

Dear Members of the Commission:

I am Carolyn Cavecche, president and CEO of the Orange County (California) Taxpayers Association, and former mayor of the City of Orange. As both a mayor and the head of Orange County's only organization that focuses solely on representing taxpayers on government tax and spending issues, I have spent more than a decade opposing policies that would harm the economy and promoting policies that would help it. It is my opinion that the FCC's proposal to move the Internet to a Title II classification would do considerable damage to the U.S. economy.

Orange County has been the economic engine of Southern California. We led the region in job growth over the last 20 years. The county is home to 1.5 million jobs, more than exist in 20 states. Yet our local economy has become eclipsed by our neighbors to the north, who have enjoyed an economic explosion fueled by the Internet. The economic shift in California from the South to the North is the story of the Internet and its power to produce huge changes in a relatively short span of time.

Not all of the major employers in the San Francisco Bay area are Internet companies such as Google or Facebook. Many of them provide the hardware or software that people use when they go online, and so they owe their existence or the bulk of their success to the Internet. In California, these companies are reshaping our economy, which is the ninth-largest in the world, roughly the same size as Italy's. Californians generate the same economic output that Italians do, but we do it with only 38 million people compared to Italy's 61 million. How can we be that much more productive? Technology is one big reason.

This provides a glimpse of just how important the Internet economy is. It is changing the world, remaking entire economies. It has helped to shift the economic balance in America's largest state, and helped to make that state enormously productive and enormously wealthy. It continues to produce changes every day, changes that are unpredictable and tremendously beneficial.

The fast pace of those changes is something we tend to take for granted, but it was not inevitable. It grew from the enviable degree of freedom Internet companies had for experimentation. Not every industry is so free from government interference. Health care is a great example. Google co-founders Sergey Brin and Larry Page said in an interview this July that they would not get into the health care business because the industry was too heavily regulated. They said they preferred the freedom of the Internet sector. In health care, "the regulatory burden in the U.S. is so high," Brin said. Page added that in health care "we kind of regulate ourselves out of some good possibilities."

Regulating ourselves out of some good possibilities is exactly what we can expect to happen if the FCC moves the Internet under Title II. That framework is thick with regulations that are designed to slow company activity by subjecting it to more intense government review. Web-

based businesses would suddenly find themselves subject to the very sort of regulatory burdens that they had worked very hard to avoid. When that happens, we can all watch the jobs start to disappear.

The Title II regulations applied to the Internet would produce an instant drag on economic growth in California and throughout the nation. Subjecting the most inventive and advanced companies in the world to regulations designed to contain early 20th century monopoly utility companies would take the economy backwards, and we all want it to go the other way. Everybody in the Internet economy, from the investors to the executives to the developers to the customers, expects it to behave the way it always has behaved. They expect rapid growth, perpetual evolution, and unexpected new developments that arrive out of nowhere and change everything. Replace that with a model in which change comes slowly because everything has to be squeezed through a government filter first, and investors will find other places to put their money. Innovation will slow, profits will shrink, and layoffs will come. You will turn the nation's most vibrant, innovative economic sector into just another slow, heavily regulated one.

Every major urban area in the country is trying to copy the success of the San Francisco Bay area by attracting web-based businesses. If you impose these heavy regulatory burdens on the Internet now, you will slow economic growth in communities all across the country. Leave the Internet as it is and let that growth happen.

Sincerely,



Carolyn Cavecche
President and CEO of the Orange County Taxpayers Association
Former Mayor of the City of Orange, California