



BROADBAND "RELIEF" PROPOSALS

ITAA rejects the notion that "re-monopolization" of the telephone markets should be "traded" for last mile broadband investment by the Bell operating companies. That's a deal that trades away consumer choice, investment, innovation, and a free market. In fact studies indicate that access to broadband is actually over 70 percent, yet while most households have access to broadband service, only about 10 percent use it.

Reliance upon those competitive mechanisms -- as opposed to the incumbent-centric proposals -- is already proving to be the best prescription for new broadband investment. The provisions of the Telecommunications Act of 1996 encourage incumbent carriers to open up their markets to competition, while providing essential safeguards that will deter them from using their monopoly power to impede the efforts of potential rivals.

The current debate reflects a choice between two competing views about how best to encourage investment in new telecommunications technologies. Under one view, the regulatory regime should provide assurances that incumbent carriers will recover of their investment before they deploy new services. Under the other view, regulations should facilitate a competitive market - which is the best means to cure the complacency typically found in a market controlled by a dominant provider. ITAA supports the latter view, as did the majority of the authors of the Telecommunications Act of 1996.

- The incumbent relief broadband proposals undermine the market opening incentives contained in the Telecommunications Act of 1996 by rewarding incumbent telephone companies that delay opening their local telephone markets to competition.
- The incumbent relief broadband proposals could jeopardize the competitors' ability to raise capital and invest in broadband telecommunications networks. Many of the companies that are most aggressively deploying advanced services do not yet make a profit. These companies are especially vulnerable to the reaction of capital markets.
- The incumbent relief broadband bills extend to incumbent telephone additional competitive advantages against new entrants by limiting the availability of key services to competitors.
- The way to stimulate greater broadband uptake is through richer content and more applications. We are very pleased that the Administration has begun to work with the high tech and content industries to spur more demand.

As an association, ITAA has been actively engaged in telecommunications policy on behalf of the information technology issue for over three decades. That experience makes ITAA skeptical of the claims made by some large incumbents, that the pro-competitive regulatory requirements contained in the Telecommunications Act have deterred them from deploying broadband services necessary to provide high-speed access to the Internet and other information services.