Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Inquiry Regarding Broadband	)	WC Docket No. 07-52
Industry Practices	)	
	)	

Comments of Americans for Tax Reform,
the Media Freedom Project, the Property Rights Alliance and the American Shareholder's Association

This letter is in response to the FCC's "Notice of Inquiry" on Broadband Market Practices, WC Docket No. 07-52. The NOI specifically seeks an answer to the question, "whether network platform providers and others favor or disfavor particular content, how consumers are affected by these policies, and whether consumer choice of broadband providers is sufficient to ensure that all such policies ultimately benefit consumers. We ask for specific examples of beneficial or harmful behavior, and we ask whether any regulatory intervention is necessary." This proposed regulation is commonly referred to as net neutrality.

Net Neutrality is preemptive regulation against a problem that does not exist

The call for regulating "nondiscrimination" of Internet content is, on the surface, an appealing one. An open Internet is important to our economy and one of our most essential communications tools, so ensuring people's ability to access what they want, when they want, is very appealing and gains broad public support.

However, this is the system we currently have in place, a system that has come about not through regulation or mandate, but through the natural process of the free market working. To regulate what already exists, to remove future market forces, is to mandate stagnation in the realm of broadband.

There has only been one case of port blocking by a broadband provider, the Madison River case, and the FCC used its existing authority to manage that dispute in favor of access. New regulation is not needed to handle what the Commission already has the authority to do.

Expanding and improving access to broadband will require massive private investment

The huge networks over which Internet traffic travels were built with private investment capital and have, as is required in a market, returned profits on those investments. However, the current network is fast becoming overwhelmed as content increases in both quantity and

quality. To keep up with demand from both users and content providers, even faster, higher bandwidth networks must be built. This will require massive investment from the private sector.

Removing the ability to manage their networks by regulating a one-size fits all mandate of how those networks must be administered would result in those networks not being built in the first place. Without control over their own property, investors would shy away from risking the billions of dollars necessary and new networks would simply not be built.

The only alternative remaining to improve the broadband network would be through government subsidies, placing the government in even more control of the Internet. This is a dangerous alternative we, as free-market advocates, vehemently oppose.

Consumers would be forced to pay, one way or another

The result of the net neutrality regulation would be one of two options; the complete stagnation of the Internet or extreme increases in cost to consumers for access.

Content providers, those advocating for regulation, could develop new applications and services, but without the network required to deliver them, they would be useless. Consumers would not have the ability to access them, and content providers would have no way of getting their product to consumers. New technologies would simply not be brought to market because the market would not exist.

If those new technologies were somehow brought to the market, under net neutrality regulations, the only way to recoup the costs associated with building the new network would be to charge customers more for access. Considering the billions that would have to recouped, the cost to the average consumer would be beyond their ability to afford it. This would make the Internet a tiered caste system, with one set of access and content for moderate income Americans, and another, better, faster, more content-rich network for the wealthy who could afford the increased fees. This is an outcome that should be avoided at all costs.

Conclusion

We recommend the Commissioners to stay on the course that has made the Internet the phenomenon it is today, maintain the free-market, hands-off approach. Regulation will lead to stagnation, and with so much of our current and future economy dependent upon this new world, tinkering with it now would lead us down a path of less prosperity and less innovation. For those reason we urge the FCC to recognize that there is no need for regulation of broadband market practices.