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# STOLEN:

## \$100 billion in airwaves

**by Hanno Beck, Columbia, MD**

The largest government giveaway in history was approved by both Houses of Congress on February 1. In that legislation, the right to use certain airwaves for TV broadcast is signed over from the American people to a handful of television station owners—absolutely free. Although some sources claim they are worth about \$40 billion, others assert that these airwaves can be worth as much as \$100 billion.

How did it happen? What can we do about it? Let's take a look at the series of events leading up to the February 1 vote.

Ever since 1989, Common Ground-USA has been one of several citizen groups opposing government giveaways of portions of the electro-magnetic spectrum (airwaves). We know that airwaves, like mineral deposits and site values, are part of our common heritage. No

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# Airwaves



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one built the electro-magnetic spectrum, and it is valuable only because of society — people who can be reached by broadcast communications.

When the right to broadcast on a certain frequency becomes valuable, the value is due to society, not a private speculator. The federal government, which administers the electro-magnetic spectrum, has endorsed this principle, but has not upheld it in practice.

## **Early Progress**

During the 1980s, pieces of the electro-magnetic spectrum were handed out by the F.C.C. by one of two methods. The first method was that of hearings. F.C.C. officials would listen to companies plead for spectrum and would decide who got some and who got none. This method resulted in corruption and public outrage as valuable spectrum was awarded for free to companies that lobbied the federal government heavily.

The second method that the F.C.C. used to award spectrum was a lottery. Applicants were selected at random to receive multi-million dollar windfalls of free spectrum. The potential for speculation was obvious, and the government was embarrassed as lottery winners promptly sold their spectrum rights for large sums — sums that rightfully belonged to the taxpaying public.

Finally, in 1993 the Congress came around to the idea proposed by Common Ground-U.S.A. and other organizations. Since spectrum is a valuable public resource, the proper way to distribute it into private hands for use is by auction. Let private interests pay the full market price to the government, instead of to some speculator, to gain access to the airwaves.

Common Ground-U.S.A.'s position on this issue differs in one important respect from that of most other groups —

while some think that auctions alone are sufficient to give the public full compensation for use of a valuable common resource, Common Ground-U.S.A. believes that the spectrum should not be auctioned off permanently. Rather, fixed-term leases should be auctioned off. In this way, the government can have a

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continuous source of revenue as leases expire and are re-auctioned. Additionally, small start-up companies, the entrepreneurial firms with creative new uses for emerging technology, will have a better chance of gaining some spectrum to develop and test their products, because leases won't sell for as much as permanent ownership. The federal government is aware of the problem of a few major corporations with "deep pockets" outbidding everyone else for spectrum, but they have yet to find a solution; meanwhile, auctioning leases would alleviate the problem.

Auctions for some portions of the electro-magnetic spectrum have already yielded the federal government over \$10 billion since 1993, with much more on the way. The big giveaway to TV station owners, therefore, represents a major step backward, a contradiction of current policy.

## **Politics Takes Over**

On March 30, 1995, the Senate began considering a major telecommunications reform bill; a House version was introduced on May 3. After several title changes, and after 1995 ended, the final

bill was called the "Telecommunications Act of 1996."

This major bill addresses dozens of issues, including cable TV rates, ownership limitations on radio, TV and cable stations, allowing the regional Bell operating companies to offer long-distance phone service, allowing competition in local phone service, and expanding government regulation of the Internet. Congress has tried for years to address such issues as these but, in gridlock, never passed a bill.

There's nothing wrong with modernizing our nation's telecommunications law — the last major overhaul was in 1934 — but many of the specifics in the Telecommunications Act of 1996 are very troubling and work against the free market, against open competition.

Critics charged that if such a bill became law, cable TV rates would rise, phone companies could increase their monopolies, and freedom of speech on the Internet would be endangered. And, of course, \$100 billion in spectrum would be given over to TV station owners.

Karen Kerrigan, president of the Small Business Survival Committee, was quick to discover the giveaway provision, something that the TV station owners would have preferred to keep quiet.

Kerrigan founded the Campaign for Broadcast Competition, a coalition of individuals and organizations who worked to stop the spectrum handout.

Late last summer, both the House and the Senate passed their versions of the bill, and a conference committee was appointed to work out the differences. This committee was to give a report on their proposed compromise, and the House and Senate would then vote again on the final compromise legislation.

But Kerrigan's forces were not discouraged. The Campaign for Broadcast

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Competition continued to educate the public and journalists about the \$100 billion in corporate welfare contained in the bill.

During the autumn of 1995, sentiment against the corporate welfare, and in favor of spectrum auctions, built steadily.

The Wall Street Journal said "perhaps the telecom bill's greatest sin is ... a multi-billion dollar giveaway to broadcasters."

The Washington Times urged "Auction the Spectrum" in a full September 19 editorial.

"Don't Let the Broadcasters Off Free," yelled the headline of a New York Times editorial.

On January 4, 1996, essayist William Safire wrote an article called "Stop the Giveaway" and went on to say "The ripoff is on a scale vaster than dreamed of by yesteryear's robber barons. It's as if each American family is to be taxed \$1,000 to enrich the stockholders of Disney, G.E., and Westinghouse."

Was all this journalism useless? So it seemed until early in January. Then, in a surprise move, Senator Bob Dole turned up the heat on the "corporate welfare" side of the issue. In surprisingly strong language, Dole stressed his opposition to the massive spectrum giveaway.

Here are some excerpts from Dole's speech in the Senate on January 10. He sounds like a member of Common Ground-U.S.A.!

"The bottom line is that spectrum is just as much a national resource as our Nation's forests. That means it belongs to every American equally. No more, no less. If someone wants to use our resources, then we should be fairly compensated.

"Let us, for the sake of the

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taxpayers and for the sake of the American consumers, fix this one corporate welfare provision before we ask Members to vote on it.

"At a time when we are asking all Americans to sacrifice and we are all trying to balance the budget — it does not make any sense to give away billions of dollars to corporate interests and succumb to their intense media lobbying effort."

Lobbyists, journalists and activists wondered: Would Dole's remarks make a difference in the final bill?

## **The Final Result**

By late January, it became clear that the conference committee was nearly ready to issue a report detailing a compromise between the House and Senate versions of the telecommunications bill. As the committee wrapped up its business, citizen activists worried that the final proposed bill would not be available for public comment and debate before Congress would vote on it. The Taxpayer Assets Project, a citizen group that shares Common Ground-U.S.A.'s interest in keeping public goods from being given away rent-free to private interests, called for a minimum 10-day period between releasing the report and a final Congressional vote. Unfortunately, that did not happen.

Bob Dole agreed to support the bill if the spectrum giveaway issue could receive further, separate consideration by the Congress. This very vague agreement removed the last obstacle to the bill's passage.

In a seeming whirlwind, the conference report, detailing the final version of the bill that would be voted on, was released on January 31 — and both houses of Congress voted to pass it during the afternoon of February 1.

For a major bill that took years to craft, such a fast vote was unparalleled. A Congressional aide confirmed that the rush to vote was deliberate, so that members of Congress could avoid public input on the final bill. The same aide told GroundSwell that, due to this unusual haste, most members of Congress had not even seen the legislation that they voted on.

Proponents of the spectrum auctions reacted angrily. Janice Shields, head of the Corporate Welfare Project of Ralph Nader's Center for Study of Responsive Law, is probably the nation's leading authority on corporate welfare. Shields told GroundSwell, "At a time when Congress is balancing the budget on the backs of the poor and middle-class, Senators and Representatives have shunned a lucrative source of federal revenue — auctioning spectrum licenses."

## **Or Is It Final?**

What about Bob Dole's strong anti-giveaway language? Will he back up his talk with action, or was he, as a Presidential candidate, simply trying to win a few points in the polls? The answer, to a large extent, is up to us.

In a telephone interview, Shields told GroundSwell, "Showcase hearings promised to Senator Dole in exchange for his support for the bill are not expected to lead to auction authority." The hearings, even if they happen, might amount just to a lot of hot air.

If we want to support spectrum auctioning and oppose the huge giveaway, then we simply must push Bob Dole to live up to his word. This type of fight will be won or lost depending on how much grassroots pressure that Dole, and Senate Commerce Committee Chairman Larry Pressler, feel bearing down on them. Dole, who is busily running for President, cannot afford to back down from his earlier strong stand or he will be seen as weaker than the private fatcats; therefore, if we can keep this issue alive and in the public eye, Dole will have to follow through on his promise to lead a charge against this \$100 billion looting of the public treasury.

## **If You Had \$100 Billion**

Write a letter to the editor of your newspaper, asking him or her to take a stand on this issue. Speak with your friends and coworkers, asking them if our nation can afford to give \$100 billion to TV station owners. Ask this question, "If you had \$100 billion, how much of it would you give away free to TV station owners?" Because it is your \$100 billion; the spectrum is a public resource. Tell your Senators to stand up, for once, to the powerful corporate welfare fatcats.

"This is a big, big corporate welfare project. Here we're cutting Medicaid and doing all the painful things while we lend them the spectrum for 12 years. Why shouldn't they pay for it?"

-- Senate Majority Leader Bob Dole



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Editor's Note: After the above article was submitted to GroundSwell, the Telecommunications bill was passed and signed into law. Quoting from the Feb. 2 Milwaukee Journal Sentinel: "A major roadblock to Senate passage was cleared when Dole received assurances from the Federal Communications Commission that it would not issue new digital television licenses until Congress decides whether broadcasters should have to pay for them."

FOR RELATED ARTICLE, SEE FOLLOWING PAGE. Harold Hallikainen is president of Hallikainen and Friends, a manufacturer of transmitter control and telemetry systems. He also teaches electronics at Cuesta College. He can be reached at 805/541-0200 or on the Internet at [ap621@cleveland.freenet.edu](mailto:ap621@cleveland.freenet.edu).