

News Guide: Net neutrality and what it could mean to you

February 5 2015, by Anne Flaherty

(AP)—A top U.S. regulator just announced he wants more power to oversee Internet service, much in the same way that the government already regulates phone service and other public utilities. The goal is to prevent Internet service providers like AT&T, Verizon, Comcast, Sprint and T-Mobile from blocking or slowing down Web traffic, or striking deals with companies that provide content like Amazon, Google or Netflix to move their data faster than others.

What does this mean for the average person? Probably nothing right away. One of the big providers will likely take the matter to a federal court and ask the judge to suspend enforcement of the rules until the case is decided.

But this latest decision by Tom Wheeler, chairman of the Federal Communications Commission, opens up a new chapter in Internet history. Equal access to content has been deemed a right of the American public. And depending upon how it's done, that could mean more taxes.

A look at the issue and why you should care:

NET NEUTRALITY

The idea of net neutrality is that websites or videos load at about the same speed. This means you won't choose to watch "Downton Abby" on

Amazon Prime instead of "Orange is the New Black" on Netflix because Amazon has struck some backdoor deal with your service provider to load its data faster. And when you're shopping online and comparing prices, images of Eddie Bauer jackets won't load faster than those on the LL Bean site. As you can imagine, this kind of disparity matters greatly in the world of online commerce and entertainment.

WHY NOW

It's true the Internet has flourished under very little regulation. It's also true that this exponential growth can be attributed in part to the Internet's open architecture. Under the threat of regulation and because of market demand, service providers for many years agreed not to pick winners and losers among Web traffic.

What's changed recently is that Netflix, YouTube and other on-demand video services have become wildly popular, including as an alternative to expensive cable packages. They can hog much of a provider's bandwidth at any given time. Internet service providers say they have invested heavily to improve their infrastructure to handle the heavy traffic. Isn't it only fair to charge Netflix and others a "toll" to move their data?

Netflix objects and has compared these toll fees to holding data for ransom.

THE PLAN

Chairman Wheeler wants to subject all Internet service, including wireless, to Title II of the 1934 Communications Act. This is the same law that governs phone service and gives the FCC broad authority to ensure everyone has access.

Wheeler says he won't apply several pieces of the law, including price controls. Industry contends that once Title II is applied, it's only a matter of time before Internet service becomes bogged down in red tape.

The FCC's five-member commission is planning to vote on the plan on Feb. 26, and it's likely the proposal will be approved along party lines. But because of legal challenges, it's possible the issue won't be resolved for several more years, even well into the next president's first term.

CONGRESS

Lawmakers could try to resolve the uncertainty, but Congress rarely is that pragmatic. Lawmakers tend to take on issues that fire up their base or bring their states money, and an in-the-weeds compromise on telecommunications law would be a lot of work with little immediate payoff.

So far, Republicans have pitched an idea that would enforce basic open Internet rules but could strip the FCC of its ability to help local municipalities build their own broadband. It's a nonstarter for President Barack Obama and congressional Democrats who say poor and rural areas have been left behind in the deployment of high-speed Internet.

Assuming Wheeler's proposal satisfies consumer advocacy groups, Democrats would have little incentive to revisit the issue. While Republicans have the votes to push through their own anti-regulation legislation without Democratic support, Obama would veto it.

CONSUMERS

Most Internet providers, except Sprint, have warned that the legal uncertainty would chill future investments. Wheeler has shrugged off

these suggestions, citing \$300 billion in investment by the wireless industry in the past two decades.

As for taxes, the Progressive Policy Institute estimated that treating the Internet like phone service would trigger taxes and fees up to \$15 billion a year, including \$67 for each wired service and \$72 for wireless in state and local taxes.

But that report, widely quoted by industry lobbyists, did not take into account the Internet Tax Freedom Act, which prohibits state and local governments from imposing new taxes on Internet access, or the FCC's ability to shield consumers against some state and local taxes by claiming the Internet is an "interstate" service.

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