENIOR ECONOMIST

SUBJECT: Recent Studies of Job Creation from Lifting Line-of-Business Restrictions on Baby Bells

Last July, the WEFA Group, a private consulting firm hired by the seven Baby Bell companies, issued a study of the consequences of lifting legal restrictions that keep the Bell Operating Companies from providing long-distance telephone service and video programming, and from manufacturing telecommunications equipment. The study concluded that removing the restrictions would generate 3.6 million new jobs, increase real GDP by \$247 billion, and save consumers a total of \$630 billion over the next decade. According to a follow-up study issued in November by the Economic Policy Institute, the new jobs would be quality, high wage jobs with attractive demographics: they would tend to go to less-educated blue-collar workers, minorities, and unionized sectors. Because the claimed benefits of ending the line-of-business restrictions are enormous, I thought it worthwhile to review the WEFA study, talk with its author, and share what I have learned.

My primary conclusion is that the study is not really about the benefits of removing line-of-business restrictions on the Baby Bells. It merely assumes, with no serious analysis, that removing the line-of-business restrictions would lead to a 50 percent reduction in the average price of telecommunications services (relative to what otherwise would have occurred) over the next 10 years. Accordingly, any regulatory change or technological innovation that results in a 50 percent decline in the average price of telecommunications services over the next decade would generate the same economic benefits.

Moreover, over two-thirds of the consumer benefits claimed by the study come from lowering the price of long-distance services. Long-distance prices are assumed to fall because an additional firm, the local Baby Bell, will compete with the three leading long-distance providers (AT&T, MCI, and Sprint). While more competition in the long-distance market would surely be beneficial, it is implausible that adding one significant long-distance carrier will so increase the degree of competition and innovation in that market that it will effectively halve the average price of telecommunications services.

It is not surprising that a 50 percent decline in the price of services in an important sector of the economy would create terrific economic gains. (A 50 percent decline in the price of oil would have similarly enormous economic benefits.) The main problem with the WEFA study is that it fails to explain why freeing the RBOCs from line-of-business restrictions would lead to such a price decline.

FSJ  
(Telcom MTL)

DRAFT December 7, 1993

MEMORANDUM FOR: The Vice President  
Secretary Brown

FROM: Legislative Drafting Team

SUBJECT: NII LEGISLATION

As you know, there is general consensus within the Administration that, in drafting NII legislation, we will propose allowing telephone companies (telcos) to provide video programming in their local telephone service areas, subject to certain conditions and safeguards, including some form of common carrier obligations (e.g., the "video dialtone" rules adopted by the FCC in July 1992). The use of the term "common carrier" implies nondiscriminatory access and interconnection obligations, as well as government authority to regulate prices (although that authority might not be exercised). Both telecommunications reform bills now pending in Congress (S. 1086 and H.R. 3636) adopt this general approach, although they differ about the associated conditions and safeguards.

However, if telco entry into video services occurs subject to such common carrier obligations, telcos will be subject to regulatory requirements not faced by their principal competitors -- incumbent cable systems. There are concerns that such "asymmetric regulation" may give cable systems an unwarranted competitive advantage. The attached memorandum offers several options for addressing this potential problem, as well as the pros and cons of each alternative. This memorandum assumes that such regulations will be removed when, because of increased competition, they are no longer necessary.

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To J. BAKER	From M. FARQUHAR
Co.	Co.
Dept.	Phone #
Fax #	Fax #

Post-It™ brand fax transmittal memo 7671 # of pages ▶ 4

To JOE STIGLITZ	From M. FARQUHAR
Co.	Co.
Dept.	Phone #
Fax #	Fax #

THE APPROPRIATE REGULATORY TREATMENT  
OF TELCOS AND CABLE SYSTEMS WHEN THEY PROVIDE VIDEO SERVICES

**Option 1: Retain the "current" approach** (assuming some form of pending legislation passes) -- Telcos providing video services will be subject to statutory common carrier obligations not faced by competing cable systems.

Pros

Major changes to the present structure will be difficult. It is highly unlikely, for example, that Congress will impose common carrier obligations on cable systems so soon after it altered the cable regulatory landscape in 1992.

Imposing common carrier obligations on cable firms now, given current technology, would be disruptive to existing cable systems and their subscribers, at least where capacity is, or is nearly, filled already.

Cable firms are already subject to common carrier-like "leased access" requirements, which the FCC is now assessing on reconsideration.

It is even more unlikely that Congress will allow telcos to provide video in their service areas without some common carrier obligations:

- Virtually all parties involved in the debate over telco entry, including telcos themselves, assume some such obligations.
- Where telcos provide voice, data, and video services over integrated transmission facilities, it would be difficult to treat portions of those facilities differently for regulatory purposes.
- There are concerns that telcos may use their dominant position in the local telephone services market to become the dominant providers of video distribution facilities in the long term. Imposing a common carrier obligation on them now may avoid problems in the future.

Cons

Cable systems are now the dominant providers of video distribution facilities. Arguably, expanded common carrier obligations for cable are appropriate whether or not telcos become video companies. Telco entry into cable could be the occasion to impose such obligations. Conversely, action that would permit cable companies to offer telephone service might be the occasion for this treatment.

Moreover, cable systems may become the dominant providers of switched broadband facilities in the long run. Failing to impose common carrier obligations now may make it more difficult to do so later.

Asymmetric regulation creates the paradoxical situation that new telco entrants in the video market will face regulatory burdens not imposed on incumbent cable systems.

If the goal is to increase competition in delivery of video services, removal of as many regulatory burdens as possible on new entrants may be appropriate. In a competitive environment, regulatory requirements may be unnecessary and, potentially counterproductive. Thus it might be possible to couple the imposition of nondiscriminatory access requirements with freedom from other, more burdensome, requirements.

**Option 2: Treat cable systems as common carriers when they provide "two-way" services; if they do so, provide relief from certain forms of cable regulation:** When cable companies offer two-way services, they would be treated as common carriers. However, at the same time, franchise requirements, cable rate regulation, and other Cable Act restrictions for cable systems would be eliminated. [Note: Presumably under this approach the same requirements would be eliminated for telcos offering video services as well.]

#### Pros

Creating cable common carrier obligations in this fashion would be less disruptive to cable systems and their customers than would imposition of such requirements at the present time.

Although Congress may be unwilling to impose common carrier obligations on cable systems, it may be less opposed to the notion of inducing systems to accept such obligations in return for major regulatory relief, or when cable enters areas traditionally regulated on a common carrier basis.

#### Cons

This approach would not eliminate the regulatory asymmetry between cable and telcos in the short run.

Congress would likely not agree, and it may be poor public policy, to free cable systems from the various Cable Act requirements, even in return for cable's assumption of common carrier responsibilities unless, at the very least, cable systems faced some actual competition. In fact, both S. 1086 and H.R. 3636 contemplate imposing certain Cable Act requirements on telco video providers even though they will also have common carrier obligations.

Imposing common carrier obligations on cable companies' video service offerings upon their provision of two-way services would create a disincentive for cable companies to offer such services.

**Option 3:** Retain the "current approach," but instruct the FCC to reconsider whether to impose some types of common carrier obligations on cable systems either (a) at some specified future date(s) (e.g., [ ] years after enactment of legislation; every [ ] years after enactment), or (b) pursuant to criteria established in legislation that would identify the market conditions that would warrant reexamination. Give the FCC authority to impose such obligations if necessary.

#### Pros

The approach proposed in Option 2 may not induce enough cable systems to assume common carrier responsibilities. Further government action may be needed.

Delegating the question to an expert administrative agency means that the issue will be considered with a thoroughness, speed, and subtlety that frequently is not possible in the legislative area.

This approach provides flexibility to require regulatory symmetry when it is appropriate, and permits the FCC to decide when that moment occurs and the types of obligations that should apply.

#### Cons

This approach potentially would not eliminate the regulatory asymmetry between cable and telcos for some time, if at all.

This approach may create uncertainty with the cable industry as to the regulatory landscape in the future.

The following proposal addresses concerns that large cable multiple system operators may have sufficient market power to impede the growth of new video programming and, thereby, reduce the diversity of programming available to consumers. It could be adopted independently or in conjunction with the options discussed above.

**Option 4: Cable operators and telcos that serve more than [ ]% of all households subscribing to cable television nationwide (e.g., 20%) must divest their ownership interests in any cable programming within [ ] years.**

#### Pros

There are legitimate concerns that cable operators serving a significant portion of the nation's cable subscribers may, by denying access to their systems, prevent the development and growth of new video programming sources and diminish the diversity of programming available to television viewers.

This option preserves the efficiency benefits of vertical integration between programmers and distributors for those cable systems and telcos under the percentage limit.

#### Cons

Because it is difficult to determine the share of nationwide subscribers that would give a cable operator market power vis-a-vis programmers, any subscribership trigger for divestiture would be somewhat arbitrary.

Cable operators can be expected to argue that barring firms from owning programming would raise serious First Amendment issues, as well as eliminate possible economic efficiencies associated with vertical integration. (DOJ and CEA, respectively, do not believe these concerns to be significant.)

Congress addressed cable programming issues in the 1992 Cable Act by imposing a variety of measures on program access, as well as limitations on cable system ownership of programming carried on their systems. It is unlikely that Congress would be eager to revisit this controversial area so soon after the 1992 Act.

Political opposition from affected cable operators would be strong and focused.



THE VICE PRESIDENT  
WASHINGTON

(F) Sit  
(Telecom  
com)  
(MII)  
Baker

December 2, 1993

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENT AND AGENCIES  
FROM: THE VICE PRESIDENT **AG**  
RE: NEXT STEPS FOR THE INFORMATION  
INFRASTRUCTURE TASK FORCE

Attached is a memo from Secretary Ron Brown summarizing the first meeting of the Information Infrastructure Task Force (IITF) and outlining the plans of the task force. I attended the meeting and was impressed by the progress that the IITF has made and the strong commitment of the participating agencies to promoting the development and use of "information superhighways."

As discussed at the first IITF meeting, the Administration is moving ahead aggressively to (1) accelerate the development of the National Information Infrastructure (NII), (2) ensure that all Americans can enjoy the benefits of that infrastructure, and (3) improve the way the Federal government uses information technology. The attached memo describes ways your agency can contribute to this effort. For example, it follows up on my request for a short report from each agency on existing and planned activities to promote the NII.

At the meeting, we discussed the key role that information technology can play in reinventing government. I am personally very interested in seeing that all Federal employees have access to a government-wide electronic mail system and, through it, the Internet. With your help, this could be accomplished quite quickly.

Thanks again for your support of this important Administration initiative.



THE SECRETARY OF COMMERCE  
Washington, D.C. 20230

November 26, 1993

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: FOLLOW-UP TO THE OCTOBER 27 MEETING OF THE  
INFORMATION INFRASTRUCTURE TASK FORCE

On October 27, I convened the first meeting of the Information Infrastructure Task Force (IITF), which the President created to propose and help formulate and implement policies and initiatives needed to accelerate deployment of the National Information Infrastructure (NII). Both Vice President Gore and I were pleased with the level of agency involvement in and enthusiasm for the IITF. Our first meeting demonstrated a broad commitment to the Administration's NII goals outlined in The National Information Infrastructure: Agenda for Action, and we achieved consensus on an ambitious and productive workplan for the Task Force. The Vice President and I appreciate your contribution to this important initiative and look forward to working with you and your staff to implement our workplan. At its first meeting, the Task Force took the following actions, several of which involve your department:

- Agreed that all Federal employees should have access to government-wide electronic mail and directed the Committee on Applications and Technology (previously called the "Applications Committee") (through its Government Information Technology Services Working Group) to report to the IITF in January on our progress. **To assist in this effort, the interagency Electronic Mail Task Force will launch a survey to gather baseline statistics on agency connectivity. Please reply promptly.**
- Directed the Committee on Applications and Technology to report to the Task Force in January with an inventory of all agencies' current and planned activities to promote the NII. **If your agency has not done so, please report to the Committee on Applications and Technology by December 10 on your agency's NII-related efforts, including how your agency will use networking and computer technology to "reinvent government."**
- Approved the charters and workplans of the Task Force's committees—Telecommunications Policy Committee, Committee on Applications and Technology, and Information Technology Committee.

Additional information on these action items is attached. Also attached is a public summary of the IITF meeting (for distribution to the private sector), a government-internal IITF meeting summary, and information on the IITF Secretariat, which will be managed by the Commerce Department's National Telecommunications and Information Administration.

**Please note that the next meeting of the IITF will be held on Tuesday, January 25, 1994, at 10:00 a.m. (location to be announced). I look forward to seeing**

you there.

### GOVERNMENT-WIDE ELECTRONIC MAIL

The IITF agreed on the need for Federal employees to have access to government-wide electronic mail. In some agencies, almost every employee who has a computer is linked to the Internet, enabling rapid communications with colleagues throughout the Government and throughout the country, and giving employees access to thousands of databases around the world. Electronic mail is something that can be accomplished relatively quickly and inexpensively. There are concerns about costs, standards, and security, but many agencies have already demonstrated that these issues can be addressed.

The Task Force urges all agencies to make electronic mail access a top priority. In order to achieve this goal, the Government-wide Electronic Mail Task Force (EMTF) will track performance measures of our progress. Chartered by the Office of Management and Budget (OMB), the EMTF will report these findings to the Committee on Applications and Technology's Government Information Technology Services (GITS) Working Group. The EMTF is about to launch a survey to gather baseline statistics on agency connectivity, to which you should respond promptly. The EMTF contact is Dr. Neil Stillman, Deputy Assistant Secretary for IRM at the Department of Health and Human Services. He can be reached by phone at 202-690-6162, by fax at 202-690-8715 or by Internet at [neils@ospamm.ssw.dhhs.gov](mailto:neils@ospamm.ssw.dhhs.gov).

### INVENTORY OF GOVERNMENT NII APPLICATIONS

The IITF directed the Committee on Applications and Technology to provide a complete inventory of current and planned activities by January. The Committee will widely disseminate the results to the public electronically and in written form.

All agencies should complete their submissions to the inventory by December 10th. The information should be in the form provided by the Committee and include a few lines summarizing the goal of the project. Indicate whether the application is in the area of education, electronic commerce, environment, government services, health, libraries, manufacturing, or other.

Your agency's report should include those efforts which will use networking and computing technology to: improve the productivity of your agency's employees by providing them with better communications and access to information, improve service to your "customers" and assist the private sector in developing and deploying parts of the NII (e.g. through pilot projects). The latest version of the Committee's inventory is available electronically (request instructions from [ap-iitf@nist.gov](mailto:ap-iitf@nist.gov) or contact Bill Anderson at 301-975-2174 or [anderson@eeel.nist.gov](mailto:anderson@eeel.nist.gov)) or contact Cita Furlani by phone at 301-975-4529, by fax at 301-216-0529 or by Internet at [FURLANI@micf.nist.gov](mailto:FURLANI@micf.nist.gov).

## IITF COMMITTEE CHARTERS AND WORKPLANS

The IITF approved the charters and workplans for its three committees. The Committees and their working groups are summarized below. For more detailed information please refer to the October 27th IITF Briefing Book.

The **Committee on Applications and Technology** is coordinating the Administration's efforts to develop, demonstrate, and promote applications of information technology in manufacturing, education, health care, government services, libraries, and other social services. Arati Prabhakar, Director of the National Institute of Standards and Technology, chairs the Committee. The Committee recently created the GITS Working Group and plans to establish a second working group on technology policy.

The mission of the GITS Working Group will be to promote the improvement of agency performance through the use of information technology, accelerate the deployment of advanced networking technologies, and in conjunction with OMB and General Services Administration (GSA), establish procurement and implementation policies designed to improve productivity and reduce costs. The Working Group will be chaired by James Flyzik, Director of Telecommunications Management for the Department of Treasury. Mr. Flyzik served as co-leader of the National Performance Review's Information Technology Team. The Working Group will help implement the National Performance Review recommendations concerning information technology. In addition, it will consult with state and local governments to promote cooperation and information sharing and will make maximum use of existing interagency councils, working groups, task forces, and teams to carry out its objectives.

NOTE: Immediately after the IITF meeting on October 27th, 1993, the Applications Committee established a second working group on technology policy and, in the process, changed the name of the Committee to the Committee on Applications and Technology. The Technology Policy Working Group will address cross-cutting issues related to interoperability and scalability. The Working Group is expected to deal with issues such as protocols, standards, and interfaces, and to address such questions as government policy regarding high speed networks (ATM), HDTV, and other standards of vital importance to the NII. This Working Group will be chaired by Duane Adams, Deputy Director of ARPA and membership will be drawn from the agencies participating in the Committee on Applications and Technology.

The **Telecommunications Policy Committee**, chaired by Larry Irving, Assistant Secretary of Commerce for Communication and Information and Administrator, National Telecommunications and Information Administration, will formulate consistent Administration positions on key telecommunications and infrastructure issues. Two working groups report to the Telecommunications Policy Committee: the Universal Service Working Group, chaired by Larry Irving, and the International Telecommunications Policy Working Group, chaired by Carol Darr, Deputy General Counsel of the Department of Commerce. The Universal Service Working Group will work to ensure that all Americans have access to and enjoy the benefits of the NII. The

International Telecommunications Policy Working Group will examine telecommunications issues in an international context.

The **Information Policy Committee** is addressing critical information policy issues and has three working groups: Intellectual Property Rights, Privacy, and Government Information. The Information Policy Committee is chaired by Sally Katzen, head of the Office of Information and Regulatory Affairs at OMB.

The Working Group on Intellectual Property Rights is chaired by Bruce Lehman, Assistant Secretary and Commissioner of the Patent and Trademark Office of the Department of Commerce. It will develop proposals for protecting copyrights and other intellectual property rights in an electronic world.

The Working Group on Privacy is headed by Pat Faley, Acting Director of the Office of Consumer Affairs, Department of Health and Human Services. This group will design Administration policies to protect individual privacy in the context of the rapid increase in the collection, storage and dissemination of personal data in electronic form.

The Working Group on Government Information is chaired by Bruce McConnell, Chief of OMB's Information Policy Branch, Office of Information and Regulatory Affairs. This group focuses on ways to promote the dissemination of government information in electronic form.

#### IITF SECRETARIAT

The National Telecommunications and Information Administration (NTIA) will serve as the Secretariat for the IITF and for the private sector NII Advisory Council. The Secretariat will serve as the repository of all IITF information and as the coordinator of meetings, minutes and general correspondence. (A list of Secretariat functions is attached and more detailed information will be forthcoming). The contact person is Yvette Barrett. Please direct any questions you may have to her by phone at 202-482-1551, by fax at 202-482-1635 or by Internet at YBarrett@NTIA.DOC.GOV.

Again, thank you for your department's participation. I look forward to meeting with you in January.

  
RONALD H. BROWN

THE CLINTON ADMINISTRATION'S  
INFORMATION INFRASTRUCTURE TASK FORCE  
Chair: Ronald H. Brown, Secretary of Commerce  
Government-Internal Minutes of October 27, 1993, Meeting

**TIME AND PLACE:** 1:00 p.m. Vice President's Ceremonial Office,  
Old Executive Office Building

**PURPOSE** To demonstrate a broad commitment to the Administration's goals outlined in The National Information Infrastructure: Agenda for Action and to achieve consensus on an ambitious and productive workplan for the Task Force.

**SUMMARY OF THE MEETING**

**OPENING REMARKS**

Secretary Brown opened the meeting with welcoming remarks. Vice President Gore opened his remarks by noting how committed the Administration is to the success of this initiative. He stressed that everyone at the meeting would have critical roles in tackling difficult issues such as updating regulations that restrict investment in telecommunications, privacy protection, spectrum allocation and intellectual property protection. He requested a plan within 60 days outlining how each agency can contribute to and benefit from the NII. Each agency plan should broadly outline project goals and if possible, provide information on funding levels. The agency reports should flow through the Applications and Technology Committee (previously called the "Applications Committee").

**IITF OVERVIEW**

Secretary Brown remarked that he is committed both to the subject matter and to the interagency process. He noted how The National Information Infrastructure: Agenda for Action, released September 15, is a solid foundation for the implementation of the NII, adding that the purpose of the document was not to set positions, but to generate some momentum. He emphasized that the time to act is now since so much is happening in industry and on the Hill. The IITF will work with organized labor, state and local governments and Congress. He stressed forging a close partnership with the private sector while remaining conscious of the rural areas. The Advisory Council will help gather input and lay the groundwork to work through complex issues.

**IITF COMMITTEE REPORTS**

Sally Katzen, Administrator of the Office of Information and Regulatory Affairs, Office of Management and Budget (OMB), chairs the Information Policy Committee. The Information Policy Committee works on legal and policy issues that may interfere with the goal of making the NII the nation's primary information channel. In addition, the Committee works on such

crosscutting issues as security. Three working groups report to the Information Policy Committee: Privacy, Intellectual Property and Government Information.

Vice President Gore asked whether the mechanism of blanket licensing would be as useful in software as it is in the music industry. Ms. Katzen responded that he provided a useful avenue to explore.

The Working Group on Privacy was formed to design Administration policies to protect individual privacy despite the rapid increase in the collection, storage and dissemination of personal data in electronic form. The Group would like to see a statement of Fair Information Practices and Principles, and possibly a Privacy Protection Board. Ms. Katzen described the purpose of the Government Information Working Group as fostering the dissemination of government information. OMB recently revised A-130 and is now studying agency implementation if it. OMB will conduct a workshop on November 8 to teach electronic dissemination techniques. Also being established is a Government Information Locator System.

Larry Irving, Assistant Secretary of Commerce for Communications and Information and Chair of the Telecommunications Policy Committee gave his Committee's report. The Telecommunications Policy Committee has held three meetings. The August and September meetings addressed the NII: Agenda for Action. At the October 6th meeting the Committee began to look at regulatory issues and S. 1086. Other issues to be considered include investment, coordination with state and local governments, network reliability, and interconnection and interoperability. In addition, there is an ambitious private sector outreach program and a 20/20 Vision Project that asks telecommunications intellectuals to respond to the Agenda for Action.

The Telecommunications Policy Committee has thus far formed two working groups: Universal Service and International Telecommunications Policy. The purpose of the Universal Service Working Group is to ensure that both consumers and producers can achieve the access that they need. There will be universal service field hearings this year and in 1994.

The International Telecommunications Policy Working Group is chaired by Carol Darr, Deputy General Counsel of Department of Commerce. It will look at international issues that impact telecommunications policy.

David Barram, Deputy Secretary of Commerce, delivered the presentation for the Applications and Technology Committee which is chaired by Arati Prabhakar, Director of the National Institute of Standards and Technology. By October 30 the Applications and Technology Committee expects to have a list of projects online. By December 15 the Applications and Technology Committee will have identified private sector stakeholders and will have established an electronic forum for discussion and public input.

Reporting to the Applications and Technology Committee will be the Government Information Technology Services (GITS) Working Group, to be chaired by James Flyzik, Director of Telecommunications Management for the Department of the Treasury. GITS will be established before January 1 and will work on a strategy for government information technology development.

## APPROVAL OF CHARTERS AND DISCUSSION

The Committee approved the charters and workplans of the IITF's three Committees: Telecommunications Policy, Applications and Technology, and Information Technology.

Secretary Brown asked Task Force members to share with the group means of improving the government's information technology.

Brian Fontes, FCC Chief of Staff, commented that the licensing process at the FCC can take some time and that a number of industry groups have asked that the FCC allow electronic filing, which has been done on an experimental basis.

Dave Nelson of the Department of Energy commented that his department has implemented a new technology that will have a significant impact on the workplace. This technology is MBONE, which can run on high end PCs that offer video and white boards. As a multicast system, it can operate coast-to-coast and telecast major meetings.

Dan Golden, NASA Administrator, stated that NASA has done electronic conferencing, especially for procurement and small business, for quite some time.

Vice President Gore added that a Presidential Executive Order on that topic had been recently signed.

Anne Bingaman, Assistant Attorney General, Antitrust Division asked why the entire government is not on Internet. Vice President Gore responded, "Sounds like a job for reinvention," and then directed the Electronic Mail Task Force to explore the issue and to track performance measures of government progress.

Vice President Gore raised the issue that computer people in various departments are worried about security and that the topic of security demands more time and attention than it should.

Others raised concern about the procurement process and whether that would impede progress on the NII. Secretary Brown charged the Applications and Technology Committee with looking into the issue.

## SUMMARY OF ACTION ITEMS

- The Task Force agreed that all Federal employees should have access to government-wide electronic mail and directed the Applications and Technology Committee (through GITS) to report to the IITF in January on the progress made.
- The Task Force directed the Applications and Technology Committee to report in January on the inventory of all agencies' current and planned activities to promote the NII. If an agency has not done so, it should report to the Applications and Technology Committee by December 27th on its NII-related efforts, including how each agency will use networking and computer technology to "reinvent government."

- The Task Force approved the charters and workplans of the Task Force's Telecommunications Policy, Applications and Technology, and Information Technology Committees.

## ADJOURNMENT

The IITF will meet again on Friday, January 21, 1994, at 10:00 a.m. (the location to be announced). Secretary Brown adjourned the meeting.

## ATTENDEES:

Vice President Al Gore  
Secretary Ronald H. Brown  
Kathy Aterno, EPA  
David Barram, DOC  
Walter Broadnax, HHS  
James Baker, NOAA  
Anne Bingaman, DOJ  
Wally Beyer, USDA  
Dick Beaird, State  
Mel Ciment, NSF  
Michele Farquhar, DOC  
Jim Flyzik, Treasury  
Brian Fontes, FCC  
Cita Furlani, DOC  
Jack Gibbons, OSTP  
Dan Golden, NASA  
Carol Hamilton, DOC  
Sally Ann Harper, EPA  
Michael Huerta, DOT  
Richard Hernandez, SBA  
Jim Huff, USDA  
Larry Irving, DOC  
Skip Johns, OSTP  
Roger Johnson, GSA  
Anita Jones, DOD  
Sally Katzen, OMB  
Tom Kalil, NEC  
Charles Kalina, NCO  
Debra Knopman, DOI  
Neal Lane, NSF  
Bob Litan, DOJ  
David Lytel, OSTP  
Bruce McConnell, OMB  
Denise Michel, DOC  
Alicia Munnell, Treasury

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. minutes	re: NIITF meeting [partial] (1 page)	10/17/1993	P3/b(3)

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**COLLECTION:**

Clinton Presidential Records  
Council of Economic Advisers  
Stiglitz, Joseph  
OA/Box Number: 9563

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**FOLDER TITLE:**

Telecommunications - NII (National Information Infrastructure) [2]

2019-0203-F

jm2837

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**RESTRICTION CODES**

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Ed Murphy, Treasury  
Dave Nelson, DOE  
Mike Nelson, OSTP  
Emmett Paige, DOD  
Bob Pepper, FCC  
Rob Portman, Labor  
Linda Roberts, DOEducation  
Jonathan Sallet, DOC  
Greg Simon, OVP  
[REDACTED]  
(b)(3)  
Robert Stein, DOC  
Joe Stiglitz, CEA  
Tom Sugrue, NTIA, DOC  
Jane Wales, OSTP

[003]

THE CLINTON ADMINISTRATION'S  
INFORMATION INFRASTRUCTURE TASK FORCE  
Chair: Ronald H. Brown, Secretary of Commerce  
Public Minutes of October 27, 1993, Meeting

**TIME AND PLACE:** 1:00 p.m. Vice President's Ceremonial Office,  
Old Executive Office Building

**PURPOSE:** To demonstrate a broad commitment to the Administration's goals outlined in The National Information Infrastructure: Agenda for Action and to achieve consensus on an ambitious and productive workplan for the Task Force.

#### SUMMARY OF TASK FORCE ACTIONS

- Agreed that **all federal employees should have access to government-wide electronic mail** and directed the Applications and Technology Committee (previously called the "Applications Committee")(through its Government Information Technology Services Working Group) to report to the IITF in January on its progress. To assist in this effort, the inter-agency Electronic Mail Task Force will launch a survey to gather baseline statistics on agency connectivity.
- Directed the Applications and Technology Committee to report to the Task Force in January with an inventory of all agencies' current and planned activities to promote the NII. Agencies are required to report to the Applications and Technology Committee by **December 27** on NII-related efforts, including how each agency will use networking and computer technology to "reinvent government."
- Approved the charters and workplans of the Task Force's Committees – **Telecommunications Policy, Applications and Technology, and Information Technology.** The Committees and their working groups are summarized below.

#### IITF COMMITTEE CHARTERS AND WORKPLANS

The **Telecommunications Policy Committee**, chaired by Larry Irving, Assistant Secretary of Commerce for Communication and Information and Administrator, National Telecommunications and Information Administration, will formulate consistent Administration positions on key telecommunications and infrastructure issues. Two working groups report to the Telecommunications Policy Committee: the Universal Service Working Group, chaired by Larry Irving, and the International Telecommunications Policy Working Group, chaired by Carol Darr, Deputy General Counsel of the Department of Commerce. The Universal Service Working Group will work to ensure that all Americans have access to and enjoy the benefits of the NII. The International Telecommunications Policy Working Group will examine telecommunications issues in an international context.

The **Information Policy Committee** is addressing critical information policy issues and has three working groups: Intellectual Property Rights, Privacy, and Government Information. The Information Policy Committee is chaired by Sally Katzen, Administrator of the Office of Information and Regulatory Affairs at the Office of Management and Budget (OMB).

The Working Group on Intellectual Property Rights is chaired by Bruce Lehman, Assistant Secretary of Patents and Trademark of the Department of Commerce. It will develop proposals for protecting copyrights and other intellectual property rights in an electronic world.

The Working Group on Privacy is headed by Pat Faley, Acting Director of the Office of Consumer Affairs, Department of Health and Human Services. This group will design Administration policies to protect individual privacy despite the rapid increase in the collection, storage and dissemination of personal data in electronic form.

The Working Group on Government Information is chaired by Bruce McConnell, Chief of OMB's Information Policy Branch, Office of Information and Regulatory Affairs. This group focuses on ways to promote the dissemination of personal data in electronic form.

The **Applications and Technology Committee** is coordinating the Administration's efforts to develop, demonstrate, and promote applications of information technology in manufacturing, education, health care, government services, libraries, and other social services. Arati Prabhakar, Director of the National Institute of Standards and Technology, chairs the Committee. Reporting to the Applications and Technology Committee is the newly created Government Information Technology Services (GITS) Working Group which is chaired by James Flyzik, Director of Telecommunications Management for the Department of the Treasury. The purpose of the GITS Working Group is to oversee the implementation of the National Performance Review recommendations on technology. In addition, it will work in conjunction with OMB and the General Services Administration to establish procurement and implementation policies designed to improve productivity and reduce costs.

## ISSUES DISCUSSED

- Electronic filing of FCC licenses
- Electronic conferencing for procurement and small business
- Computer security
- Mechanisms of software licensing
- Fair information practices and principles
- Dissemination of government information
- Private sector outreach

These discussions will be expanded within the Task Force structure.

# Withdrawal/Redaction Marker

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Vice President Al Gore  
Secretary Ronald H. Brown  
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David Barram, DOC  
Walter Broadnax, HHS  
James Baker, DOC  
Anne Bingaman, DOJ  
Wally Beyer, USDA  
Dick Beard, DOS  
Mel Ciment, NSF  
Michele Farquhar, DOC  
Jim Flyzik, Treasury  
Brian Fontes, FCC  
Cita Furlani, DOC  
Jack Gibbons, OSTP  
Dan Golden, NASA  
Carol Hamilton, DOC  
Sally Ann Harper, EPA  
Michael Huerta, DOT  
Richard Hernandez, SBA  
Jim Huff, USDA  
Larry Irving, DOC  
Skip Johns, OSTP  
Roger Johnson, GSA  
Anita Jones, DOD  
Sally Katzen, OMB  
Tom Kalil, NEC  
Charles Kalina, NCO  
Debra Knopman, DOI  
Neal Lane, NSF  
Bob Litan, DOJ  
David Lytel, OSTP  
Bruce McConnell, OMB  
Denise Michel, DOC  
Alicia Munnell, Treasury  
Ed Murphy, Treasury  
Dave Nelson, DOE  
Mike Nelson, OSTP  
Emmett Paige, DOD  
Bob Pepper, FCC  
Rob Portman, DOL  
Linda Roberts, DOEducation  
Jonathan Sallet, DOC  
Greg Simon, OVP  
[REDACTED] (b)(3)  
Robert Stein, DOC

[004]

Joe Stiglitz, CEA  
Tom Sugrue, DOC  
Jane Wales, OSTP :



UNITED STATES DEPARTMENT OF COMMERCE  
The Assistant Secretary for Communications  
and Information  
Washington, D.C. 20230

*Copies to  
Baker  
Johnston*

November 22, 1993

MEMORANDUM FOR

Commerce:	Jonathan Sallet
Justice:	Ann Bingaman, Bob Litan
CEA:	Joe Stiglitz, Jonathan Baker
Leg. Affairs:	Tracy Thornton
OMB:	Chris Edley, Jonas Neihardt, Sally Katzen
NEC:	Tom Kalil
OSTP:	Mike Nelson
OVP:	Greg Simon
FCC:	Bob Pepper, Renee Licht

FROM: Larry Irving *LI*

SUBJECT: Meeting of NII Legislative Working Group

The second meeting of the NII Legislative Working Group will be held on Monday, November 22nd from 4:00 p.m. to 6:00 p.m. in Room 230 of the Old Executive Office Building.

Attached are two handouts for the session:

- A list of telecommunications and information policy thinkers/academics/economists
- A side-by-side comparison of provisions of S.1086 and the Markey Bill

Notebooks will be provided at the meeting.

Attachment

**Telecommunications and Information Policy:  
Thinkers/Academics/Economists**

George Gilder

Peter Huber, Senior Fellow, Manhattan Institute

Nicholas Negroponte, MIT Media Lab

Henry Geller, Markle Foundation

Eli Noam, Columbia Institute for Telecommunications

Robert Crandall, Brookings Institute

Dale Hatfield, Hatfield and Associates

Russell Newman, Tufts University

Roger Noll, Stanford Economics Dept.

Christopher Sterling, George Washington University

Heather Hudson, University of San Francisco

Allen Hammond, New York Law School

Charles Firestone, The Aspen Institute

Stanley Besen, Charles River Associates

Lewis Branscomb, Kennedy School, Harvard University

Vincent Cerf, President, Internet Society

Michael Dertouzos, MIT Laboratory for Computer Science

Craig Fields, CEO, MCTC

Henry Perritt, Villanova Law School

Charles McClure, Syracuse University

Prof. Brian Kahin, Kennedy School, Harvard University

Mitchell Kapor, Electronic Frontier Foundation

Robert Kahn, Corporation for National Research Initiatives

**Made Presentations at OMB's NII Session, 10/14/93:**

Academics:

Henry Geller  
Christopher Sterling  
Henry Ferritt  
Robert Kahn  
Michael Dertouzos

Public Interest:

Jeff Chester  
Richard Civille  
Jerry Berman  
Nancy Milio

Industry:

Gerry Brock  
Ken Kay  
Stephanie Biddle  
Thomas Wheeler

## PROVISIONS OF S. 1086 AND 11/18/93 DRAFT MARKEY BILL

## RELATING TO MAJOR TELECOMMUNICATIONS ISSUES

Issue	S. 1086	Draft Markey Bill
<b>Resolved Issues</b>		
<p>1. Telco/Cable Crossownership</p>	<p>Allows telcos to provide video in their telephone service areas, subject to safeguards. § 8</p> <p>To provide video services, telco must (1) form separate subsidiaries (defined in detail by § 11), and (2) file tariffs giving other programmers nondiscriminatory access to telco facilities and functions.</p> <p>Telco may not provide video in partnership with or by acquiring more than 5% of a cable system in the telco's serving area.</p> <p>No comparable provision.</p> <p>Foregoing restrictions do not apply in "rural" areas, as defined by FCC rules in effect when bill is enacted.</p> <p>Cable companies must provide telecommunications services through a separate subsidiary.</p>	<p>Allows telcos to provide video in their telephone service areas, subject to safeguards. § 201</p> <p>To provide video services, telco must (1) form separate affiliate (defined in detail in § 201) (Joint inbound telemarketing permitted), and (2) establish a "video platform" (the "basic" video dialtone service described in FCC's 1992 Cable/Telco Order).</p> <p>Telco may not "purchase or otherwise obtain control over" any cable system in telcos's serving area. Exceptions for rural areas, areas where cable system serves less than 10% of households, and limited use of cable "drop wire." Waivers permitted.</p> <p>Telco may be required to reserve up to 75% of the capacity of its "video platform" for unaffiliated video providers. Restriction sunsets in 5 years.</p> <p>Foregoing restrictions do not apply in "rural" areas (defined by the bill to encompass areas with 10,000 or fewer people).</p> <p>The FCC may waive the structural separation requirements for small and rural telcos and, after 5 years, may grant relief to any carrier.</p> <p>Cable Act's franchising, rate regulation, and access to programming provisions don't apply to telco's video platform.</p>

	<b>S. 1086</b>	<b>Draft Markey Bill</b>
2. Local Competition/ Interconnection	<p>FCC regulations must require any "telecommunications carrier" (defined in § 4(kk), (jj)) to afford telecommunications and information service providers (1) interconnection to the carrier's network at "any technically feasible point," (2) nondiscriminatory access to network facilities, information, and functions, and (3) access to network services and functions without restrictions on resale or shared use. § 5.</p> <p>FCC regulations shall ensure that (1) number portability is made available when technically feasible (2) an impartial entity administers the telephone numbering plan.</p> <p>FCC and states may give carriers pricing flexibility for services the FCC finds are competitive. § 5</p>	<p>Local exchange carriers must offer on a tariffed basis, pursuant to FCC regulations, (1) equal access and interconnection to other telecom providers at any "technically feasible and economically reasonable point" in network. (Actual collocation preferred over virtual), and (2) unbundled features, functions, and capabilities. § 102</p> <p>Joint Board must be convened to consider equal access and interconnection regulations.</p> <p>Users of equal access services must bear their costs.</p> <p>Resale of local service shall not be prohibited by the FCC, states, or carriers.</p> <p>FCC may modify these requirements for any local exchange carrier with fewer than 500,000 access lines. Rural exchange carriers need not provide equal access and interconnection to other local exchange carriers. §102</p> <p>FCC must establish criteria for determining (1) when services are subject to competition and (2) flexible pricing procedures that replace tariff filings. FCC and states will then apply those criteria to relax regulation, where appropriate upon carrier request. § 102</p>

	<b>S. 1086</b>	<b>Draft Markey Bill</b>
<b>3. Preemption</b>	<p>One year after enactment, states may not "prohibit or limit in a manner inconsistent with" Federal law any entity from providing inter- or intrastate telecommunications service. § 5</p> <p>States may not regulate information services (except for cable). § 13</p>	<p>One year after enactment, state/local governments may not (1) "effectively prohibit" anyone from providing telecom services or impose entry restrictions inconsistent with those in the bill, (2) prohibit or restrict any entity from exercising the equal access/ interconnection rights provided by the bill. § 102 (As noted above, resale should not be prohibited).</p>

	<b>S. 1086</b>	<b>Draft Markey Bill</b>
4. Universal Service	<p>States, in coordination with FCC, shall ensure the preservation and advancement of universal service. § 5</p> <p>All telecommunications carriers must contribute to the preservation and advancement of universal service. § 5</p> <p>State regulators must ensure that telecommunications carriers provide rural and noncompetitive markets with "access to high quality telecommunications network facilities and capabilities." The FCC may step in if the states fail to do so. § 6</p> <p>The FCC and the states shall ensure that advances in network capabilities and services "are designed to be accessible by" the disabled. § 6</p>	<p>FCC must convene a Joint Board to develop recommendations to preserve universal service. § 102</p> <p>All telecommunications service providers must make "equitable and nondiscriminatory" contributions to preserving universal service.</p> <p>To assist the Joint Board, the FCC and the states must develop a plan (1) defining "the nature and extent of the services" encompassed within universal service (including "advanced telecommunications services") and (2) establishing "specific and predictable" support mechanisms. § 102</p> <p>FCC must adopt regulations to ensure that advances in network capabilities and services "are designed to be accessible by" the disabled. § 102</p> <p>Construction permits shall address the means by which construction or extension will meet network access needs of the disabled.</p> <p>After an inquiry, the FCC shall adopt regulations to promote the availability of "open platform services" (as defined in § 101) at reasonable rates. § 102</p>
5. Forbearance/ Deregulation	<p>FCC may exempt carriers without market power from filing tariffs. § 5</p> <p>Pricing flexibility as described in Issue 2.</p>	<p>No comparable provision.</p> <p>Pricing flexibility as described in Issue 2.</p>

Unresolved Issues	S. 1086	Draft Markey Bill
6. Information Services	<p>Bell companies may provide information services only through a fully separate subsidiary. § 11</p> <p>Where a Bell company provides an information gateway service (as defined in § 11), it must provide that service to subscribers and information service providers on nondiscriminatory rates, terms, and conditions. § 11</p>	<p>No comparable provision.</p> <p>No comparable provision.</p>
7. Long Distance	Permits Bell companies to provide limited interLATA services in conjunction with cable television services and cellular radio. §§ 9, 10	No comparable provisions.
8. Manufacturing	No provision.	No provision.
9. Open Access	No provision other than as noted in Issue 6.	No provision.
10. CPE & Bundling	No provision.	No provision.
11. Customer Proprietary Network Information (CPNI)	<p>CPNI disclosure by all telecommunications carriers is controlled by customer; notice to FCC if aggregate CPNI disclosed, and it must then be available to other service providers. § 12</p> <p>Local telcos must make available subscriber list information, but subscribers may prohibit or limit disclosure. § 12</p>	No provision.
12. Enterprise Zones	No provision.	No provision.
13. Ameritech/Rochester Plans	No provision.	No provision.
<b>Not For This Year</b>		
14. General Privacy Issues	No provision.	No provision.

	<b>S. 1086</b>	<b>Draft Markey Bill</b>
15. Network Reliability	Not mentioned at length. Findings indicate competition should promote network reliability through redundancy. § 2(8)  One purpose of the bill is to promote reliable network capabilities. § 3(6)	Addressed at more length. Common carriers must comply with FCC regulations concerning network reliability and quality. § 102  FCC must establish measures or benchmarks and process to monitor network reliability and quality. § 102
16. Broadcast/ Newspaper Crossownership	No provision.	No Provision.
17. General FCC Reform	No provision.	FCC to expedite review of Section 201(c) complaints on equal access (openness and accessibility). § 103  FCC to expedite licensing of new technologies and services. § 104
18. International Issues	None, but regulations on telecommunications services would encompass such U.S.-overseas offerings.	Same.
19. Foreign Ownership	FCC retains present authority to regulate entry of foreign entities; foreign entities that would be newly subject to common carrier regulation grandfathered under Section 310(b) as of given date. § 5	No provision.

#### Some General Observations

- The draft Markey bill is more specific about the contents of FCC regulations.
- The draft Markey bill specifies 12 separate deadlines for FCC or joint FCC/state action. The bill also requires the FCC to undertake at least 6 studies or congressional reports. In contrast, the only deadline in S. 1086 pertains to FCC regulations implementing the bill's local competition/interconnection provisions.
- Both S. 1086 and draft Markey bill attempt to knit together existing regulatory schemes for common carriers and cable firms without completely overhauling the Communications Act.

Telecommunications - NII

DATE: November 22, 1993

5 pages -- Please deliver immediately

FAX TO:

Justice:	Ann Bingaman, Bob Litan
CEA:	Joe Stiglitz, Jonathan Baker
Leg. Affairs:	Tracy Thornton
OMB:	Chris Edley, Jonas Niehardt, Sally Katzen
OSTP:	Mike Nelson
OVP:	Greg Simon
FCC:	Bob Pepper, Rene Lecht
NEC:	Tom Kalil

FROM: Department of Commerce

SUBJECT: Attached is a memo for discussion at this afternoon's NII Legislative Working Group meeting.

November 19, 1993

MEMORANDUM

TO: NII Legislative Working Group

SUBJECT: NII LEGISLATION -- ANALYTIC FRAMEWORK

We face the task of resolving issues that are currently unresolved and, in addition, considering how the specific resolution of issues will translate into the working of an information marketplace in the coming years.

Our working list of unresolved issues now include :

- The conditions under which the Bell Companies should be permitted to offer information services -- in particular, whether a separate subsidiary requirement should be imposed on some or all such offerings.
- Whether and on what terms to permit the Bell Companies to provide long distance services.
- To what degree the Bell Companies should be permitted to manufacture telecommunications equipment, and engage in product-related research and development now prohibited by the divestiture decree.
- Whether specific regulatory mechanisms should be established to ensure that information providers and programmers have nondiscriminatory access to the networks of cable companies and telephone companies.
- The specific ways to expand the universal service goal and to develop new funding mechanisms for it.

Consideration of the unresolved policy issues requires that the Administration be able to describe the structures of the present and future, information marketplace. This memorandum posits a number of inquiries that should be considered when policy options are proposed.

The issues described above are unresolved because the "preferable" policy outcome is not clear. In the end, choosing positions on them will require not only careful factual, economic, and legal analysis, but also subjective judgments on a host of questions -- e.g., the market effect of potential competition, the point at which incipient entry becomes "effective" competition, the efficacy and costs (both direct and indirect) of government regulation -- on which reasonable minds can, and do, differ.

At our last drafting session, we also noted the importance of running all of the decisions on particular legislative positions through a screen that would consider the long-term implications of each proposed Administration policy. The same analytical issues that will help to resolve outstanding issues will help us to "screen" the legislation as a whole:

## 1. Dynamic Nature of Information Industries

Virtually everyone agrees that information industries -- which now include computers, telecommunications, mass media, and entertainment -- are characterized by rapid, almost continuous change. In large part, this is a product of continuing technological progress -- advances in electronic and optical technologies improve performance, decrease costs, and make possible new services and capabilities. Such changes also make new entry feasible into markets traditionally characterized by monopoly. Indeed, the often-made statement that once-separate information industries, such as cable television and telephony, are "converging" reflects in part the fact that it is increasingly possible for providers of traditionally distinct services to enter each other's markets at relatively low cost.

Administration review should include a thorough examination of the economic functions that will be performed in a unified information marketplace including the near-term dynamics of convergence of diverse sectors into one, which includes a careful analysis of market power and competitive advantage bestowed by governmental regulation as it may exist over the next five-to-ten years.

Analysis must go beyond the present dimensions of product markets to examine the basic configuration of economic functions that will exist in an integrated information marketplace. These economic functions can be grouped into four broad categories:

- Information appliances** (including hardware, like a television or computer),
- Information conduits** (including infrastructure, like networks and switches),
- Information providers** (including software producers), and
- Information consumers** (including individuals and businesses).

The dynamic nature of these industries has several crucial implications for government policymakers:

- Government policies and structures -- particularly regulation -- must continually be scrutinized to determine whether they are compatible with current market conditions. Rationales for specific restrictions could be undermined rather quickly by changing market and technological conditions.
- Regulatory policies must be conducive to innovation and efficient investment on the part of regulated firms, consistent with the overarching need to protect customers and competition. They should also recognize the competitive potential created by new information technologies.
- Regulation must be flexible enough to keep pace with marketplace changes. The legislative process might not be well-suited to providing such flexibility. One approach would be for legislation to state general policy goals, but to leave the task of crafting specific regulations to expert administrative agencies -- such as the FCC.

## 2. Government Action vis-a-vis the Information Industry

Among the basic goals supporting governmental action is economic growth -- and with it aspects of competition policy.

For obvious reasons, much of the emphasis here is focused on the operation of the local telecommunications market. Principally the province of telcos and cable, other competitors are, or will be, entering the local market: cellular, satellites delivering video on demand, PCS, to name but a few. But, in the near term, the prospect of a telco-cable duopoly raises the critical questions of government involvement.

Government policy will be needed in the near term to determine the shape of such competition -- considering both customer demands and desires of the information providers to have access to customer demands.

These important related issues should be noted:

1) **The Local Loop Might Not Remain a Single Entity:** The "local loop" may become a series of loop-ettes, each with more competition than the local loop as a whole. For example, will a telco that is the only full-service provider in a local loop face competition in the delivery of local telephony from a series of wireless providers? The answer to that question may have implications for the analysis of market power in the local loop.

2) **The Asymmetries of Regulatory Policy:** It is entirely appropriate, under some conditions, to treat firms or industries differently for regulatory purposes. However, asymmetric regulation can also cause significant market distortions, by prompting firm behavior that inefficiently seeks to take advantage of such asymmetry, by encouraging inefficient entry, or by giving certain firms an unfair and unwarranted advantage in the marketplace. As a result, government must continually reexamine its rationale for subjecting certain firms to regulatory requirements not borne by their rivals. Where differential treatment is no longer warranted by marketplace conditions, it should be adjusted or eliminated promptly.

3) **Promotion of Universal Service:** Economic issues also include aspects of universal service and the obvious question: Who pays? Any government action designed to permit rapid expansion of the information marketplace must be measured to ascertain whether it causes imbalance or other unforeseen effects in the current -- or future -- universal service system. Although definitions of what comprises the information industry differ, it is clear that government involvement varies dramatically among the more easily identifiable sectors of the industry -- e.g., computer hardware and software, telephony, and mass media. For example, the computer industry (equipment and software), with 1992 revenues of approximately \$60 billion, is essentially unregulated, as are the \$7.6 billion consumer electronics industry, the \$8.4 billion recorded music industry, and an approximately \$6 billion video game industry. In contrast, cable television companies (1992 revenues of \$21.7 billion) and local exchange telephone companies (1992 revenues of \$94.7 billion) are subject to extensive price and service regulation by federal and state authorities.

This memorandum focuses on the economic growth agenda for illustrative purposes only. Equally important goals, such as universal service and questions of access and intervention, must be subject to a similar analysis.

### 3. Government Regulation - Costs and Benefits

The Administration must consider carefully the use of different mechanisms for action. Three important subsidiary issues are included in this inquiry (i) what forms of regulation, considered as part of a unified model, will best achieve governmental goals, (ii) how would such a model work in a federalist system, and (iii) how should responsibility be allocated among the branches of the federal government.

1) **Models of Regulation:** The manner in which government chooses to implement its intervention should not be treated as an after-thought. One example arises from the discussion of near-term competition in local telecommunications markets. Some urge that local providers (or at least providers with demonstrable market power) be treated as common carriers. Others, more usually from a computer perspective, emphasize open architecture and interconnection. But no definitive judgment has yet to be reached as to the manner in which common carrier-like obligations, in this context, would actually differ from open architecture demands.

One assumes that common carrier-like obligations include, at a minimum, an access requirement and some form of price restraint. But they could also include more, such as aspects of universal service goals. These could include questions of which services are made available to which consumers through what means and over what timeframe. The placement of such obligations also requires a careful analysis of whether governmental regulation may be posing a barrier to competition.

In the effort to protect consumers and competition, one must remember that government regulation imposes costs on both regulated firms (and, indirectly, their customers) and society as a whole. Moreover, the direct costs (e.g., expenses incurred in filing tariffs, conducting rate cases, complying with conditions and safeguards) may be a small part of the total picture. Regulation can also impose substantial indirect costs by, for example, suppressing competition or depressing investment and innovation. Thus, although rate of return regulation may have prevented carriers from charging rates that exceeded relevant costs, it provided few incentives for firms to reduce their costs or to respond efficiently to customer demand or changing technologies. As a result, some suggest that prices tend to be higher, and the introduction of new services slower, in rate of return regulated monopoly markets than in competitive markets, even where rate regulation effectively constrains the monopolists' profits.

2) **Federal, State and Local Regulation:** It is critically important, at the outset, to remember that a great deal of governmental regulation of information markets exists below the federal level -- most notably, state regulation of local telephone service and local regulation of cable television. The creation of a unified model of governmental regulation must, therefore, take special cognizance of the federalism issues inherent in the creation of a new regulatory structure.

3) **The Allocation of Federal Responsibility:** Much of the discussion on this point revolves around the debate between legislative specificity and administrative discretion. But the point is scarcely technical. For example, the Cable Act of 1992 defines competition in order to affect certain obligations of cable companies. Criticism of the use of very precise definitions have been mounting, as some observers argue that micro-written legislative definitions are ill-suited to changing markets or unforeseen events. Thus, it is important, at every stage, to consider the manner in which discretion is given to administrative agencies.

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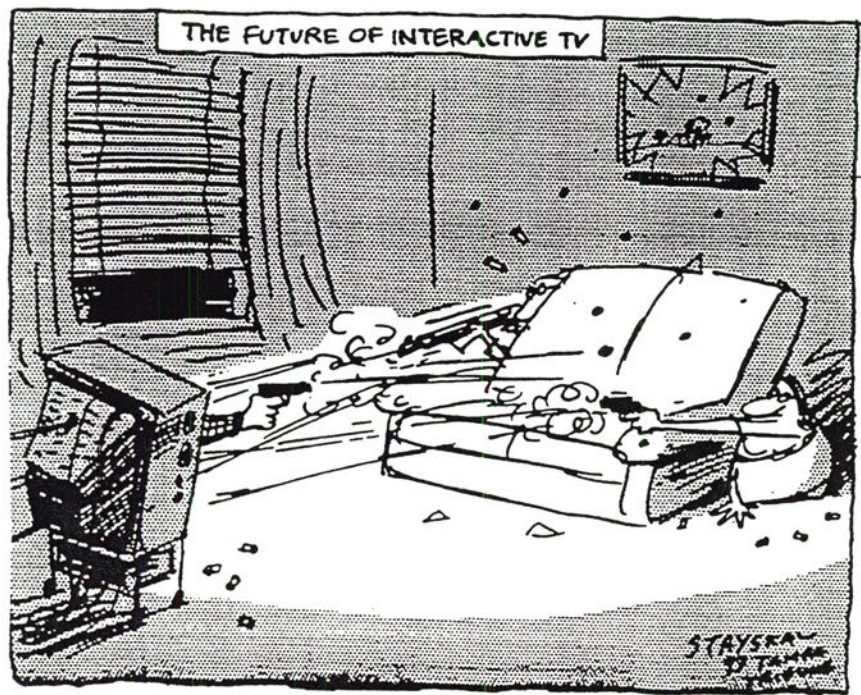
**COMMUNICATION TECHNOLOGY ISSUE BRIEFING**  
Prepared by the Vice President's Domestic Policy Office

Tuesday, November 16, 1993  
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*Handwritten notes:*  
MII  
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## **BROOKS MEETS TO TALK ABOUT LONG DISTANCE**

Chief executives of several long distance companies, including AT&T Chairman Robert Allen, MCI Chairman Bert Roberts, LDDS/Metromedia Chairman Bernard Ebbers and smaller companies met the week before last with Chairman Brooks to talk about MFJ legislation. There were conflicting reports about the meeting, with some industry representatives believing that Brooks obliquely promised to protect long distance competition, while others said he's backing off from strong protections for regional Bell entry into long distance. Most of the meeting was taken up by Brooks' discussion of other issues, particularly NAFTA.

## **BROOKS SENDS LETTER ON ANTI-TRUST**

In a November 4 letter to Anne Bingaman and FTC Chairman Janet Steiger, Chairman Brooks issued a stern warning against ignoring antitrust laws in the new wave of media megamergers. Brooks warned that "there would be much regret later if the highway turned out to be a turnpike where small and midsized vehicular traffic is forced to pull to the side of the road to make way for a few, giant companies -- or even to be refused entry at the toll booth entirely."

# **CABLE ACT**

## **CABLE RATE FREEZE EXTENDED:**

The Federal Communications Commission extended a freeze on cable television rates until February 15. It is also stepping up enforcement of the Cable Act. The FCC planned to mail about 30 letters last week demanding that cable companies justify changes in rates since new regulations kicked in Sept. 1.

## **LOCAL GOVERNMENTS DROP BALL ON CABLE:**

Some say that local governments are partly to blame for high cable bills. The 1992 cable law gave counties, cities and towns the power to regulate cable rates, but only if they ask for it. Since the law kicked in on September 1, only 3,425 of 11,000 local franchising authorities have sought certification from the FCC.

CLOSE HOLD

## **CABLE - TELCO**

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### **AMERITECH FILES SUIT:**

Ameritech filed suit in Illinois and Michigan U.S. district courts November 1st to overturn the cable-telco cross ownership ban. The recent Bell Atlantic case applies only to Bell Atlantic in its region. Other phone companies are expected to file similar suits.

### **US WEST CHALLENGES TELCO CABLE BAN TOO**

U S West has also joined the list of those trying to overturn the telco-cable cross-ownership ban, filing a suit in U.S. District. Court, Seattle, against the FCC, the U.S. government, and the Justice Dept. U S West selected Seattle for the suit because that's where it expects significant competition. U S West indicated it would build a video dial tone system in the Seattle area if allowed, including video-on-demand and capacity for other programmers.

### **PACIFIC BELL TO SPEND \$16 BILLION ON "INFORMATION HIGHWAY"**

Pacific Bell announced last week that it will spend \$16 billion over the next seven years to accelerate development of its portion of the information superhighway. The announcement represents one of the biggest commitments by one of the regional Bell companies. Pacific Telesis Group, the parent of Pacific Bell, has been reported as exploring alliances with cable companies in recent months, particularly following the Bell Atlantic/TCI announcement. But last week's announcement means that Pacific Telesis has decided to act on its own rather than copying the several other Baby Bells that have linked up with cable operators.

### **AT&T GETS \$5 BILLION DEAL:**

AT&T struck a \$5 billion deal with Pacific Telesis to build and service the telecommunication transmission network for Pacific Telesis. It's the biggest equipment contract in AT&T's history. The deal also may show that local phone companies will buy equipment from AT&T despite AT&T's pending acquisition of McCaw Cellular. In addition, it could put AT&T back in the local phone business.

CLOSE HOLD

## ***LONG DISTANCE***

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### **BELLSOUTH PETITIONS FCC FOR LONG DISTANCE:**

BellSouth petitioned the FCC to enter the long-distance market if the merger between AT&T and McCaw Cellular Communications is approved. It wants the FCC to impose restrictions on AT&T's cellular operations until the Bell companies can enter the long-distance businesses. Most of the regional Bell companies charge that the McCaw deal gets AT&T back into the local phone system business -- a charge AT&T denies. The regional Bells charge that AT&T has, through mergers, succeeded in overthrowing the 1982 decree breaking up the old Bell System, and it is time to scrap the restrictions. Failure to do that, they charge, gives AT&T a competitive advantage.

The regional Bells condition the AT&T McCaw merger on: (1) an AT&T agreement to submit an "unequivocal, irrevocable letter" to the Commission that it wouldn't object to MFJ relief for the regional Bells. (2) Imposition of restrictions and obligations comparable to those imposed on regional Bells until MFJ relief is obtained.

AT&T's counters that the Bells should not be allowed into long distance until there is real, meaningful competition in local service. It defines such competition strictly, saying 75 percent of local customers should have choices on local phone service and 30 percent should have exercised that choice.

### **COMTEL PROPOSES TOUGHER LONG DISTANCE TEST THAN AT&T**

The Competitive Telecommunications Association (CompTel) proposed an even stiffer test for regional Bells to be allowed into long distance services than did AT&T. In comments to the Senate Commerce Committee, CompTel raised the bar even higher, while adding an element of widespread coverage throughout regional Bell service territory. CompTel said that 75% of local customers in 90% of the exchange areas served by the regional Bells should be able to receive the alternative service. Under the CompTel plan, 50% of customers would have to subscribe to the service from the alternative carrier for there to be effective competition.

## ***WIRELESS***

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### **SIMON IS UNVEILED:**

IBM and BellSouth have now unveiled the newest take on the personal digital assistant concept. The device, called Simon, is more of a superpowered cellular phone. Other entries in the fledgling PDA market are more like computers with communications capabilities tacked on. Instead of buttons, Simon is touch sensitive -- it has a touch-sensitive screen embedded in the handle. One screen lets Simon operate

CLOSE HOLD

like an ordinary cellular phone - to dial, just touch on-screen images of the phone keypad buttons. Another lets a user write a note on it using a special stylus, then fax the note right from the phone. Another screen lets Simon send or receive electronic mail. Simon will retail for about \$1000.

### **PACTEL CELLULAR CHOOSES CDMA FOR 1995 LAUNCH**

PacTel Cellular, an Industry leader, made the strategic decision to bypass first-generation technology; and opt instead for a superior technology offering longer-term solutions. Years of testing and review have convinced PacTel Cellular Corp. that its customers will be best served if the conversion to digital technology awaits the commercial introduction of the most advanced digital cellular technology available: Code Division Multiple Access (CDMA).

#### **Digital Cellular Technology**

Many cellular carriers are currently choosing between two forms of digital technology -- CDMA and TDMA. After evaluating both technologies, PacTel Cellular chose CDMA because of its belief that the benefits it will provide -- including clearer calls, fewer busy signals, greater privacy and fewer dropped calls -- are superior to those of Time Division Multiple Access (TDMA). CDMA is based on technology developed to provide secure communications for the military. Its signal is highly resistant to interface, restricts eavesdropping and is expected to offer at least ten-times current capacity of analog communications. While other carriers are opting to introduce TDMA equipment this year, PacTel Cellular will wait until testing and refinement of the more advanced CDMA is complete before making the switch from analog to digital.

### **NEXTEL CREATES NATION'S LARGEST ALL-DIGITAL WIRELESS NETWORK**

Nextel Communications Inc. announced that it has created the nation's largest wireless network capable of offering advanced, all-digital integrated communications -- the wireless portion of an information superhighway. When fully constructed in 1995, Nextel's owned networks will be able to reach 180 million people across the United States. Nextel is acquiring licenses for more than 2,500 radio frequencies in 21 states from Motorola Inc. in exchange for a 20 percent stake in Nextel. This third wireless phone service is helped along by a \$1.8 billion deal between Motorola and Nextel Communications. The service will work like today's cellular phones. Consumers will be able to choose between two local cellular companies and this new service for wireless phones.

#### **ANALYSIS**

This third wireless phone service should whip wireless competition into a frenzy. It will drive down prices and force existing cellular companies to improve service even before the new networks are completed, around 1996. The deal between Nextel and Motorola means Nextel now can build wireless phone networks in 45 of the USA's 50 largest cities, in effect giving Nextel access to three times more customers than the

# CLOSE HOLD

largest cellular company, McCaw Cellular Communications. The new service will work over radio frequencies now used for things such as taxi dispatches. Nextel will offer its service throughout California by March 1994; and nationwide by 1996. It has to make that schedule to beat personal communication networks to the market. PCN, a wireless service cheaper than cellular, will be ready in 1996-'97.

## OTA TO STUDY WIRELESS ROLE IN NII

House Science Committee Chairman George Brown and Science Subcommittee Chairman Boucher have asked OTA to conduct a study on the role of wireless communications technology in the national information infrastructure. Preliminary results could be available at beginning of next year, and form basis for hearings after that. Among questions they want OTA to answer are:

- ✓ What effects should convergence of wireline and wireless have on regulation and information services?
- ✓ How can wireless technologies enhance diversity of communications and services?
- ✓ What are policy options for making certain that wireless technologies are part of information infrastructure?

## PRIVACY/ENCRYPTION

### HILL TACKLES PRIVACY CONCERNS

A rash of privacy-related concerns has broken out on Capitol Hill, as legislators have begun to examine the effects of sophisticated technology on international business, medical records, and consumer information.

In short

- Chairman Brooks released a GAO report on communications privacy and encryption technology.
- The House Government Information Subcommittee held a hearing on protecting privacy in computerized medical information, releasing the Office of Technology Assessment (OTA) report on the issue.
- Chairman Markey, as expected, introduced HR-3432 setting limits on the use of customer information generated by telephone billing systems and setting a per-call standard for Caller ID.

CLOSE HOLD

## GAO REPORT ON ENCRYPTION

The GAO report that Brooks released, *Communications Privacy: Policy and Actions*, deals with the commercial aspects of privacy as a product, and criticized the government policy that has stifled export of encryption software that can be used to protect information. The GAO report concluded that increased use of computer and communications networks, computer literacy and dependence on information technology heighten U.S. industry's risk of losing proprietary information to economic espionage. To combat that threat, industry is turning to software and hardware with encryption capabilities, but GAO's review of government policies found that national security and law enforcement concerns were hindering development, use and export of those products.

While U.S. manufacturers are being kept back by government policies, however, foreign producers of encryption software and devices are freer to make sales, the GAO report said. Brooks commented: "It is deeply disturbing to find that some U.S. government agencies are undermining American corporations' efforts to protect themselves from state-sponsored theft of trade secrets and other proprietary information." The GAO portrayed the government as fraught with confusion as NSA and NIST compete to develop encryption standards, and State and Commerce uneasily share jurisdiction over export licensing, with different standards. The GAO also criticized agencies for leaving the public out of development of encryption standards.

## MEDICAL PRIVACY

In the medical area, OTA released a report, *Protecting Privacy in Computerized Medical Information*, that analyzed the problem and recommended solutions for Congress. OTA said legislation is needed. Subcommittee Chairman Condit (D-Cal.) said the panel's staff has started to develop a bill.

## MARKEY'S PRIVACY BILL

Markey, as expected, introduced his privacy bill that contains some of the provisions from last year's measure but with new safeguards on reuse and resale of customer information. The bill is intended in part to (1) correct FCC action on customer proprietary network information (CPNI) rules that leave out consumers with fewer than 20 phone lines, and (2) set ground rules for disclosing toll records. The bill also creates the "privacy bill of rights for electronic media" by requiring the FCC to set up privacy protections for future technologies. The bill would also set a national per-call standard for Caller ID. Protection of customer proprietary network information could become a major issue if regional Bells are allowed into long distance services.

The bill would:

- (1) Prohibit telcos from disclosing or selling customers' proprietary network information (CPNI) without their "affirmative consent."
- (2) Provide a "minimum privacy standard" for Caller ID, with per-call blocking, as

## CLOSE HOLD

- reported last year.
- (3) Require businesses that use Automatic Number Identification with 800 or 900 numbers to tell consumers of the intention to reuse or sell information generated by Automatic Number Identification.
  - (4) Require the FCC to establish basic privacy principles for consumers, including giving them the right to knowledge that information is being collected about them, a notice of intent to reuse or sell data, and the right to refuse use of data by collecting companies.

## **GOVERNMENT COMMUNICATION**

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### **RUSSIANS TO CONNECT TO INTERNET:**

NASA is helping Moscow's Space Research Institute connect to Internet. The connection to the on-line service will allow scientists in the USA and Russia to communicate directly beginning in January. Officials of the NASA Science Internet will lend Russians computer networking equipment to help set up the Russian Space Science Internet.

### **FAA COMMUNICATIONS SYSTEM DEDICATED:**

The Federal Aviation Administration this month dedicated a new telecommunications system. It's meant to prevent outages like the one in the Northeast Sept. 17, 1991 when more than 1,000 flights were canceled or delayed, affecting 85,000 passengers. The system is installed at the 20 air route centers that guide planes between airports, but won't be fully operational until the end of 1995.

### **HOUSE SCIENCE & TECH ON THE INTERNET**

The House Science & Technology Committee plans to bring up its own computer bulletin board-type system at the end of next year. The System, with committee information and other data, would be accessible only on Internet, not as a stand alone system.

### **OTA ASKS FOR NEW STRATEGY FOR GOVT. ELECTRONIC SERVICES**

#### **Strategy Necessary**

OTA, in a report on federal electronic services, argues that the federal government needs to come up with a strategy for electronic delivery of services and information or technology's potential may not be realized. In the report, *Making Government Work: Electronic Delivery of Federal Services*, OTA suggested several steps that Congress could take, such as holding annual hearings on how well agencies provide information on-line and on the role of FTS 2000. OTA argued that the benefits, while

considerable, aren't guaranteed, issuing warnings on how electronic delivery of information and services are implemented. Without proper planning, OTA said, electronic services could wind up being used mostly by the affluent, neglecting large parts of the population. It recommended that the government set up partnerships with local organizations to make information distribution more efficient.

### Service Delivery

The use of computer networks to deliver services could be workable if networks are made more accessible and affordable, according to OTA.

OTA recommendations:

- - Grass-roots involvement.
- Community infrastructure development, including schools, libraries and other local institutions, to deliver services.
- Encouragement of innovation by federal agencies and employees.
- Creation of directories of agency services.
- Tests of delivery systems on regional or national scale before full deployment.

## ***OTHER TECHNOLOGY***

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### **FIBER OPTIC CONSTRUCTION SURGES:**

The dawning communications age has unleashed a frenzy of fiber optic construction. Phone companies and cable TV companies can't put up the cables fast enough. If anything can slow the amazing pace of change in the communications industry, it might be a jam-up at the construction level. Contractors that can handle major fiber jobs are swamped. Building fiber isn't particularly difficult work, but some of it - splicing fibers, keeping up with evolving network designs - is pretty specialized. So contractors that can handle major fiber jobs are swamped. Most are small, privately owned companies. No one knows the total amount of fiber being built this year, but the pieces add up to a daunting pace. Bell Atlantic says it will spend \$15 billion over five years. New Jersey Bell is spending \$1.5 billion to rewire the state with fiber. And the National Cable Television Association predicts more than 75 percent of cable systems will be rebuilt over the next 10 years at a cost of \$ 14 billion.

### **SATELLITE DISH SALES SORE WHILE DESCRAMBLERS IN SHORT SUPPLY**

The tremendous growth in satellite TV business in the last few months has been tempered by the inability of manufacturers to obtain enough descrambler modules -- partly because of poor planning. Satellite retailers say that disgruntled cable customers are flocking to dealers in large numbers, in part over dissatisfaction with results of 1992 Cable Act. However, satellite TV no longer is considered an alternative to cable, but can be seen as additional service to some consumers.

CLOSE HOLD

## **MISCELLANEOUS**

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### **SUPREME COURT RULES ON INFORMATION SERVICES**

The Supreme Court yesterday let the regional Bells continue offering information services such as home education and electronic yellow pages. The court, without comment, rejected arguments by consumer groups and information competitors that a lower court wrongly let the Bells enter the highly competitive market. Those groups say the regional Bells could gain a monopolistic advantage through their ownership of the phone lines.

### **SOME WILL BE LEFT BEHIND BY INFORMATION SUPERHIGHWAY ACCORDING TO BARRETT**

FCC Commissioner Andrew Barrett has said that he opposes any notion that the government must guarantee universal access to new telecommunications technologies such as interactive cable television. At a forum in Chicago on cable regulation, Barrett suggested that some people will be left behind when the information superhighway comes. According to Barrett, the Government ought not to guarantee access to developing telecommunication technologies as it did for telephone service and municipal water service.

### **ZENITH WANTS HDTV CHANNELS NOW**

Zenith's Chairman Jerry Pearlman has suggested that the FCC ought to allocate HDTV channels even before it sets HDTV standard. He said if FCC did that in next 6 months, broadcasters could begin using channels to transmit digital NTSC and digital data, generating revenue now with the understanding that they would switch to HDTV when it's available. Pearlman also predicted that 1-2 million HDTV sets would be sold in first year they're available in 1996, with 10% household penetration in 4-5 years (more than CDs or VCRs did in 4-5 years).

### **CABLE VIEWERSHIP HITS ALL-TIME HIGH**

The Gore Perot Debate on Larry King Live drew the biggest rating for any regularly scheduled program in the history of cable television -- an 11.9 (Each rating point represents 942,000 homes.) That means over 11 million homes tuned in to see Perot Gored. In homes that receive CNN, the rating for the debate was an 18.1. The previous high figure for cable was an 11.5 national rating scored by a Larry King program during the Persian Gulf War in 1991.

DRAFT November 15, 1993

MEMORANDUM FOR The Vice President  
Secretary Brown

FROM: Dave Barram  
Larry Irving  
Jonathan Sallet

SUBJECT: NII Legislation

COPY FOR STIGLITZ

The Vice President's announcement at the BRIE Conference that the Administration will introduce its own NII legislation at the beginning of the next session requires the implementation of an inter-agency process that will produce the substantive policy, the specific legislative language, and the political strategy to make our efforts a success.

This memorandum is in three parts:

- \* Proposed Workplan for NII Legislative Process
- \* Working List of NII Issues
- \* Analytical Approach to Un-resolved Issues

#### I. NII Legislative Workplan

A workplan needs to be constructed for the NII effort as a whole, and we will propose such a comprehensive workplan by the Vice President's Breakfast on November 30th. Because of the immediacy of the requirement that legislation be written, however, a stand alone legislative roadmap needs to be adopted now.

##### A. Timeline for Preparation of Legislation

- 11/18 Initial Meeting of the NII Legislative Working Group – Double "screen process" by which the group considers (i) which issues need to be included in the legislative process and (ii) of those that will be included, which have consensus and are ready for legislative drafting, and which require additional policy analysis.
- 11/18-11/29 NII Legislative Working Group (i) prepares legislative draft of those issues on which consensus has been reached, and (ii) policy option papers on those that remain unresolved and alternative drafts of legislative language.
- 11/30 Vice President's breakfast – review of comprehensive workplan and NII Legislative Working Group activities.
- 12/1 NII Legislative Working Group meets to reach consensus on unresolved issues. Issues that remain unresolved are subject to

- continued discussions.
- 12/7 Legislative Drafting on resolved issues finished.
- Week of 12/7 Presentation to the Vice President and Secretary Brown of options on any unresolved issues.
- 12/7-12/21 Vice President and Secretary Brown deliver NII speeches.
- 12/21 All Legislative Drafting completed.
- 1/3-1/10 Circulation of NII Legislation to Key Hill Contacts
- 1/20 Formal Introduction of NII Legislation

### B. Operational Groups

In addition to the primary duties of the NII Legislative Working Group, a series of additional tasks need to be performed simultaneously with the preparation of our NII legislation. These tasks include:

- \* Legislative Liaison - *through OVP*
- \* Outreach and Consultation (Private-Sector, Inter-governmental, Non-Profit)
- \* Communications/Public Affairs

The manner in which these operations will be handled between now and January should be established at the November 18th meeting of the NII Legislative Working Group. One special note: It will be important to name and convene the private-sector NII Advisory Council by the end of the year, so that we can have the input of its members.

### C. The NII Legislative Working Group

The NII Working Group should be formed to coordinate the basic policy/legislative functions and should be chaired by Larry Irving, who serves as the Chair of the Telecommunications Policy Committee of the IITF and Administrator of NTIA. Its members should represent:

- \* Department of Commerce -- NTIA/Office of Policy and Strategic Planning
- \* Office of the Vice President
- \* National Economic Council
- \* Office of Science and Technology Policy
- \* Department of Justice -- Antitrust Division
- \* Office of Management and Budget
- \* Council on Economic Advisors

The views of the FCC and other appropriate entities should be sought as to whether

there are any legal, policy, or political impediments to FCC participation on this Working Group.

## II. Identification of Issues

As noted above, the first task of the NII Legislative Working Group should be to inventory outstanding issues concerning the NII and then to (i) identify which of those should be addressed by the Administration legislation and (ii) which of those that need to be addressed are ready for legislative drafting, and which require additional policy analysis.

An October 28th memorandum from Larry Irving to the Vice President and Secretary of Commerce outlined one group of issues relating to S. 1086 that could be included in the legislation and on which it is believed Administration consensus has been reached. They include:

- \* Promote the development of local telephone competition (including the preemption of state regulation that bars competitive entry).
- \* Permit telephone companies to enter cable television markets, subject to safeguards that would prohibit a telephone company from purchasing, acquiring, or merging with cable television operators that provide service in the telephone company's service area.
- \* Support non-discriminatory access by information providers and programmers to the infrastructure.
- \* Maintain and extend the "universal service" goal for consumers.
- \* Provide limited exceptions to the long distance service restrictions on the Bell Operating Companies so that they can provide cellular and cable television service more efficiently.
- \* Require Bell companies to use separate subsidiaries in providing certain types of information services.

The October 28th memorandum also listed issues on which inter-agency agreement had not been reached:

- \* Whether and under what terms to permit the Bell companies to enter the long distance telecommunications business (beyond the limited exceptions cited above).
- \* To what degree the Bell Companies should be permitted to enter the manufacturing business (consensus appears to be forming that they should at least be permitted to perform more research and development than at present).
- \* The specific regulatory mechanisms needed to ensure that information providers and programmers have nondiscriminatory access to the networks of the cable companies and telephone companies, which now are regulated

differently.

- The specific ways to expand the universal service goal and develop new funding mechanisms for it.
- The degree to which state regulators should be preempted from imposing rate regulations that could impede competition.

A November 1 memorandum from Larry Irving and Anne Bingaman proposed further refinements to several of these positions. A copy of that memorandum is attached.

### III. Analysis of Unresolved Issues

NTIA is preparing a memorandum which will provide a framework to help identify key issues for consideration by the NII Legislative Working Group. This memorandum will be submitted by November 22.

November 1, 1993

MEMORANDUM FOR: Vice President Gore  
Secretary Brown

FROM: Larry Irving  
Anne Bingaman

SUBJECT: Follow-up to October 28 Memorandum on  
Information Infrastructure Policy Issues

Based on further discussions between NTIA and the Justice Department's Antitrust Division, we have agreed on refinements to several of the positions mentioned in the October 28 memorandum from Assistant Secretary Irving to Vice President Gore and Secretary Brown. Specifically, the Administration should recommend amending S. 1086 so as to:

- o Prohibit a telephone company from purchasing, acquiring, or merging with a cable system that provides service in the telephone company's service area. However, an absolute ban on such transactions would remain in effect only for a specified period (e.g., 12 years). Thereafter, the FCC would have authority (1) to waive the restriction on a case-by-case basis if the public interest warrants, or (2) to remove the ban entirely if it determines, after a rulemaking, that elimination would be in the public interest.
- o Require Bell companies to use separate subsidiaries in providing all information services. However, Congress would delegate to the FCC the task of developing specific regulations. Moreover, Congress would indicate, in legislative language or in legislative history, that the FCC would have discretion to prescribe differing levels of structural separation for different types of information services or in different markets.
- o Establish conditions for Bell Company entry into long distance telecommunications (beyond the exceptions in S. 1086).
  - Such conditions should result in a broad, but flexible, standard for identifying when there is sufficient competition at the local level to permit Bell Company provision of long distance services.
  - It is also necessary to establish a process for determining whether the standard has been met. This process should involve joint review by the FCC and DOJ, with DOJ retaining the right to challenge, under the antitrust laws, any conduct permitted by the FCC. (We believe that such a proposal would be unacceptable to

Chairman Brooks in the absence of such involvement by DOJ).

- o Apply the standard established for Bell Company entry into long distance services to Bell Company participation in manufacturing activities, including research and development (R&D). Efforts should be made to avoid drawing lines between R&D and other manufacturing activities.
- o Preempt state rate and entry regulation of non-dominant carriers, as well as providers of video services, in order to facilitate market entry. The definition of "market dominance" should be left to the FCC.
- o Ensure (1) universal service and (2) non-discriminatory access to telephone and cable networks by information providers and programmers.
  - Telephone companies may object to access requirements imposed on them with respect to video programming if such requirements are not also imposed on other cable operators.
  - While regulatory parity is a concern, it may not presently be technically feasible to impose similar common carrier obligations on incumbent cable operators. Nevertheless, imposition of such common carrier requirements on the telephone networks is essential.