

## ***RSC Outlook: “Net Neutrality” & Internet Obstructionism***

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On Friday, July 31, 2009, Rep. Ed Markey (*D-MA*) reintroduced the Internet Freedom Preservation Act (H.R. 3458), and asserted that the bill will ensure that “non-discriminatory framework that allows the Internet to thrive and competition on the Web to flourish is preserved at a time when our economy needs it the most.” In reality, the Markey bill accomplishes the exact opposite by forcing the Federal Communications Commission (FCC) to regulate commercial activity over the [Internet](#) for the first time. Since House Democrats will likely consider this legislation in the 111<sup>th</sup> Congress, the RSC has prepared the following background points on the issues related to so-called “network neutrality.”

***What Is “Net Neutrality”:*** In response to the concerns raised by many content companies (e.g. Yahoo, Google, Microsoft, eBay) that Internet service providers (e.g. Verizon, AT&T) may start charging fees to guarantee priority on their networks for certain kind of services, the concept of “network neutrality” was created. Theoretically, it would prevent Internet service providers from “discriminating” against individuals or content companies by charging extra fees for guaranteeing priority on their broadband networks. Essentially, supporters of net neutrality fear cable and telephone companies will arbitrarily pick winners and losers and even shut down the entire Internet from certain services or information.

This alarmist reaction to a problem that does not exist has resulted in the introduction of the Internet Freedom Preservation Act, which, among other things, would force broadband networks to charge the same price to every content provider - regardless of how much bandwidth the provider uses. Proponents of the bill want to prohibit providers from offering tiered services and pricing on their networks. ***In other words, true net neutrality would prohibit private companies from offering the services they want and charging the prices that they want on their own property (their networks).*** Markey’s approach will increase congestion while simultaneously reducing bandwidth supply, causing prices to rise and degrading online services.

***Democrat Philosophy on the Internet – “If it ain’t broke, fix it:”*** Many conservatives argue that the Internet has been able to flourish because the government has allowed the medium to develop with minimal regulatory interference. Essentially, with the exception of pornography and gambling, Congress has chosen to keep its hands off the Internet. The last time Congress passed into law any significant legislation rewriting telecommunication laws was 1996, and the legislation granted significant latitude to providers on the still new, but developing Internet. In the relatively short 13 years since the Act, the Internet has thrived. In 1996, a 56k modem was “high speed” and downloading movies and T.V. shows was unheard of. Today, Netflix provides customers with over 12,000 movies and shows that can be watched instantly over the Internet. In the year 2000, many Internet subscribers only had one major service provider to connect online; today dozens of options exist thanks to increased competition under a truly free market. We can

only imagine what technologies will be slow to develop [in the year 3000](#) if Congress imposes restrictive regulations on Internet now.

***Controlling the Tubes:*** Companies that are involved in “e-commerce” want special treatment through the regulation of contract terms and conditions with Internet service providers. This has never existed before in the broadband industry. Ironically, many of the companies that contend they need government intervention to ensure fairness on the Internet charge different prices for companies to advertise and receive preferential treatment on their webpages based on searchable results. For example, word-searches on Yahoo or Google yield special results on the top or sides of the webpage that have been paid for by advertisers. And of course companies like eBay charge a number of fees for preferential treatment.

***A Still Expanding Information Superhighway:*** According to some major telecommunication companies, downloading a single half-hour TV show consumes more bandwidth than does receiving 200 emails a day for a year, while downloading a single high-definition movie consumes more bandwidth than does the downloading of 35,000 web pages. That is the equivalent of downloading 2,300 songs over Apple’s iTunes. Internet video could soon generate ten times more traffic than the Internet’s current yearly traffic.

Additionally, spam continues to dramatically affect content delivery on the Internet. AT&T noted that in 2006 the amount of spam roughly doubled from the previous year. In December of 2006, just one provider of Internet security services blocked 25 billion spam messages aimed at 36,000 clients, an increase of 144% over the same month in 2005. Ever multiplying forms of spam, like “image spam,” can be up to ten times the size of traditional text spam.

Without significant and continuous investments in broadband networks, possibly supported by tiered pricing for certain video services, broadband providers assert that the internet may have difficulty handling the increasing demands.

***Conclusion:*** Ultimately, enacting H.R. 3458 will only harm innovation, investment and the consumer. The debate about network neutrality is really a debate about free enterprise and whether a government-run Internet will best foster it. Many conservatives recognize that the only way to ensure a prosperous Internet is to ***not regulate what isn’t broken.***

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