

**Opening Statement of the Honorable Greg Walden
Subcommittee on Communications and Technology
Hearing on “Innovation Versus Regulation in the Video Marketplace”
September 11, 2013**

(As Prepared for Delivery)

I thank our witnesses for joining us and sharing their expertise on the innovative video marketplace. The Telecommunications Act of 1996 is old enough to get its driver’s license, the Cable Act is old enough to drink alcohol legally, and the Communications Act of 1934 has long been eligible for Social Security. While age is an asset to a fine Willamette Valley Pinot Noir, in a technology statute age can portend irrelevancy. In the on-demand world of the Internet and mobility, the statutes that govern the video marketplace are blissfully ignorant of the changes that have taken place around them. Today, we’ll examine the legal regimes governing how video content is regulated from creation through distribution and finally to consumption asking one simple question: in a world where video technology is rapidly changing, are the laws keeping pace and fostering a free market?

The video marketplace has changed significantly in the last 40 years. From the network news era in the 1970s, to the dominance of cable in the 1980s and the rise of the direct broadcast satellite industry in the 1990s, each decade has seen a new video distribution competitor and a new attempt by Congress to manage the market.

Today, as a result of competition at least 35 percent of American households have a choice of subscribing to either of the two satellite DBS providers, their local cable company, or the local telephone company for video services. Broadband is nearly ubiquitous, allowing consumers to access Netflix, Amazon, and Hulu. Tablet and smartphone apps produced by content creators allow baseball enthusiasts to watch live games or movie fanatics to stream the newest releases. And there is more innovation coming. New entrants like Intel, Google, and Sony expect not only to enter the video distribution market but to transform the way people watch TV.

In this diverse and evolving marketplace, one thing remains true: you should be compensated for your content, network investments or intellectual property. If you lay fiber, you should receive fair compensation in the marketplace for your investment. If you create content - movies, TV shows, or apps - you should receive fair compensation in the marketplace. If you create smartphones, tablets, dongles, screens, or the software that runs on them, you should receive fair compensation in the marketplace.

Given these technological changes and the multitude of options available to American consumers, our laws should reflect the operation of the free market in a competitive environment. Instead, we have a satellite law that finds its origins in ensuring access to content for a fledgling industry, a cable law that was passed when cable controlled over 90 percent of the video market, and broadcast rules that ignore the rise of alternatives to over-the-air reception. We can and should be engaged in a lively discussion of how to unshackle the free market and remove the government from the business of manipulating the video marketplace.

These are complex issues of great importance to consumers and industry and everything should be on the table for discussion. We’ll hear from representatives of the content community, the major distribution networks, and from a representative from the public interest perspective to get a clearer picture of how our laws impact the video distribution business, affect consumers and how they could be changed to better reflect marketplace realities. I want to thank our witnesses for being here; we are looking forward to hearing ideas on how we can improve the video marketplace by getting the government out of the way.

This early stage of the process is a good time for us to take a larger look at the video marketplace; it takes time and process to develop good policy and even more to build consensus. Yet, the deadline for reauthorizing STELA looms large, and we must continue to make progress. With that in mind, I expect to circulate a discussion draft on these issues no later than the first quarter of next year. I am looking forward to continuing to engage with my colleagues and the many industries represented here today on these important issues.

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