

Engine of Productivity and Innovation

US Communications Chief Vows to Promote Open, Dynamic Internet Industry

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In the past decade, the Internet has had a powerful impact on the world economy and on the lives of people across the globe. The Internet and communications industry are vitally important to the United States and the world economies.

The ability to share increasing amounts of information, at greater and greater speeds, increases productivity, facilitates commerce and helps drive innovation. But perhaps most important, the Internet has the potential to affect almost every aspect of our lives. The Internet is changing how we communicate with each other, how and where we work, how we educate our children, how we entertain ourselves and how we receive our healthcare.

At the same time, these technological advances, converging business models and the digitalization of service creates unparalleled market opportunities and considerable challenges. It is difficult to predict what the communications landscape will look like in five years from now ? as nobody could have predicted where we would be today.

People now can quickly access all kinds of information in so many different ways ^à the Internet, e-mail, photos, music and videos ^à at any time and from any location. This is possible because of the availability of Internet technology and new, sophisticated wireless devices.

In this time of unprecedented change, regulations struggle to keep up. As we gather together here in Seoul for the OECD Ministerial, I think it is incumbent upon us as government leaders, in our responsibility for communications policy, to promote and preserve the vibrant and open character of the Internet as the telecommunications marketplace enters the broadband age.

Competition Is Key

During my tenure as Chairman of the Federal Communications Commission (FCC), I have worked to create a regulatory environment that promotes competition and investment, setting rules of the road so that all players can compete on a level playing field.

One of my guiding principles has been that any regulations in this area should maintain



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and promote an open and dynamic Internet that will continue to be an engine of productivity and innovation that benefits people around the world. I have made and continue to make decisions at the FCC based on a fundamental belief that a robust, competitive marketplace, not regulation, is the best method of delivering the benefits of choice, innovation, and affordability for American consumers. Competition drives prices down and spurs innovation and affordability for consumers.

To fully appreciate and take advantage of the Internet, consumers need broadband connections. This is because in order to receive the benefits that the Internet can bring, consumers must have access to underlying broadband infrastructure. Without broadband, efforts to implement advances in how we communicate, work, and provide education, healthcare and entertainment cannot succeed.

And while every economy must make its own domestic decision on broadband policy, the U.S. experience has been that the competitive marketplace in this sector, not regulation, promotes the greatest and most sustainable access to broadband. We have seen that competition drives prices down and spurs innovation and affordability for consumers. In the United States, we have developed a number of policies to encourage the deployment of broadband. We have removed regulatory obstacles that discouraged infrastructure investment and slowed deployment.

The FCC has classified both wired and wireless broadband as "information services" under U.S. law. Therefore these services are not subject to legacy regulation such as tariffs. Collectively, those decisions placed cable modem service, DSL and wireless broadband Internet access service on an equal regulatory footing and have encouraged carriers to invest in infrastructure in an environment free of economic regulation.

We have also streamlined the franchise process for new entrants and incumbent cable providers and banned exclusive contracts in apartment buildings to spur competition that is essential to further investment in underlying infrastructure for broadband.

In the United States, we recently completed the largest auction in FCC history for spectrum that is ideally suited to broadband. Approximately 50 megahertz (MHz) of prime spectrum was auctioned in the 700 MHz Band ^a prime spectrum that is being freed up for new uses as a result of the digital television transition in the United States.

The build-out of wireless broadband networks in this spectrum will provide the United States with a significant opportunity to facilitate the deployment of a third wireless "pipe" into the home. We also require that the winners of a piece of this spectrum have a more open wireless broadband platform, one that was open to any device or application.

US Internet Policy

The auction of this spectrum raised nearly \$20 billion.

The growth of Internet activity and broadband infrastructure reflects the success of the United States policies. From the year 2000 to the first half of 2007 the number of high speed lines has grown exponentially ^a from just over four million lines to over 100 million lines. During the first half of 2007 alone, high speed lines increased by 22 percent, from over 82 million to over 100 million lines.

We have also seen that the number of Internet users has grown dramatically. In the year 2000, the United States had 121 million users online, representing 63 percent of the population. As of last year, we estimate that there are nearly 178 million online users, representing almost 80 percent of the United States population. Moreover, through our

Universal Service Fund, 99 percent of all public schools currently have a wired Internet connection.

We recognize that in many places consumers have a choice of only two broadband providers. For this reason the FCC adopted a consumer-based Internet Policy Statement in 2005. In adopting these principles, The FCC was seeking to protect consumers' access to the lawful online content of their choice, to foster the creation, adoption and use of broadband Internet content, applications and services, and to ensure that consumers benefited from that innovation.

These principles are also designed to safeguard investments ;^a ensuring that a user's broadband provider does not distort the Internet Economy by acting as a gatekeeper to information and commerce.

The Internet and communications industry are playing an increasingly important role in our economies and shaping all aspects of our lives. As policymakers from the OECD, we should strive to provide a regulatory environment that promotes competition and drives innovation and investment in broadband networks. Competition provides sustainable and affordable access to a robust and open Internet.