

Remarks for ITA Hearings  
6:30 pm, Wednesday, November 3, 1999  
Richie Valens Community Center  
Pacoima, CA

Members of the City Council, staff, media, and the public,

My name is Marc Strassman. I live in Valley Village, just down the road a piece.

I'm the President of e-topia, a content origination company that produces audio and video clips for distribution over the Internet. In order for me to do my work, it's essential that I have a broadband connection to the Internet. It's also essential to me as a creator and distributor of digital content that as many other people as possible also have access to broadband connectivity, so that they can listen to and watch my programming at the highest possible resolution, the most frames per second on their screens, and the highest quality of sound, capabilities that require a wide, fast, broad pipeline into the Internet backbone.

I get my broadband connection from Pacific Bell and PacificNet. I pay Pacific Bell \$39.00/month to provide the DSL line and I pay PacificNet \$10/month to manage my connection to the Internet.

I believe that the principal reason I've been able to get a guaranteed 384kps Asynchronous Digital Subscriber Line from Pacific Bell for \$49.00/month is because its parent company, SBC, felt threatened enough by the POSSIBLE competition in broadband from cable companies to drastically lower their prices for this service and to roll it out much faster than they had originally planned.

It works fine and it greatly improves my use and enjoyment of the Internet.

Let me repeat what I said: it was the threat of competition from the cable companies that made it possible for me to get good service at a reasonable price from the phone company.

Now the phone companies and AOL, under the banner of what they have chosen to call "The Open Access Coalition," a pseudo-grass roots organization modeled, it seems, on the smokers' organization similarly organized by Philip Morris, want you to give their multi-billion-dollar organizations a break and allow them to share the use of the investments that cable companies have made, are making, and might make, in building broadband capability into their system.

The reason they're spending so much time, energy, and money to make the case for "Open Access" is because they see fully-wired cable companies as a serious threat to their existing almost-monopolies in telephone service. They believe that if they can convince enough public officials to force their competitors to give them a virtual free ride on the back of the cable plant required for delivering broadband services, then cable

companies will think twice, or more, before making the serious investments that can give the powerful, consolidating, almost-monopoly phone companies a run for their money.

They also believe that if they can just tie the whole process up long enough with appeals to city councils, appeals to Federal courts, and appeals from some imagined injustice they are claiming they'll suffer, then this will also be enough to dissuade cable companies from bothering to build out their broadband capability.

If this happens, or more to the point, doesn't happen, then they can retain their monopolies on voice telephone service. Then they can raise their own broadband DSL prices. Then the competition that is essential for lowering prices and increasing the availability of broadband will be gone and every business, every consumer, every government, and every citizen will be worse off because of that.

Three final points:

I haven't said anything about wireless. Or satellite. Or technologies that no one's announced, or even thought of yet. New technologies could easily scramble this whole situation, just as personal computers scrambled the mainframe world.

AT&T, the primary target of the "Open Access Coalition," is no Mom-and-Pop start-up operation. It's the direct descendant of the company that, for many years, enjoyed a commanding monopoly in telecommunications. Now, still a huge company, it's decided that it can and should get back into the business of providing local phone service to consumers.

Creatively, it's decided to do it by buying the country's largest cable company, developing new technology, and offering local phone service through re-built cable lines. I think it's great that it's doing that, and I hope it succeeds in developing and rolling out that alternative option for customers now forced to get their phone service, as I am, from a member of the "SBC family of companies."

But if SBC's family of companies and their money and their rent-a-citizens succeed in forcing this so-called "open access" on AT&T, then this scenario could be stopped dead in its tracks. If that happens, millions of us will be left to the tender mercies of the existing monopoly phone companies, the companies that are here today asking you to give them a break so they can carry on as they always have.

We all deserve better than that.

One last note:

As of yesterday, both the cities of San Francisco and Santa Monica had enacted local ordinances prohibiting certain ATM charges. The banks, of course, have said they'll oppose these measures in court. Portland voted to support "open access"; this has led to an on-going legal case. All these efforts by autonomous local citizens or local citizens

organized and supported by giant outside corporations, against mega-corporations with strong local presences (Think globally, market locally.) highlight what will no doubt be a prominent scenario in 21<sup>st</sup> century America, disputes and debates about both the substance of issues and the authority of citizens within political subdivisions to enforce their will on commercial entities that are regional, national, or global in their reach.

Beyond the substance of this issue being discussed here tonight is the meta-issue of determining the relative authority of linked jurisdictions. The effort to reach consensus on this procedural, meta-issue will no doubt be complex and it may be divisive. A similar dispute, the substance of which was slavery, and the procedural form of which was "states rights," led to a dispute-resolution process far more extensive and far bloodier than any we can expect to emerge from our discussions here tonight about how we're going to get our broadband Internet connections.

In this particular situation, where the Federal Communications Commission is strongly in favor of doing nothing at this time, we in the City of Los Angeles, and you as our elected representatives, will do the least harm and the most good if we follow their lead and choose to do nothing as well, letting the free market in services, protected by what we have here, a free market in ideas, run its course. That way, the most broadband service can reach the greatest number of people, and we will be that much better able to use the Internet as a conduit for the ideas and expressions we must rely on to sort out future, and even more complex, issues involving our livelihoods and our freedom.

Thank you.