

Cable stocks fall after Obama backs Net Neutrality

November 10 2014, by Ken Sweet

Cable company stocks fell sharply Monday after President Obama called for the Federal Communications Commission to reclassify Internet access as a utility.

If the FCC were to approve the White House's recommendations, the Internet would be regulated like other utilities such as electricity, water and telephone services. The White House is calling for an "explicit ban" on deals between broadband Internet providers and online services like Netflix, Amazon or YouTube to move their content faster, a potential new source of revenue for cable companies.

While the FCC is an independent agency, Obama's statement could put political pressure on FCC commissioners and aligns the White House with Internet activists who warn against the creation of so-called Internet "fast lanes." Internet activists have been calling for the FCC to reclassify the Internet as a public utility under Title II of the 1934 Communications Act, which is what Obama has called for.

"This is a basic acknowledgment of the services (Internet service providers) provide to American homes and businesses, and the straightforward obligations necessary to ensure the network works for everyone—not just one or two companies," the White House said.

The potential ban on content deals and the possibility of heavier government regulation sent investors scurrying out of cable stocks.

On Monday, as the Standard & Poor's 500 index edged up 0.3 percent, big cable companies slid.

Time Warner Cable, Comcast, Cablevision and Charter Communications dropped between 2 percent to 4 percent.

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Citation: Cable stocks fall after Obama backs Net Neutrality (2014, November 10) retrieved 23 May 2024 from <https://phys.org/news/2014-11-cable-stocks-fall-obama-net.html>

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