

DIGITAL COMMUNITY FORUM  
THE ROLE OF GOVERNMENTS IN THE NETWORK ERA  
APRIL 2, 1996

MR. ARIMA, THE HONORABLE MR. TOKAI AND MR. ARAI, DISTINGUISHED GUESTS, LADIES AND GENTLEMEN: IT IS A PLEASURE TO JOIN YOU HERE TODAY TO SHARE SOME THOUGHTS ON THE "NETWORK ERA" -- A SUBJECT KEY TO THE FUTURE OF BOTH OUR COUNTRIES.

AS YOU KNOW, I AM NO EXPERT ON INFORMATION TECHNOLOGY. IF ANY OF YOU ARE THINKING OF CREATING A SUPPORT GROUP FOR THE "DIGITALLY IMPAIRED," I HOPE YOU WILL BE KIND ENOUGH TO INVITE ME. MY ONE CONSOLATION IS THAT MY GRANDCHILDREN ARE AS COMFORTABLE WITH THIS TECHNOLOGY AS I WAS WITH CRAYONS AND PAPER. SO AT LEAST OUR FUTURE IS IN GOOD HANDS.

THERE HAS BEEN A LOT OF HYPE ABOUT THE INFORMATION REVOLUTION. BUT NO ONE DOUBTS THAT IT HAS ARRIVED, AND THAT WE ARE NOW IN THE THROES OF A GREAT SOCIAL TRANSFORMATION -- CHANGING HOW WE COMMUNICATE, HOW WE WORK, AND HOW WE LIVE. WHAT WE HAVE LEARNED IN THE UNITED STATES IS THAT ACCESS TO COMPUTERS AND TELECOMMUNICATIONS NETWORKS IS ONE OF OUR COUNTRY'S MOST POWERFUL SOURCES OF INNOVATION, PRODUCTIVITY, AND CREATIVITY. IT IS NOW CLEAR THAT THIS INDUSTRY WILL IN LARGE MEASURE DEFINE OUR FUTURE.

AT THE SAME TIME, HOWEVER, MANY PEOPLE FEAR THAT WE MAY BECOME A SOCIETY OF INFORMATION "HAVES" AND "HAVE NOTS" -- THAT WE MAY CREATE A GROUP SOME CALL THE "DIGITAL HOMELESS." TO AVOID THIS CALAMITY, OUR SCHOOLS, COMPANIES, AND THOSE IN THE KNOW HAVE TO TAKE THE INITIATIVE IN EDUCATING OUR CITIZENS ON HOW TO USE THIS TECHNOLOGY.

WE ALSO NEED TO REDEFINE WHAT IS MEANT BY "UNIVERSAL SERVICE" -- THE OVERRIDING GOAL OF TELECOM POLICY FOR THE LAST HALF-CENTURY. UNIVERSAL SERVICE TODAY MEANS MAKING SURE SCHOOLS, HOSPITALS, AND UNDERPRIVILEGED GROUPS DO NOT MISS OUT ON THE INFORMATION REVOLUTION. I HAVE HEARD MANY IDEAS FOR FUNDING UNIVERSAL SERVICE; BUT, THE BEST SOLUTION IS TO MINIMIZE

THE NECESSITY OF OFFICIAL FUNDING BY ENCOURAGING THE GROWTH OF CHEAP, DIVERSE INFORMATION SERVICES.

SO FAR, I THINK WE ARE DOING PRETTY WELL AT THIS IN THE U.S., AND THE NEW TELECOM LEGISLATION JUST PASSED BY OUR CONGRESS WILL HELP US DO EVEN BETTER.

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THERE IS A GROWING CONSENSUS AROUND THE WORLD THAT WE NEED TO GET GOVERNMENT OUT OF THE TELECOMMUNICATIONS MARKET AS MUCH AS POSSIBLE, AND LET BUSINESS AND CONSUMER DECISIONS SHAPE THIS SECTOR. THIS MEANS A FIRM COMMITMENT TO DEREGULATION. IT IS NOT SIMPLY A MATTER OF ELIMINATING RULES. WHAT IS NEEDED IS A CHANGE OF ATTITUDE -- GETTING BEYOND A CULTURE OF INTERFERENCE, WHICH REGULATORS EVERYWHERE TOO EASILY SLIP INTO.

REGULATIONS HAVE AN IMPORTANT ROLE TO PLAY, BUT THEY SHOULD BE USED LESS TO CONTROL MARKET ACCESS AND MORE TO CHAMPION COMPETITION. REGULATORS MUST ENCOURAGE A HEALTHY COMPETITIVE INTERPLAY BETWEEN FIRMS, WHICH WILL HELP BRING DOWN PRICES AND STIMULATE NEW SERVICES. WHILE WE ALL RECOGNIZE THAT MONOPOLY PROVIDERS HELPED IN BUILDING UP THE NETWORKS WE HAVE TODAY, MOST PEOPLE AGREE THAT THE ERA OF THE MONOPOLIST HAS PASSED. IT IS USERS AND COMPETITIVE PROVIDERS WHO WILL DRIVE DEVELOPMENTS HEREFTER.

THIS DECENTRALIZATION SPAWNED VIBRANT DIGITAL COMMUNITIES -- COMMUNITIES WITH A LOCAL FOCUS, BUT AT THE SAME TIME LINKED TO LARGER COMMUNITIES -- IN BUSINESS, IN EDUCATION, IN HEALTH CARE, AND IN GOVERNMENT.

THIS DIVERSE COMMUNICATIONS NETWORK HAS BECOME A SOMETIMES CHAOTIC AND UNPREDICTABLE PLACE. THIS BOTHERS SOME PEOPLE, WHO PREFER MORE ORDER AND CONTROL -- BUT IT IS THE LOSS OF CENTRALIZED CONTROL WHICH HAS STIMULATED THE EXPLOSIVE GROWTH OF NEW ENTREPRENEURIAL FIRMS.

THE KEY TO THIS GROWTH HAS BEEN COMPETITION. I KNOW IT IS STATED POLICY IN JAPAN TO PROMOTE COMPETITION, BUT IN YOUR TELECOMMUNICATIONS

SECTOR ONE COMPANY STILL CONTROLS ALMOST 85% OF THE MARKET. CLEARLY, THERE IS ROOM FOR MORE PLAYERS.

AS STATED IN THE DEREGULATION PLAN JAPAN ANNOUNCED LAST WEEK, WE ANTICIPATE YOUR GOVERNMENT TAKING STEPS TO EASE MARKET ENTRY AND PERMIT OFFERINGS OF MORE VARIED TELECOM SERVICES. WE ALSO LOOK FORWARD TO JAPAN'S TIMELY IMPLEMENTATION OF STRONG INTER-CONNECTION RULES -- GIVING COMPETITIVE FIRMS EQUAL ACCESS TO THE MONOPOLY NETWORK. WHILE MUCH WORK REMAINS ON THE DETAILS OF THESE PLANS, WE BELIEVE BOTH STEPS, IF IMPLEMENTED, WILL HELP YOU ACHIEVE A MORE OPEN AND VIBRANT TELECOM SECTOR.

ONE AREA WHERE WE FEEL JAPAN SHOULD LIBERALIZE MORE VIGOROUSLY IS IN FOREIGN INVESTMENT. IF YOU BELIEVE IN COMPETITION AND THE BENEFITS IT WILL BRING YOUR CITIZENS, THERE IS NO EXCUSE FOR NOT PERMITTING 100% FOREIGN INVESTMENT IN THE TELECOM SECTOR. WE ARE OFFERING IT IN THE U.S., AND WE ARE ASKING FOR THIS FROM ALL OF OUR MAJOR TRADING PARTNERS.

I THINK YOU SHOULD SEE FOREIGN FIRMS IN JAPAN NOT AS A THREAT, BUT AS PARTNERS IN THE FUTURE DEVELOPMENT OF YOUR ECONOMY. I HOPE I AM NOT BEING IMMODEST BY SAYING WE HAVE A GREAT DEAL TO OFFER TO CONSUMERS AND COMPANIES ALIKE -- EXPERTISE IN SOFTWARE, IN CABLE TV AND TELEPHONY, IN INTERNET SERVICES, IN SATELLITE SERVICE, AND SO ON. PERHAPS MOST OF ALL, OUR FIRMS HAVE EXTENSIVE EXPERIENCE IN THE MOST COMPETITIVE INFORMATION MARKET IN THE WORLD. THIS IS NOT EXPERIENCE YOU CAN SIMPLY IMPORT OR BUY. TO ABSORB IT, YOU NEED TO HAVE OUR FIRMS OPERATE COMPETITIVELY IN YOUR MARKET.

THESE ARE INDUSTRIES OF THE FUTURE. IN AN IMPORTANT WAY, THEY ARE VERY DIFFERENT FROM TRADITIONAL SECTORS -- THEY ARE PERVASIVELY GLOBAL AND SERVICE ORIENTED. IN THIS BUSINESS, YOU CANNOT MAKE A PRODUCT AND PUT IT ON A SHIP AND SEND IT OFF TO A CUSTOMER -- YOU ARE INVOLVED ALL THE WAY THROUGH. A POLICY WHICH AIMS AT CONTROLLING THE INDUSTRY AT THE BORDER IS DOOMED TO FAILURE. THE SOONER WE ALL RECOGNIZE THIS, AND TAKE STEPS TO ENCOURAGE FOREIGN PRESENCE IN THIS MARKET THROUGH INVESTMENT AND ALLIANCES, THE SOONER JAPAN WILL BE ON HER WAY TO THE NETWORK OF THE FUTURE.

WHILE NONE OF US KNOW PRECISELY WHAT THE NETWORK OF THE FUTURE WILL LOOK LIKE, OR HOW IT WILL AFFECT OUR LIVES, WE KNOW THAT IT WILL BE VERY DIFFERENT FROM WHAT WE HAVE TODAY. I APPLAUD YOU FOR BRINGING TOGETHER A DIVERSE GROUP HERE AT THIS FORUM TO DISCUSS OUR COMMON FUTURE IN SUCH AN INCLUSIVE MANNER. AFTER ALL, THE NETWORK IS NOT JUST A BUSINESS, IT IS A VITAL ASSET WE ALL SHARE.

AS AMBASSADOR, MY MAIN JOB IS TO STRENGTHEN THE HUMAN TIES WHICH BIND OUR TWO COUNTRIES. WORKING TOGETHER TO BUILD INFORMATION TECHNOLOGY LINKS IS ONE OF THE BEST WAYS TO ENSURE THAT THOSE HUMAN TIES REMAIN STRONG, AND THAT WE ARE BOTH BETTER PREPARED FOR OUR COMMON FUTURE.

THANK YOU.



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