

Worcester Business Journal

FCC Net Neutrality Rules Meet Criticism

By Christina H. Davis

Worcester Business Journal Staff Writer

01/03/11

As more of the economy moves online and demand increases for bandwidth thanks to video streaming sites like Netflix and Hulu, the stakes are getting higher for Internet service providers.

Consumer groups have long been advocating for federal rules that would protect the openness of Internet and prevent broadband providers like AT&T or Charter from limiting access to certain content for their own self-interest.

And after many years of debate and legal wrangling, the Federal Communications Commission finally delivered some rules through the approval of the Open Internet Order for Net Neutrality. But consumer groups and Internet entrepreneurs are far from satisfied with the result.

The Rules

The new net neutrality rules were approved on Dec. 21. They require broadband Internet providers to supply consumers with basic information on the services they provide and they prohibit broadband providers from blocking legal content. Finally, the rules prohibit discrimination. In other words, an Internet service provider cannot provide preferential treatment to one user over another.

According to a press release from the FCC, the rules “ensure that Internet openness will continue, providing greater certainty to consumers, innovators, investors, and broadband providers, including the flexibility providers need to effectively manage their networks.”

While that’s the FCC’s view, that sentiment isn’t widely shared among interested parties.

One of the most vocal critics of the rules is North Hampton-based Free Press, a nonpartisan consumer advocacy group focused on media issues. Free Press has long advocated for the need for net neutrality rules to protect consumers and preserve competition, but the group is not satisfied with the FCC’s decision, according to Craig Aaron, managing director

of the group.

“Unfortunately, from our perspective, we think the FCC really squandered this opportunity,” Aaron said. “We don’t think the rules are as strong as they need to be... It’s really half-net neutrality. They didn’t address key issues.”

Those overlooked key issues include mobile broadband. With the approval of the Open Internet Order, the FCC established rules for wireline broadband providers, but did not extend those rules to wireless or mobile broadband.

That choice, according to Aaron, was shortsighted and gives wireless providers like AT&T or Verizon the power to place limitations on what they run on their networks.

The FCC has “set in motion certain bad practices,” Aaron said, adding that once the FCC gets around to regulating the wireless industry “putting the genie back in the bottle is going to be a lot harder.”

Aaron also expressed disappointment in the FCC’s decision to sidestep the issue of pay for prioritization, where a third party — such as Netflix — pays for better service. The FCC simply said that such arrangements “would raise significant cause for concern,” but stopped short of banning it outright.

“What the FCC has done is frowned upon pay for priority,” Aaron said. “That’s a lot different than saying you can’t do it.”

Business Perspective

While Free Press is disappointed with the rules as adopted, local Internet entrepreneurs dislike the idea of government regulation in the first place.

Firmly in the no regulation camp is Bob Cramer, CEO of Framingham-based Nimbit, a six-year-old company that helps independent artists sell their wares online, including music and other merchandise. While Nimbit doesn’t have the kind of scale of a Netflix or a Google — yet — Cramer said the net neutrality rules are still of concern because “there’s a chance they might stifle innovation.”

“If YouTube were just a startup and had these rules to contend with, could it have afforded to take off the way it did?” Cramer asked.

Similarly, Steve Rothschild, head of Worcester-based Applied Interactive, which owns and operates a number of online sites, bristles at the idea of the federal government weighing in with Internet regulations, even if they are designed to

protect openness.

“The minute government gets involved it mucks up the works,” Rothschild said.

In theory, Rothschild said he “loves the idea of net neutrality,” and that everything should be free and open, but he said, when “you tell somebody what they’re going to have to do, you distort the model.”