Opening Statement of the Honorable Fred Upton
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The beauty of the free market is that it harnesses the laws of economics to spur competition. Especially in the communications sector, if you are not using technology to offer new services or cheaper prices, you won't last long.

Unlike the laws of Congress, the laws of economics are exceedingly nimble. If new technologies or new competitors arise, the marketplace begins to adjust almost immediately. Legislators and regulators, by contrast, operate at a glacial pace relative to the speed of technology. Even the FCC's data on video competition is six years out of date, let alone its regulations.

The laws of economics also encourage diversity. Companies that can't provide the same services or content at cheaper prices strive to offer different services or content. This is what we call innovation.

Many regulations, by contrast, drive everything to the lowest common denominator. If everyone is entitled to whatever content is popular at the moment, why would anyone risk investing in something new? And if everyone is entitled to the fruits of your labor, whether that's your distribution platform or your content, you are less likely to invest as much. Indeed, differentiation is often a leading driver of competition. For example, many attribute the exclusive availability of the Football Sunday Ticket on DirecTV as a prime source of that satellite television provider's growth. This, in turn, forces other players to invest in different content, develop better services, or lower prices.

Regulations in this space will only decrease economic activity. If particular behavior were economic, there would be no need to compel it. While such mandates might be warranted in a world of only three broadcast networks or where cable operators serve close to 100 percent of the pay-TV market, that's not the world we live in anymore. Cable share of subscription television has dropped from 98 percent at the time Congress passed the 1992 Cable Act to 68 percent in 2006. By some estimates, it is now 57 percent. That means close to one out of every two homes get their programming from some other source, like a satellite operator or a phone company. The number of national program networks grew from 106 in 1994 to 565 in 2006, and the percentage of networks affiliated with a cable operator has shrunk from 53 percent when the Cable Act passed to 15 percent in 2006.

If we want to spur investment, innovation and jobs, the time may have come to pull back on the laws of Congress and let the laws of economics do more of the work. Viewers across the country—not to mention our economy—would be better for it.

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