

Russ Feingold

Statement of Senator Russell D. Feingold
Hearing before the Senate Committee on the Judiciary
Subcommittee on Antitrust, Competition Policy and Consumer Rights
on
“Cell Phone Text Messaging Rate Increases
and the State of Competition in the Wireless Market”
June 16, 2009

Thank you, Mr. Chairman, for holding this important hearing.

Like my fellow 270 million cell phone users across the country, I am a daily beneficiary of the tremendous advances in wireless technology that have unfolded so rapidly over the past decade. But at the same time, I am concerned that consolidation in the wireless industry may be hurting vulnerable consumers, impeding fair competition, and stifling the next wave of innovation.

This past September, Chairman Kohl sent a letter to the nation's four largest wireless carriers, which together control 90% of the market. He asked why the cost to send or receive a text message has doubled in recent years, from 10 cents to 20 cents, when the cost of transmitting these messages has likely decreased. If anything, the skyrocketing volume of text messages and the ever-increasing efficiency of communications technology should have driven prices down to a fraction of where they are now.

In an attempt to explain this strange phenomenon, today's industry witnesses will highlight the fact that most cell phone users purchase bulk or unlimited texting plans. But 30 percent of all users are still paying 20 cents for every text message sent or received. These users are disproportionately likely to be poor or elderly. They may account for only 1% of text messaging volume, but they are in the absolute worst position to subsidize a 99% profit margin.

I will also pay close attention to today's discussion of how government and industry can best provide wireless coverage to rural users, in Wisconsin and across the country. Our spectrum and roaming policies must ensure that no communities are cut off from the increasingly wireless internet.

Mr. Chairman, thank you again for holding this hearing and for your leadership on this critical set of consumer and innovation issues.