

**Testimony of Walter B. McCormick, Jr.  
President and Chief Executive Officer  
United States Telecom Association  
Before the Senate Committee on Commerce, Science and  
Transportation**

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Mr. Chairman, Co-Chairman Inouye and members of the Committee, I am Walter McCormick, president and chief executive officer of the United States Telecom Association (USTelecom). On behalf of our more than 1,200 innovative member companies ranging from the smallest rural telecoms to some of the largest corporations in the U.S. economy, I appreciate this opportunity to discuss net neutrality.

There is a lot of debate today about whether the Internet will change.

Let me be clear about the position of our companies:

Our companies have a 150-year tradition of connecting people to each other over our networks. We are 100% committed to continuing this tradition as we invest billions of dollars—nearly \$15 billion in 2006 alone—building out new, next-generation broadband networks capable of meeting America's rapidly increasing need for speed.

Today, I make the same commitment to you that our member companies make to their Internet customers: We will not block, impair, or degrade content, applications, or services. That is the plainest and most direct way I know to address concerns that have been raised about net neutrality.

If you can go there today, you can go there tomorrow. The functionality you have on the Internet today, you will have tomorrow.

Now...why is that the case in the absence of a legislative mandate?

First and foremost, because our culture, our history, our business has been focused for more than a century on connecting our customers with those *they* choose. If a consumer wants to call Sears, we don't connect them with Macy's.

Second, there already exists oversight by the Federal Communications Commission today that has proven to be effective in protecting consumers' right to be in control of their Internet experience. The Federal Communications Commission has made it abundantly clear that it has both the authority and the appetite to move swiftly to intervene on behalf of the consumer.

Finally, consumers' Internet experience is today unimpeded—in the absence of virtually any regulation of the Internet—because there exists a powerful consumer mandate for Internet freedom.

In a new communications era defined by multiple choices—multiple communications pathways— consumers simply will not continue to purchase service from a provider that seeks to block or restrict their Internet access.

When consumers have choices in the marketplace, consumers have control. There is vigorous competition between DSL, cable modem, wireless, satellite, and other Internet access providers. In some areas free Wi-Fi access is available. In others, access over powerline is available. This results in benefits to consumers ... the latest evidence coming just last week with the announcement of \$12.99/month DSL service from AT&T.

Mr. Chairman, the Internet operates today on networks operated by our companies – networks that interconnect with other networks. That is, in fact, what the Internet is – networks interconnecting with other networks. And, have we sought to control, or restrict the Internet? No, instead we have instead invested, grown, and increased the scale and scope of the Internet. Indeed, we have sought to advance public policy that will lead to increased investment in networks, broadband networks, networks that make the Internet even more robust tomorrow than it is today.

The next-generation Internet holds virtually unlimited promise to enhance our nation's economic opportunities and quality of life. I refer not only to movies and entertainment, but also to telemedicine advancements that can improve the accessibility, affordability and quality of health care, particularly in rural communities ... telecommuting opportunities that can enhance our environment and reduce America's dependence on foreign oil ... and other innovations that our best minds have yet to imagine.

To take this next step in the Internet's evolution requires vast investment in new, next-generation networks with substantial bandwidth capacity. These are multi-billion-dollar investments that must be paid for by someone, in some way.

Should the costs all be loaded on the consumer?

We say no.

All sides of the net neutrality debate agree that consumers should be in control of their Internet experience. Where we differ is on whether consumers alone should foot the bill for the advanced networks that drive the Internet's growth and evolution. Simply put, our side believes that businesses that seek to profit on the use of next-generation networks should not be free of all costs associated with the increased capacity that is required for delivery of the advanced services and applications they seek to market.

If you want more, then you pay more, is as American as it comes. It is a straightforward market proposition. As companies move into live video and gaming and advanced services, they will be seeking more bandwidth.

MovieLink, for example, is in talks with a leading communications provider to purchase additional bandwidth capacity that will speed movie downloads for its customers. How is this not good news for the consumer?

Why would public policy preclude MovieLink from investing in enhanced quality of service for its customers?

If this allows a consumer on a fixed income to buy a lower-cost Internet service and MovieLink pays for the bandwidth boost needed to download the occasional movie—how is this not an attractive choice to offer consumers in the marketplace? Why should public policy pre-empt it?

Consumers online habits are very diverse. Consumers don't need the government mandating a 'one size fits all' approach. What we all want are choices. Our companies want to deliver these choices to consumers as well as to companies whose business model requires exceptional amounts of bandwidth. We will deliver these choices to the marketplace, so long as public policy encourages investment in the advanced networks that make them possible.

In your letter of invitation, the Committee posed a specific question: Should Congress limit the ability of Internet access providers to differentiate among different streams of information traveling over their networks?

We believe such action would be premature and could trigger substantial, negative unintended consequences. The Internet is the success it is today because the government has maintained a vigilant, but hands-off approach that has allowed companies to innovate in direct response to the evolving wants and needs of their customers. Regulatory or legislative solutions wholly without justification in marketplace activities would stifle, not enhance the Internet. Laws can be inflexible and difficult to fine-tune—particularly when applied to technologies that are rapidly evolving.

Instead of new laws, we believe in the discipline of the marketplace – customers voting with their dollars – alongside the continued, proven vigilance of the FCC.

Mr. Chairman, bandwidth is a finite resource. If you have spent any time on the Internet, you have likely experienced this. Some days the pages load faster than other days. This has nothing to do with management of the Internet. It's supply and demand—which is exactly why we need to ensure U.S. policy encourages vigorous investment in continually upgrading network capacity.

One visionary technologist recently compared the Internet to a Los Angeles freeway:

“Traffic jams happen,” he wrote. “The more we upload and download and share:

- standard definition video,
- high definition video,
- home movies, and
- multiple megabit photos,

the more bandwidth we consume. The more PCs and servers we backup online... the more bandwidth we consume. The more bandwidth we consume, the more Internet traffic jams we have. The more Internet traffic jams we have, the worse our Internet applications perform.”

Internet traffic is multiplying. Network traffic is now growing about 100 percent annually. Further acceleration is expected soon. Cisco CEO John

Chambers predicts broadband video and other bandwidth-intensive applications will drive a four-fold to six-fold increase in network traffic over the next decade.

The answer is investment, not legislation that would discourage it.

I urge you to proceed with caution on proposals for government regulation of the Internet.

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