

Hands off the Internet

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There's a movement in Congress to make telephone and cable companies treat all the traffic on their high-speed networks the same. That is, charge all content providers the same price. This goes by the name "net neutrality." It sounds vaguely appealing in a country that values equality for all.

Don't be fooled. Nobody's talking about knocking Google, Amazon, MoveOn.org or any other content off the Internet. This is about who's going to foot the bill to make sure the high-speed networks thrive and grow. Net neutrality is aimed at companies such as Verizon, AT&T and Comcast. It would bar them from charging premium prices for faster delivery of TV, movies or phone service over the high-speed broadband networks they are building across the country.

The backers of net neutrality are an odd mix of commercial giants such as Amazon, Google and eBay and advocacy groups such as the Christian Coalition and MoveOn.org. The commercial firms want to make sure their customers get fast access to their information and services, but they don't want to have to pay the phone or cable companies higher fees to make sure of that. The advocacy groups worry that they will be priced out of the fast lane, making it harder for users to access what they have to offer.

Net neutrality is a solution in search of a problem that hasn't developed. It probably never will develop, because limiting net access for some sites would put the net providers at a competitive disadvantage.

Most of the country enjoys some competition among Internet service providers. The Federal Communications Commission reports that 88 percent of the nation's ZIP codes have at least two high-speed Internet service providers, 75 percent have at least three and 60 percent have four or more. The numbers continue to grow. If one of those ISPs made it hard for customers to get to the sites they wanted, customers could change providers.

Such a law would have the perverse effect of discouraging investment in new broadband networks. Video is going to require a lot of broadband. If Verizon or AT&T can't charge more for TV and movies than for other content, those companies will have little incentive to build expensive broadband networks across the country. Who else is going to spend billions of dollars to make sure Americans have the same kind of high-speed broadband access that many European and Asian countries enjoy?

BellSouth's chief architect, Henry Kafka, estimates that Internet-based TV would consume more than 100 times the bandwidth that the average residential broadband-network subscriber uses today. Make that high-definition TV and the number shoots even higher. There will not be enough capacity without massive ongoing investment in broadband networks.

The net neutrality movement seeks to lock in place the market as it exists in 2006. It assumes the big players of today will be tomorrow's big players and the horizon won't change. The 1996 Telecommunications Act made the same assumption about the Baby Bells--when cell phone use was just beginning to accelerate and Internet phone service was just a whisper.

An apt comparison: If lawmakers had forced a uniform price requirement on mail delivery, the U.S. Postal Service, FedEx, DHL and UPS would have been barred from charging a premium for faster delivery. Most likely, FedEx and the others would not have been born, and you remember why they call it snail mail. Consumers will benefit if Congress encourages competition. It breeds more choices, lower prices and innovation. Net neutrality stops all that in its tracks.

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