

Statement of Senator Charles Grassley, Senate Judiciary Committee Hearing, “Why Net Neutrality Matters: Protecting Consumers and Competition through Meaningful Open Internet Rules”, September 17, 2014

Good morning and welcome to all of the witnesses. Mr. Chairman, I appreciate your holding this hearing on net neutrality. This is a complex topic, and I’m glad that the Committee can hear from all sides of the debate. It’s important for the Committee to consider the state of the Internet and whether new rules are necessary to ensure that it continues to thrive.

Mr. Chairman, I believe that many, if not all, of us share similar goals with respect to the Internet. We all want the Internet to grow and prosper. We all want faster and cheaper Internet access. We all want more deployment of broadband technologies, particularly to areas that remain without access. We all want more innovations and new avenues by which to access information. We all want consumers to have more choice and options.

The FCC is in the process of considering whether to adopt rules that would regulate the Internet. Chairman Wheeler has taken the position that there is not enough competition in the high-speed broadband marketplace, and because of this, the agency should advance net neutrality rules.

Many would dispute the FCC’s assessment of the Internet. Rather, they would take the position that we have a competitive, dynamic Internet right now, and the push for new rules and regulations is a “solution in search of a problem.” Is the Internet really broken? Broadband and Internet technologies are advancing every day. New products are constantly entering the market, and consumers can choose when, where, and how to access their information and entertainment.

Overall broadband deployment and speeds –both wired and wireless – are estimated to reach 98% of American households with broadband speeds of 10 megabytes or faster. 82% of American households have access to broadband speeds of 50 megabytes or faster. The overall broadband industry – cable, telco, satellite, wired and wireless – has invested over \$1.2 trillion in infrastructure, \$60 billion a year recently. Further, it’s estimated that broadband speeds double every 2 to 3 years.

So, many would contend that the Internet is highly competitive and responsive to consumer demands and that the FCC and others are just speculating about future

harms. They'd say there is no need to deviate from the current policies that have allowed the Internet's phenomenal growth.

Moreover, many – including myself – are highly skeptical about the prospect of expansive FCC regulation over every aspect of the Internet. The Internet has been so successful precisely because of a hands-off approach. I'd note that this policy was first implemented under the Clinton Administration. The lack of government intervention and regulation has allowed competition to flourish beyond our wildest imagination. Businesses of all sizes have benefitted from a regime that hasn't been bogged down by prescriptive or onerous regulations. We all want more deployment of technologies and infrastructure. In fact, I'd like to see more broadband growth and options take place in rural America. However, it's more likely we'll see improvements in this area as a result of innovation and investment, than as a result of more regulation.

Internet technology is advancing at a rapid pace. New products are changing the Internet's infrastructure by delivering faster access through fiber optic cables. New technologies are allowing people to “cut the cord” and access their media content through the Internet and handheld devices rather than on traditional television sets. Investments in next-generation broadband technologies and infrastructure are booming.

Because of the fast changing Internet market, we need to be particularly careful when looking to impose rules and regulations. They could just end up impeding the development and adoption of new technologies and services. They could threaten investment in network upgrades, generate legal and marketplace uncertainty, and ultimately cost jobs and harm the economy.

It's doubtful that creating an expansive regulatory regime will increase broadband deployment, spur innovation, or ensure better quality services and consumer satisfaction. Net neutrality rules radically would change the hands-off approach that has allowed the Internet to work so well thus far. Supporters of net neutrality contend that new regulations will restore Internet protections and ensure the vitality of the Internet. If anything, I'm concerned that that the imposition of new regulations – and in particular expansion of 80 year-old rules designed to regulate old telephone monopolies under Title II – will have the exact opposite effect on the Internet. More regulation normally isn't seen as something that incentivizes businesses to advance and grow, so it seems counterintuitive in this case as well.

Nonetheless, there are legitimate concerns about making sure Internet competition and consumers are protected from corporate bad actors. I don't support monopolistic, anti-competitive or predatory practices in the Internet marketplace.

But rather than allow the FCC to impose regulations on an industry that has been so successful under a hands-off regime, antitrust and consumer protection laws may provide a better option to ensure consumers and businesses are not harmed by anti-competitive conduct in the modern Internet ecosphere. Antitrust and consumer protection laws are already on the books to guard against anti-competitive activity and to prevent companies from engaging in deceptive and unfair behavior. I've been a strong supporter of vigorous enforcement of the antitrust laws by the Justice Department and the Federal Trade Commission to ensure a fair playing field in many sectors of our economy. I hope that they'd be paying close attention to this critical market as well.

In conclusion, because the Internet is so important to consumers and to our economy, we should proceed with caution. No one wants to undermine the Internet's competitive vibrancy. This is a complex policy debate, so I look forward to hearing the testimony of the witnesses.