

Experts speak out against 'Net neutrality'

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Several experts weighed in against Net neutrality, calling it unnecessary regulation that hinders market forces at Tuesday's Wireless Communications Association International forum.

"Net neutrality is corporate welfare for dot-com billionaires," said Scott Cleland, founder and president of Precursor LLC and chairman of NetCompetition.org, at the Omni Shoreham Hotel in Washington.

Cleland said that Net-neutrality legislation would hinder broadband access providers' ability to offer more than one service.

"How does a new entrant succeed? You differentiate and you innovate," he said. "(Net neutrality) is saying you have to have the same price, and the same terms and conditions."

Meanwhile, J.S. MacLeod, principal vice president and CTO of Bechtel Engineering & Technology, compared Net neutrality to forcing neutrality in other industries.

"You have the right to choose to fly first class," he said. "When I fly Delta, they have the right to only serve Coca-Cola. The market has the right to bundle packages together."

But on the other side, Christopher Libertelli, director of North American government and regulatory affairs for online phone service Skype, said Net neutrality is necessary so his and similar companies can safely take innovative risks.

"We want additional protection, in the form of a basic non-discrimination principle," he said. "This ecosystem will not work unless both sides are granted some safety."

He said that a tiered system for consumers, rather than for application and content providers, is the best course of action.

"It's absolutely appropriate for consumers to be able to pay more for a tiered system," he said. "Put access tiering on the consumer, but put that choice in the consumer's hand."

Libertelli had just arrived at the conference from Capitol Hill, where discussions were ongoing as to the direction of Net-neutrality legislation. Both the House and Senate have proposed bills in the works.

Hal Singer, president of Criterion Economics, said that preventing access providers from offering a tiered system is contrary to market economics.

"Let the market dictate what the price of priority delivery is," he said. He noted that most online services would not have any use for priority delivery, making it a moot issue to many companies.

In addition, Singer also said that a lot of the pro-Net neutrality talk is based on misconceptions about what access providers want to do.

"The debate suggests some anti-competitive motivation from access providers," he added. "Broadband access and broadband content are compliments, rather than substitutes."

Rebecca Arbogast, vice president of Stifel Nicholas & Co. Inc., said that legislation on this issue is trying to find a middle ground of offering a level playing ground without over-regulating.

"Policy makers in general are in agreement in the basic goals they're trying to achieve," she said. "Once you dig below the surface, however, it all unravels."

Libertelli said that some regulation is needed to keep access providers from gaining too much power.

"The worst way to solve the problem is to allow network operators to discriminate," he said.

Cleland disputed the use of the phrase "discriminate," referring to it as "buzzword blackmail" that unfairly frames the debate by using a word with universally negative connotations.

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