Just Don't Call Him Junior Michael Powell's father is a war hero named Colin. But Michael, as FCC chairman, is the Powell corporate America cares about most.

By John Simons
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(FORTUNE Magazine) – Michael Powell got lots of unsolicited advice when President Clinton appointed him to the Federal Communications Commission in 1998. He was, after all, just four years out of law school, a burly cherub of a 34-year-old. Yet the most memorable guidance came not from his famous father, retired General Colin Powell, but from America Online Chief Executive Steve Case. Dressed in khakis and a blazer, Case sauntered into Powell's office by himself one afternoon sipping a bottle of water--a refreshing departure from telecom executives who would arrive flanked by $300-an-hour K Street lawyers. After a predictable request to keep the Internet regulation-free, recalls Powell, "he said, 'I wake up sweating about whether we'll be around in a year. But I thrive on it. I love it. When you're scared, you find a way to survive.'" Then Case offered his advice: "When you're deregulating these companies, inviting them to compete, find ways to put a little fear out there."

Three years later, as the Bush Administration's newly appointed FCC chairman, Michael Powell is preparing to spread some fear around, and experience it too. A generation ago the FCC made news only when it wagged its finger at some radio shock-jock who'd uttered a dirty word or two. No more. In the era of media convergence and the Internet, the agency is regularly on the front page, whether it is scrutinizing billion-dollar telecom mergers or auctioning off spectrum for cellular phone service. Indeed, the companies that the agency regulates--like AT&T, WorldCom, DirecTV, and Viacom--are more central to U.S. business than ever before. Since 1982 revenues in broadcasting, telecom, and other industries overseen by the FCC have grown 173%, to $950 billion, roughly 14% of U.S. GDP.

As FCC chairman, Powell will wield profound influence over the shape of the information economy. But just as the FCC's profile has risen, its top position has become one of the more onerous and thankless jobs in Washington. Powell inherits an agency that is slow to react to a fast-moving world, with regulations that are increasingly outmoded as all information becomes digital.

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Powell--a pro-market moderate Republican with a deregulatory bent--has made revamping those rules his top priority. He wants to make the FCC more responsive and efficient, a transformation that will be anything but easy, especially since Powell's personal style is more that of a deliberative legal scholar than of a seat-of-the-pants corporate decision-maker. In his first gathering with agency managers in February, at which Powell sought ideas about how the FCC might reinvent itself, he passed around a recommended reading list of more than 40 books and essays, including economist Joseph Schumpeter's Capitalism, Socialism, and Democracy, the Defense Department's Armed Forces Officer, and Martin Luther King Jr.'s "Letter from Birmingham Jail."

Yet Powell will have to move quickly to keep up with the FCC's agenda, especially its mandate to hurry along the overhaul of the nation's phone system. In passing the Telecommunications Act of 1996, Congress intended, among other things, to infuse local phone markets with competition and reduce consumers' phone bills. Half a decade later consumers still have limited choices, and phone, cable, and media companies are consolidating at a rapid pace, a concern for some in Washington who fear too much control by a single company. Powell's reluctance to intervene in markets will be put to the test as it becomes clearer that the Telecom Act was a failure. Within the next year Powell must also devise rules for the rollout of digital television programming and cobble together more spectrum for next-generation wireless services.

Powell will have to do all this and more while overcoming the constraints of his office. The FCC doesn't

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have Cabinet-level status. Its mandate isn't to create communications policy; it exists merely to carry out an often ill-advised patchwork of laws. Legislators rebuked the FCC's last two chairmen, Reed Hundt and William Kennard, for trying to make policy rather than implement it. Powell's agency also faces a talent crunch. Not only are FCC staffers leaving for lucrative private-sector jobs, but in addition some 40% of its engineers are approaching retirement age.

Maneuvering around those obstacles will take creative thinking, which Michael Powell learned early on. He didn't grow up in the fortress of discipline one might expect of a military household. Though he and his two sisters lived on 22 military bases across the country, their parents gave them a great deal of independence. They got in trouble only when they didn't own up to problems--or when they failed to have a ready solution. Powell recalls a time in high school when his car ran out of gas in suburban Virginia. He couldn't reach his parents, so he left the car in the middle of a road and got some friends to drive him home. His parents arrived shortly thereafter and were greeted by a telephone call from the towing company that had impounded the car. "They were mad," says Powell, "but it had nothing to do with running out of gas. It was just, 'Why didn't you have a plan?'"

But to understand Powell as he wants to be understood, you have to forget for a moment that he is the son of a national war hero who happens to be Secretary of State. The formative experiences he talks about most occurred outside his parents' home. Powell has already compressed two career trajectories into his young life. After graduating from the College of William & Mary in 1985, Powell joined the Army. (There was no pressure from Dad, he insists. "We never had a conversation about it," says Michael. "We each do our own thing. It just happens that we share the same sort of calling.") While stationed in Amberg, Germany, as a cavalry platoon leader, Powell learned the tricky business of balancing loyalty with the letter of the law. He once made the hard choice of reporting a superior who had shown up at a command post drunk.

After he had risen to the rank of first lieutenant, Powell's military stint was cut short in 1987 when his jeep flipped over during a training exercise. The accident left him with a shattered pelvis. At 24, he spent a year in the hospital undergoing a series of operations. By the early 1990s he was studying law at Georgetown University, where he impressed many of his professors as a strong-minded, aggressive student. One of those professors was future Justice Department trustbuster Joel Klein. The two often took coffee breaks together in the school cafeteria, arguing about case studies and occasionally watching the elder Powell's televised Gulf war press conferences. "He loves to persuade," says Klein about his former pupil. "It was clear he'd be a solid lawyer with good judgment."

Powell cut his legal teeth during a clerkship with D.C. Circuit Court of Appeals Judge Harry Edwards. (Edwards made news recently when he chided Judge Thomas Penfield Jackson for bias against Microsoft in its landmark antitrust case.) Powell credits Edwards with teaching him to divorce emotional reactions from cold, legal analysis. He says Edwards often told his clerks, "Don't come in here whooping and hollering, all emotional about some grave injustice. The question is, What does the law say on it?"

Within the FCC, Powell is known as an intellectual technophile and a workaholic who still finds time to spend with his kids. "You are always guaranteed to get in to see Michael if you've got a new gadget with you," says former FCC chief technologist Dave Farber, who once spent part of a day showing Powell a new Palm Pilot note-taking device. Lobbyists find Powell's affinity for gadgets entertaining. "There are many days in here where we're over by the window, trying to catch a signal on somebody's new phone," Powell laughs.

Try as he may, though, Powell finds it hard to escape his father's shadow. At a recent press conference he joked, "Since my name in the press is often followed by 'son of Colin Powell,' I feel I should tell you--if you're here for the State Department briefing, you're in the wrong building." Michael certainly has the Powell charisma. "He's so engaging," says Republican Representative W.J. "Billy" Tauzin of Louisiana, who heads the House committee that oversees the FCC. "It's hard not to be a friend with him." Powell's close relationship with Capitol Hill Republicans like Tauzin and Arizona Senator John McCain will be key to his success. And while he admits that his well-known name probably hasn't hurt his brief policy career, he also refers to the Colin-Michael "dual notoriety factor" as "the cross I bear." He says, "People make a lot of assumptions. 'Didn't you get that because of your father?' I don't know what to do about that." Yet he adds, "I wouldn't trade being Colin Powell's son for the world, and I have never felt a sense of wishing it wasn't there."

That sense of wishing might well have materialized last year. While Michael Powell sat on an FCC panel examining the merger between AOL and Time Warner (parent of FORTUNE's publisher), Colin Powell held a seat on AOL's board--and roughly $13 million in company stock. The younger Powell went to the FCC's internal ethics board and argued that his father's business dealings were separate from his own. The board allowed Powell to proceed with his review. Still, critics charged that the younger Powell should have recused himself from the vote. "This is only an issue because people like to write about me and my dad," says Powell. "But I personally have no [financial] interest in AOL." In the end, Michael and the commission's four other members voted unanimously in favor of the merger.

Barely a month into the job, Powell is feeling the pull of various interest groups. Consumer advocates are asking him to set price limits on cable bills (which rose last year at nearly twice the rate of inflation); Rupert Murdoch's News Corp. would like to see him trash regulations barring companies from owning a TV station and a newspaper in the same city; and the NAACP is demanding that he force broadcasters to hire more minorities. It's not difficult to divine Powell's thinking on those matters. He is, for instance, skeptical of price controls. "If you take prices out of the market, it's not a market. It's a government-controlled

environment," Powell asserts. "And government never does it well."

Powell's critics say it's fine for him to support markets, but they question whether he can adapt when those markets fail. "How many years are cable customers supposed to wait for satellite to become a real choice and have an effect on prices?" asks Gene Kimmelman, Washington co-director of Consumers Union. Calling his laissez-faire attitude anticonsumer makes Powell bristle. He says, "I reject the suggestion that being pro-market is just helping big companies be big, without regard for consumers."

The NAACP's plea strikes a deeper chord with Powell, pulling at his loyalties as an African American. Unlike his father, Powell does not support affirmative action. He probably won't press media outlets to hire more minorities, choosing to address the disparities in other ways. Last year he and Senator McCain co-authored legislation that would give tax credits to minorities who buy media companies. "I feel the tug, and it's an uncomfortable one," he says. "But for a guy like me, who is a Republican, you can't ask me to stop being everything that I am just because we share a passion for opportunity or we're the same color."

Leanings and biases notwithstanding, Powell is known for giving all sides a decent hearing. As he often reminds his staff, "we owe fairness to all, allegiance to none. I'm not an ideologue. I'll open the door and let anyone try to convince me." That should be heartening for all the lobbyists who enter his office in fear.

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