Opening Statement of the Honorable Greg Walden
Subcommittee on Communications and Technology
Hearing on "The Future of Video"
June 27, 2012

(As Prepared for Delivery)

The FCC regulates traditional video providers based on a by-gone era. When Congress passed the 1992 Cable Act, for example, cable operators controlled 98 percent of the pay-TV distribution market and were affiliated with 53 percent of the national program networks. That law was meant to spur competition. It worked. Nationwide satellite TV providers DISH and DirecTV now control approximately one-third of the market and are the second and third largest providers. Only 15 percent of national program networks are vertically integrated with a cable operator. Broadcast stations are going mobile and wireless carriers are streaming video. Programmers and pay-TV providers are filling smartphone and tablet screens with their content and services as fast as viewers are clamoring for them.

At the same time, new entities are flocking to the market. Within the last ten years, YouTube, iTunes, Netflix, Amazon, Hulu, Roku, Sky Angel and many others have leapt to provide video over the Internet. Currently, the Communications Act does not apply to these players.

We therefore have some decisions to make. One option is to recognize the competitive landscape and start deregulating cable, satellite, and broadcast companies. The other is to expand the Communications Act to apply to the new technologies and services.

I, for one, do not believe we should be expanding video regulation. Internet-distributed video is growing at a remarkable pace in the absence of regulation. Video represented more than half of global Internet traffic by 2011, according to Cisco. Video delivered over the Internet specifically to televisions doubled in 2011 and will increase six-fold by 2016, representing 11 percent of consumer Internet video traffic. By 2016, 1.2 million minutes of video will cross the network every second and it would take more than 6 million years to watch the amount of video that will cross global IP networks each month.

Existing cable, satellite, and broadcast providers and programmers are experimenting with Internet distribution. Internet-only providers and programmers are also springing up. Regulation is not only unnecessary in such a vibrant environment, it can harm this nascent competition. The creative chaos in the marketplace is healthy as parties fight to out-innovate each other and win viewers. A vibrant marketplace benefits consumers and generates new jobs. The last thing we want is to shackle everyone's entrepreneurial spirit with one-size fits all rules designed for another time.

And if we're not going to apply the old regime to the new participants, we must recognize the inequity of continuing to apply it to the traditional players. The rules were premised on a lack of video competition that just isn't the reality anymore. To impose the regulations in a disparate fashion is neither technologically nor competitively neutral. This is not only unfair to the parties, it does viewers a disservice. Cable operators, satellite providers, and broadcasters should be allowed just as much flexibility to respond to competition from the Internet players as we would like the Internet players to have to respond to competition from the traditional players. This is how we spur innovation.

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