

STATEMENT OF SENATOR SAM BROWNBACK

COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION

FULL COMMITTEE HEARING ON THE TAUZIN-DINGELL BILL

March 20, 2002

- I thank Chairman Hollings for holding today's hearing on the Tauzin-Dingell bill, which was recently passed by the House of Representatives in an impressive display of bipartisanship.
- Our society is transitioning from an analog to a digital world, characterized by bandwidth-intensive Internet applications and the broadband connections required to access them. This transition holds great promise for continued industry innovation and productiveness, as well as opening up a whole new world for consumer and community access to information, entertainment, education, and health care. The digital revolution and the emergence of broadband connectivity could be the single most important factor in the continued economic growth and development of our nation in the 21st century.
- Broadband connections are having a powerful impact on the underlying service industries providing them to consumers. Cable TV, wireless, satellite, and telephone companies are *converging*, with each deploying new technologies that will permit them to offer the same voice, video, and data services over their respective platforms. Broadband connections will enable cable TV subscribers to make phone calls over the cable network, and telephone subscribers to watch multichannel video over the telephone network. Broadband could usher in a new era of inter-modal competition in telecommunications.
- Unfortunately, inter-modal competition is stalling before it has barely gotten off the ground. At last count a mere 10% of the nation subscribes to broadband services, and only half the nation has access to broadband services from both wireline service providers: cable and telephone companies. In addition, the services available to consumers through either of these wireline providers are not even fast enough to permit consumers to access, in a practical way, digital video content readily available on websites like Intertainer.com.
- Incumbent local telephone companies are heavily regulated in the broadband space, and their inter-modal competitors are not. This regulatory disparity saps investment incentives of telephone companies, and consumers suffer. Broadband services offered by incumbent phone companies are available only sporadically, and tend to be less capable than the existing and anticipated services of their inter-modal competitors. This ensures that phone companies with existing connections to most homes in America are not putting real competitive pressure on their inter-modal competitors.
- The merger of DirecTV and Echostar seeks to make available a *national* 2-way

broadband service. Opponents of that merger suggest that such a service is possible from each company independently. Either way, incumbent telephone companies are only providing broadband to approximately 50% of their subscribers.

- NTT DoCoMo, a world leader in wireless network technology and services, has announced a pilot system for 4G wireless communications. 4G will permit wireless subscribers to watch high-definition television programming through wireless broadband connections. That is not possible with existing phone company broadband connections.
- The cable TV industry, by far our nation's leader in broadband services, has deployed broadband connectivity to the vast majority of its subscribers. In addition, existing digital cable infrastructure has the capability to make Internet-based multichannel video and unlimited video-on-demand a reality today. However, the cable industry purposefully limits the amount of bandwidth available to its Internet subscribers so cable modem service will not cut them out as the middlemen in the multichannel video market. Phone company broadband service are no where near such capability due to their regulated status. They currently provide no competitive pressure to force the cable industry to open up their broadband pipes.
- These developments raise the ultimate question as put forth by the Tauzin-Dingell bill and legislation I introduced last year, the Broadband Deployment and Competition Enhancement Act of 2001: How do we balance our commitment to the Telecom Act's local telephone market-opening provisions, yet also recognize and provide for the continued development of inter-modal competition?
- Our nation is in dire need of a national broadband policy that provides for not only universal broadband access, but robust competition that will create superior broadband connections than are currently available. There is no one silver bullet solution in creating a national broadband policy, and while tax credits and loan guarantees can help, regulatory reform must serve as its cornerstone.
- Congress must also ride herd on content producers, information technology and consumer electronics companies to ensure copyright protection issues do not keep any digital content from consumers online. As a Member of the Judiciary Committee, we are already doing our job on the broadband demand front. Now it is time for this Committee to do its part on broadband supply.
- The debate over broadband supply issues has become nothing less than poisonous. I ask my colleagues to rise above the rhetoric and give these issues the comprehensive review and action required. To that end I will do what is necessary to create a forum for such a balanced review to take place.