



June 23, 2014

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RE: Federal Communications Commission (FCC) Testimony Before Congress on Unfair Government Competition from Municipal Broadband

Dear Mr. Chairman:

The Business Coalition for Fair Competition (BCFC) is a national coalition of businesses, associations, taxpayer organizations and think tanks that are committed to reducing all forms of unfair government created, sponsored and provided competition with the private sector. BCFC believes the free enterprise system is the most productive and efficient provider of commercial goods and services and strongly supports the Federal government utilizing the private sector for such products and services to the maximum extent possible.

First, we commend you for recognizing the role of the private sector. Your written testimony regarding Broadband Investment and Competition (page 4) stated:

“The private sector must play the leading role in extending broadband networks to every American.”

We believe the private sector should play the only role in extending broadband networks to every American.

Second, we also commend you for promoting competition. Your written testimony (page 4) stated:

“Promoting competition is another critical tool for spurring investment in broadband infrastructure.”

We believe that competition should be only among the private sector providers, and is indeed critical for creating investment in infrastructure. The government should be the umpire, not the opposing team.

Third, we disagree with your written testimony encouraging unfair government competition from “municipally-owned broadband systems”. Your written testimony (page 4) stated:

“We must use all the tools at our disposal to encourage competition wherever it is possible. One place where it may be possible to encourage competition is municipally-owned broadband systems.”

Government should not compete with the private sector, but rather utilize it to the maximum extent practical. As Former New York Governor Mario Cuomo once said, “It is not government’s obligation to provide services, but to see they’re provided.”

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Every Congressionally-chartered White House Conference on Small Business (1980, 1986, and 1995) has made unfair government competition with small business a top issue. The issue of government competing with the private sector has been a serious concern for small business for decades.

Today, the Federal government owns and operates hundreds of activities that are commercial in nature. They are functions that are not inherent or unique to government, but rather they can be found in the Yellow Pages from small businesses on Main Street in virtually every town in America.

According to inventories compiled under the Federal Activities Inventory Reform (FAIR) Act, beginning under the Clinton Administration in 1999, there are still more than 850,000 Federal employees engaged in activities which are commercial in nature that duplicate and in some cases compete with private enterprise, including small business. Ranging from architecture to zoology and including apparel, audits, buses, construction, debt and bill collections, campgrounds and concessions, engineering, equipment repair and maintenance depots, film studios and theater management, food service and security, furniture, graphics, hearing aid and medical supply distribution, information technology and data centers, laboratories, landscaping, laundry and dry cleaning, office products, pest management and wildlife control, mapping, meeting planning, marketing research, motorcoaches, printing and chart production, public storage, recycling and waste management, road signage, roofing, security technologies and products, surveying, tax preparation, transportation, travel planning, and utilities.

Moreover, the Federal government all too often subsidizes state and local government competition with private enterprise through grants, loans and other assistance.

We believe your testimony was a missed opportunity to properly identify the roles and responsibilities of both the private sector and government in providing commercially available services.

We encourage your leadership to:

- Recommend an end to Federal agency, state and local government duplication of and competition with the private sector for the performance of commercial activities, including but not limited to broadband services;
- Recommend a FCC policy that it will not start or carry on any commercial activity to provide a service or product for its own use if such product or service can be procured from private enterprise through ordinary business channels; and
- Recommend an end to all forms of subsidies and preferences for government run or sponsored activities that perform commercial activities and thus unfairly compete with private sector, taxpaying companies – and especially those commercial activities performed by State and Municipal government, non-profit organizations, universities, and Prison Industries – all of which enjoy tax-exempt status, among other unfair benefits creating an unlevel playing field, competition-wise, with the private sector.

In order to empower the private sector, the Business Coalition for Fair Competition (BCFC) respectfully urges the FCC to implement policies wherein the government utilizes the private sector, including small business, to the maximum extent possible; fights unfair competition with and duplication of the private sector by government at all levels, including municipal broadband; and recommends policies and legislation to assure that the U.S. Government supports, rather than impedes, growth in the private sector.

Sincerely,



John M. Palatiello, President
Business Coalition for Fair Competition (BCFC)