

## **The Net Neutrality Debate: A CIOs Viewpoint**

By Michael M. Roberts

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One currently debated policy issue – net neutrality – demonstrates the difficulty of bringing social and political alignments into congruence with the 21st century reality of the net. Two of the few surviving U.S. telephone companies, Verizon and AT&T, have announced that they intend to levy special surcharges on broadband Internet traffic based on what applications the packets are carrying and what company is the source of the traffic. The two telcos, recently freed from regulation of broadband facilities by a Supreme Court decision, assert that their large investments in fiber optic broadband facilities give them the right to recover these investments in any manner they see fit. The contrary view, shared by millions of Internet users, is that the extraordinary growth in functionality and value of the net could never have happened were there proprietary, profit-based discrimination in managing packet flows and now is not the time to start.

But dissecting the arguments on both sides of net neutrality reveals more than a simple black and white controversy. Although some believe that “packets want to be free,” there is no doubt that Internet traffic does need management, and that “discrimination” has always existed on the net in the form of routing protocols, filters and other devices intended to optimize traffic flows, etc. Likewise, the Internet has benefited from private investment for more than a decade and will continue to need generous amounts of capital as it grows. This leaves bystanders concluding that the net needs both discrimination and unregulated private investment, so what's wrong with the telco position?

The real answer in this fight is that context is important. Both the Bells and the cable companies are still in the grip of a regulated monopoly mindset, where vertical silos and their wide profit margins beckon. They know that commoditization of Internet access – the basic fiber optic packet transport facilities – is inevitable, along with accompanying diminished profit margins. But their response is not to invest in new applications that can create profitable business franchises in the upper layers of the Internet stack – that's what MSN, Yahoo, Google, eBay and others are doing – or to provide rich new kinds of medical, cultural, and educational resources for the public – as the American Heart Association, the Library of Congress, the American Museum of Natural History, and universities and libraries across the nation have done – but to attempt to impose a silo view on their subscribers and extract profits through vertical integration and monopoly/duopoly control of access pricing.

Ultimately, of course, this approach cannot prevail. Silos may be fine for grain, but as a business strategy on the Internet they are headed for the trash heap. However, in the meantime, progress toward universal and affordable broadband access to all of the Internet's services and resources – the U.S. stands 16th in the world in deployment of broadband – will be further delayed if the Telcos' well funded campaign on Capitol Hill succeeds. Perhaps as important, this outbreak of bare knuckles, profit-motivated lobbying strikes almost everyone except the companies involved as corrupting the net for the sake of a doomed-to-failure business plan. In the world of politics, fairness still strikes a chord and may save the day for the net.