

**Written Statement of  
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Chairman  
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**Before the  
Subcommittee on Communications and Technology  
Committee on Energy and Commerce  
U.S. House of Representatives**

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Good morning, Chairman Walden, Ranking Member Eshoo, and congratulations on your new positions. I look forward to working with you and all the members of the subcommittee to promote our global competitiveness, grow our economy, empower consumers and protect public safety through communications technology.

This particular hearing focuses on the FCC's recent adoption of a high-level framework to preserve the free and open Internet, which has served as a remarkable engine for innovation, investment, job creation, and free expression.

I believe that Internet freedom and openness should be preserved, so that law-abiding citizens can say what they want and go where they want online.

I believe that preserving the free and open nature of the Internet is critical to sustaining its role as an engine of innovation and job creation, unleashing America's extraordinary entrepreneurs to start companies, and turn them into the next generation of strong and growing businesses.

I believe that preserving Internet freedom and openness is essential to maintaining American leadership in the technologies that rely on the Internet, as well as this nation's role as a beacon for political freedom and free expression around the world.

And I believe that a sensible open Internet framework promotes significant private investment throughout the broadband economy, both by companies creating Internet content, applications, and services and by those providing the wired and wireless broadband networks and infrastructure.

Historically, the FCC has agreed on a bipartisan basis on both the importance of Internet freedom and openness, and on the idea that government action is sometimes necessary to protect it. From 2005 to 2008, under the leadership of my Republican predecessor, the FCC not only adopted a set of open Internet principles and imposed open Internet conditions on mergers, it also enforced those principles against Internet service providers whose conduct potentially threatened Internet openness.

Unfortunately, the process by which the prior FCC sought to protect Internet openness raised doubts about the viability of the Commission's undertaking and generated a high level of uncertainty among Internet stakeholders. Accordingly, in October 2009, I initiated a comprehensive public process to build upon the work of my predecessors and consider a set of high-level rules of the road to achieve the widely shared goal of preserving Internet freedom and openness.

The process that ensued was one of most open and participatory in FCC history. In contrast with some previous FCC proceedings, at the very start of the process, we made public the text of proposed rules. To build a robust record and to make sure that we received input from all interested parties, we conducted numerous public workshops, provided for participation online as well as offline, and held hundreds of stakeholder discussions, all disclosed pursuant to our rules governing stakeholder meetings. In the end, more than two hundred thousand commenters expressed their views on our proposed framework.

We listened. What did we learn?

We heard from many of the nation's leading entrepreneurs and early-stage investors who build new companies that their willingness to deploy capital and start and grow businesses was at risk without high-level rules of the road to ensure the Internet would remain an open platform.

According to a letter in the record signed by dozens of prominent technology investors, "Permitting network operators to close network platforms or control the applications market by favoring certain kinds of content would endanger innovation and investment in an investment sector which represents many billions of dollars in economic activity."

We heard from those entrepreneurs and investors, as well as from economists and other market analysts, that broadband providers have the incentives and demonstrated ability to leverage their position as companies that control access to the Internet.

We heard from Internet founders that "the vast numbers of innovative Internet applications over the last decade are a direct consequence of an open and freely accessible Internet. . . . We are advocates for 'permissionless innovation' that does not impede entrepreneurial enterprise."

We heard from broadband providers that their engineers need discretion to manage their networks to address challenges such as spam and congestion. We also heard that providers need flexibility to innovate with respect to business models to earn a return on their investments and invest in network infrastructure. We also heard that while rules would provide needed certainty, overly prescriptive rules would stifle innovation and investment across the broadband ecosystem, and that the FCC had a limited but important role to play in preserving Internet openness.

Based on this record, we refined our proposed framework and ultimately adopted strong and balanced rules of the road that provide greater certainty in this long-contested area.

The rules of the road, which are less than one page long, are straightforward and sensible:

The framework starts with a meaningful transparency obligation, so that consumers and innovators have the information they need to make smart choices about broadband networks, or how to develop and launch the next killer app.

Next, the framework prohibits fixed broadband providers from blocking or unreasonably discriminating against lawful content, applications, services, and devices, and applies a basic no-blocking rule to mobile broadband.

This preserves consumers' freedom to go where they want, use the lawful services they want, and read and say what they want online. And it preserves the freedom for innovators and entrepreneurs to launch new products, reach new markets, and continue driving America's innovation economy. It also ensures a level playing field. No central entity, public or private, should have the power to pick which ideas or companies win or lose on the Internet; that's the role of the free market and the marketplace of ideas.

Finally, the framework recognizes that broadband providers must have the ability and investment incentives to manage and expand their networks. Broadband providers need flexibility, for example, to deal with traffic that's harmful to the network or unwanted by users, and to address the effects of congestion. And the framework recognizes that broadband providers must have flexibility to adopt innovative business models and obtain a return on investment.

Our framework for Internet freedom and openness promotes innovation.

The Internet's open architecture allows new ideas to come from anyone, anywhere and reach everyone, everywhere. Many of the giants of our 21st century economy started a few years ago with little more than a big idea and an Internet connection.

Our framework will help make sure that students in their dorm rooms and inventors in their garages will continue be able to launch their new ideas and businesses without having to ask for permission.

Our framework promotes job creation.

The free and open Internet has been central in creating thousands of new businesses and over a million new jobs. Small businesses, and in particular new businesses, are the primary generators of new jobs in our economy. Going back almost three decades, new businesses—start-ups—have created an average of 3 million new U.S. jobs per year. A free and open Internet empowers innovators to start businesses; it enables existing small businesses to expand, reaching new customers in new markets around the country and the globe, while lowering their costs through cloud-based services.

Our framework promotes U.S. competitiveness.

It will unleash technology innovation throughout our broadband economy, necessary for us to compete and lead in the 21<sup>st</sup> century global economy. As we heard in a letter from more than two dozen leading technology CEOs: “Common sense baseline rules are critical to ensuring that the Internet remains a key engine of economic growth, innovation, and global competitiveness.”

Our framework promotes private investment.

By increasing certainty and adopting balanced and sensible rules, it will bolster and encourage investment both at the edge and the core of broadband networks. For the success of our economy in the 21<sup>st</sup> century, we need many billions of dollars of private investment from companies throughout the broadband economy. Our framework is a balanced approach that helps ensure that companies and investors throughout the broadband ecosystem have the incentives they need to make those investments.

Some people say that our open Internet framework doesn't go far enough.

Some people say it goes too far.

I believe we did the right thing, and I am proud of the fact that our framework has attracted support from the broadest consensus ever assembled on this challenging topic. Our framework has drawn support from groups and individuals representing the technology industry; investors small and large; consumers, labor, and civil rights groups; and major broadband providers.

I'm also pleased that market analysts overwhelmingly found our action to be a light-touch approach that increases certainty throughout the broadband ecosystem, and that recognizes the need to earn returns on investments.

I look forward to continuing to work together in a variety of areas – including unleashing spectrum, reforming universal service, and reducing barriers to broadband deployment – to harness the opportunities of broadband for our economy and for all Americans, and promote U.S. leadership in communications globally.

Thank you.