

**Testimony of Kyle McSlarrow**

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**Senate Committee on Commerce, Science & Transportation**

**Hearing on Net Neutrality**

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**Good morning, Mr. Chairman and Members of the Committee. My name is Kyle McSlarrow and I serve as the President and Chief Executive Officer of the National Cable & Telecommunications Association. NCTA is the principal trade association for the cable industry, representing cable operators serving more than 90 percent of the nation's cable television households and more than 200 cable program networks. The cable industry is also the nation's largest broadband provider of high speed Internet access after investing \$100 billion over ten years to build out a two-way interactive network with fiber optic technology.**

**I would like to focus this morning on three main points.**

***First*, Congress's policy of leaving the Internet unregulated has been a resounding success. The resulting *network flexibility* has encouraged billions of dollars in investment. Companies that include high speed Internet services among their offerings have the freedom to experiment with multiple business models, producing more choices and competition in content and providers for consumers, and more innovation than ever before.**

***Second*, any change to this policy could have serious repercussions to**

continued network innovation and investment. Government, by its nature, is ill-equipped to make judgments about the best business models for an industry. This is especially true for a business as dynamic as the provision of high speed Internet services. It is clear that how those business models develop will directly affect the level of investment and innovation we can expect over the next few decades, but no one today can predict which business models will most effectively promote those goals.

*Finally*, in the absence of any problem calling for a legislative solution -- and since the broadband services marketplace is characterized by robust competition-- Congress should refrain from premature legislative action and allow the marketplace to continue to grow and change so network and applications providers can offer consumers the fullest range of innovative service options.

### **Congress's Decision to Leave the Internet Unregulated is an Unquestioned Success**

Keeping the Internet free of regulation has helped to spur tremendous investment and competition in broadband networks and services. Left free to create new business opportunities and services, broadband providers (including cable operators, DSL, satellite and wireless operators) have invested billions of dollars to bring high-speed Internet access services to consumers across the nation. With bandwidth usage growing at a rapid pace, continued investment will be needed to keep broadband services robust.

If broadband providers are to continue to make these investments, and if consumers are going to be given the levels of services and innovative new products

and features they desire, all at prices they can afford, broadband providers need to have continuing flexibility to innovate in the business models and pricing plans they employ. Likewise, websites and content providers also need the flexibility to experiment with business models, and to partner with broadband providers in doing so.

Many so called “net neutrality” proposals, however, would seek to specify today which business models are permissible, and which ones are not, both for broadband providers and for website owners and content providers. They would impose by government fiat outcomes that are better left to the marketplace. This is especially so where that marketplace is highly competitive, where no real world problems needing a solution have been identified, and where the pace of technological development is breathtaking. There can be no better circumstances than these to leave it to the marketplace rather than government to be the regulator.

It is far too early for us -- or you -- to predict which business approaches will succeed in the long run. Any attempt to do so runs the unintended, but high, risk of promoting an approach that fails in the market. By the time the law catches up to the market, it will be too late to recapture the momentum that characterizes broadband today. The hands-off policy has given us the flexibility to innovate and respond to consumer demand. Abandonment of that policy will undermine -- not promote -- consumer choice.

**Internet Regulation Will Direct Resources to Litigation, Not Innovation**

**Attempts to impose such requirements on broadband network providers also would lead to endless and expensive litigation. Even assuming appropriate regulations could be written – and because this is an area of rapid technological change, we do not think that assumption is warranted – they would still lead to uncertainty as to their actual application. They would also lead to the creation of a new bureaucracy to apply such rules and add layers of additional costs for dealing with the regulations and bureaucracy.**

**Such costs might be undertaken were there real world problems that needed government intervention to remedy. But again, where no one has yet identified such problems, where such regulations would likely increase costs and stifle innovation, and where there is a vigorously competitive marketplace, one has to ask the question, why take such an enormous risk?**

**Thank you again for inviting me here today. I would be pleased to answer any questions you may have.**