Net Neutrality: All Bytes Created
Equal Ensures U.S Market Stability

By: Steven Hartzfeld, Andreia Stewart, Matthew Farley and Rudy Ramirez
# Table of Contents

- Title Page.................................................................1
- Table of Contents............................................................2
- Part I: History and Dilemma of the Open Internet.........................3-4
  - Introduction........................................................................3
  - Lobbying for a Change.......................................................3
  - The Fight of the ISPs.........................................................4
  - Creating a Drastic Change...................................................4
- Part II: Net Neutrality Abides by the Principles of the U.S Constitution.....5-7
  - Freedom of the Internet....................................................5
  - President and FCC Support.................................................6
  - Principles of the U.S Constitution........................................6-7
- Part III: Overview of Net Neutrality........................................8-10
  - Introduction.........................................................................8
  - The Goal of ISPs...............................................................8
  - Importance of Net Neutrality..............................................9
  - Effects on Marketplace Competition.....................................9
  - Absence of Net Neutrality................................................10
- Part IV Opposition of Net Neutrality........................................11-13
  - Introduction.........................................................................11
  - U.S Data Speeds are Slow................................................11
  - Plan of the ISPs..............................................................12-13
- Conclusion............................................................................14
Part I: History and Dilemma of the Open Internet

Introduction: Network neutrality has been debated at length in Congress for over a decade, although the basic concept has existed for over a century. In the late 1880s a man named Almon Brown Strowger fell victim to a non-neutral network. Telephone operators were being paid to redirect calls intended for Strowger to his competitor. He took action and invented an automatic telephone exchange, intended to bypass these biased telephone operators. (Richman, 2007)

Lobbying for a Change: Today, the context is much different and the hardware even more so and there is a vast amount of money at stake for ISPs and web services like Netflix. Massive corporations like Verizon and Comcast do not like to have their business models threatened by potential legislation, so they spend millions of dollars on lobbyists trying to sway the votes in Congress in their direction. Lobbying has likely taken place since the inception of our current form of government, though it didn’t earn its name until a newspaper correspondent by the name of Emily Edson Briggs wrote a column titled “The Dragons of the Lobby”, describing the practice and coining the terms lobby and lobbyist. (Roos, 2012) A Lobby is, simply put, a group of people with a shared interest trying to influence the opinion, or at the very least vote, of one or more elected officials with the goal of altering possible legislative action. Naturally, the more money a group has the more influential it is. ISPs have money, but want even more.

Comcast, the largest communications and mass media company in the world brought in almost $65 billion in 2013, which is more than any other company in the business. According to the nonpartisan Center for Responsive Politics, in 2013 Comcast spent $18.8 million on lobbying in the same year. The effect spending of that magnitude can have on the legislature is significant.

It has been suggested that one solution to the net neutrality paradox is to treat internet service like a necessary utility such as water or electricity and to have the local government authorities provide the infrastructure necessary to deliver service to the customer. Many municipalities have laid out plans to provide wireless internet access to their residents for a nominal fee. Because a significant portion of Americans do not have more than one or two choices for an ISP, municipal internet can be very appealing. The collective ISP lobby has recognized this threat and has taken
decisive action. There are now limits on municipal broadband service in 20 states. (Brodkin, 2014)

This is a startling statistic, because it seems that the ISP lobby is systematically eliminating what could be the only viable alternative to absolute ISP monopoly, and doing so before most people have even considered that municipal internet could rescue us from this calamity. When you make as much as Comcast does, the millions of lobbying dollars look like an outstanding investment, especially when it involves one of the most valuable resources in the world. The ISP lobby seems to be successful selling the idea of municipal broadband service as damaging to the private sector and detrimental to the economy because it supposedly serves to reduce competition. The municipal services are almost always cheaper than standard internet service due to the lack of profit-hungry shareholders in city hall, and the municipalities can, in many cases, provide higher quality services than the big ISPs. (Brodkin, 2014) This push to end the threat of municipal broadband is continuing – two more state legislatures have seen proposals of this ilk in 2014 – and there is no end in sight. Big ISPs stand to make far too much money to ignore this threat. It is disheartening to think that the ISP lobby could legitimately destroy millions of Americans’ prospects at affordable, high-speed access by throwing money at lawmakers and proposing convoluted, backwards legislation. And yet, that is the force we see in action today. The ISP lobby isn’t going anywhere. Almost everyone in the world accesses the Internet and pays good money to do so. Until that money starts to dry up, the

**The Fight of the ISPs:** ISP giants will continue to spend millions of dollars to get their way in legislature. The real question is, with this amount of power, money, and influence, when the current has been quashed, what will be the next issue at which they throw armies of slick-talking lobbyists and tens of millions of dollars? When you have that many lawyers and that much money, you tend to get your way.

**Creating a Drastic Change:** Eliminating Net Neutrality will result in additional fees. The types of fees and how they are implemented will be explained in great detail throughout this report. The ISPs are attempting to take away internet freedom and fair equal accessibility. They want to change the system by adding new rules and protocols, which will not benefit the majority of the population. The fight over the internet is a war and the effects of maintaining an open internet is significant.
Part II: Net Neutrality Abides by the Principles of the U.S Constitution

**Freedom of the Internet:** The 21st century is a new age. This new age enables millions of people to attain instant access to information at the click of a mouse. No longer does one have to wait until the library opens to find that one book with the information they need to complete their final paper. No longer do we have to accommodate business’s schedules with ours to make a purchase. Practically every possible thing imaginable is currently on the internet. The internet is a network of networks open 24 hours a day, 7 days a week. Whenever you need it, it is there. Internet freedom is one of the most valuable resources in the world. The Internet increases communication of all degrees. Businesses now can function more efficiently, and the marketplace is much more organized than was ever thought possible.

Most countries in the world offer an open internet. However, this is not the case in many countries on the Eastern hemisphere, which includes Iran, China, Saudi Arabia, India, and Iran. Internet censorship includes blocking content that opposes the government, pornography and anything pertaining to drug use. Currently in the U.S we have “Open Internet”, which is often referred to as Net Neutrality. The principle of Net Neutrality is that all publicly available information should be treated the same way, which is without discrimination or special treatment. Essentially, our current policies allow anyone access and all traffic that flows across the network is handled in roughly the same way. Our current policies have enabled entrepreneurs to create innovative applications and services that have changed the way people attain information and communicate.
President and FCC Support: Both the FCC and President Obama are fighting to keep the internet open and free. According to Obama, "Preserving an open internet is vital not to just to the free flow of information, but also to promoting innovation and economic productivity," "Absent net neutrality, the Internet could turn into a high-priced private toll road that would be inaccessible to the next generation of visionaries.” This statement explains that the consequences of turning to internet censorship and altering the rules could be catastrophic causing a major economic shift. This economic shift would benefit the already established successful business owners, but would create more barriers to entry for startup businesses.

Principles of the U.S Constitution: The U.S constitution includes seven basic principles, which describe the infrastructure and its duties. “We the people” is emphasized repeatedly and strongly. Some of the constitutions’ key principles include popular sovereignty, separation of powers, federalism, and individual rights. The purpose of our government is to properly represent its citizens, and act in their best interests. Although in principle the government is supposed to act in our behalf, this is not always the case. In some circumstances the hard truth is financial matters and bribery play a major role in political decisions. We cannot let the internet fall victim. It is one of the most valuable public resources in the world. The case of Net Neutrality is a fight. There is not much of an argument against Net Neutrality besides increased data speeds. Otherwise, based on our freedoms it is wrong and will create a further economic divide.

America was founded as being the “Land of Opportunity.” Limiting information available to the citizens of the U.S would deplete them of opportunity. Being an American citizen signifies everyone has a chance to succeed if they work hard. In some countries around the globe, it is
nearly impossible to climb the ladder. If you and your family are born poor, you will remain poor. Certain resources are available to the people the government feels as earned them, while the rest are expected to accept their economic standing and make the best of it. Our country attempts to establish policies and rules so that all citizens have equal opportunity. The Open Internet defines opportunity in the 21st century, and it is without question; it cannot be taken away.
Part III: Overview of Net Neutrality

Introduction: The argument over Net neutrality has been around since the onset of the Internet. The Internet has become a platform that is used by many companies to make them known, and gives them the ability to exchange goods and services. “The capitalistic system on and off the Internet encourages economic growth by the use of free and open markets to distribute goods that an Internet encouraging innovation and startups is one that supports Net Neutrality” (Leinwant, 2009).

The Goal of ISPs: Currently in some countries and in certain areas, the Internet is provided to both residential and online businesses through the use of Internet Service Providers (ISPs), which we pay a monthly fee for. The paid portion of Internet access is sometimes referred as the last mile. ISPs have wanted to increase their profitability by adding additional charges for access to certain websites like Google, Facebook, and other popular websites. For businesses that use online websites and other tools, ISPs want to have the ability to regulate upload and download speeds for those that have a business arrangement with them. The problem is, not all ISPs will treat various situations the same. Currently we rely on the morals and ethics of others to provide bias free Internet services. We assume that they wouldn’t do anything that could prevent competition in the marketplace by making access to one website faster than a potential competitor. “Without Net neutrality, there would be no guarantee of a free and open market and by extension, no guarantee of the delivery of goods and services and such an environment would hinder, not foster, innovation and economic growth” (Leinwant, 2009).
The Importance of Net Neutrality: ISPs want more money from their consumers and are pushing to alter the way the United States uses the internet. This is not good for the majority of the population, which we will explain in great detail in this report. The internet has inspired creativity and entrepreneurship. Establishing new protocols and laws could be detrimental to our economic system. Capitalism thrives on opportunity, and net neutrality enables opportunity.

Effects on Marketplace Competition: The Internet has a global reach which can allow for businesses to thrive internationally. Additionally, it allows business to develop competitive advantages over others. We can buy, sell, and trade goods and services, which empower society to be more productive. Internet services and applications create communication all across the globe, which makes business more convenient and efficient. Furthermore, “The Internet has become an important marketing and advertising tool for business. Some businesses do not exist in bricks-and-mortar form and therefore the Internet, in the form of a website and online advertising, represents the entire storefront they present to the buying public” (Blank). We have become increasingly able to purchase cheaper goods and compare quality, which enables the world to continually evolve and increase innovation and productivity. “The Internet is increasingly becoming the dominant medium binding us and is the basis of a fair competitive market economy” (Timbl, 2006).
**Absence of Net Neutrality:** Now that we understand what net neutrality is, next we will discover how the absence of it can cause monopolies. Gold’s article points out that the telecommunication industry is already operating in a monopoly sort of fashion. We as consumers do not have many options regarding who we choose to be our internet or cable provider. We are forced to choose from the local monopolies that are operating in our geographic area. Eliminating Net neutrality would increase the likelihood for monopolies to take place over the internet.

The main concept of net neutrality is to provide tiered level internet access. If Net neutrality no longer existed, the quality of the internet and information being passed would be based on the level of service companies and consumers wish to purchase. In the article, *Asking Government to Regulate Fairness is Inviting Trouble*, Dalyrumple points out that tariffs placed on content providers to prioritize their data takes away the consumers choice to decide which data will run efficiently.

So fundamentally, your internet service provider would have greater authority over you. Basic freedoms we take for granted involving internet usage would no longer exist. Also, ISPs could decide to make your favorite shopping or news websites to run poorly or not run at all. This would cause you to use a source that your internet service provider delivers efficient bandwidth for. High data speeds for websites would be a privilege. If you are a new website you will go slowly, unless you pay additional charges. Web page speeds, services, and applications permissions would then turn into a bidding war.
Part IV: Opposition of Net Neutrality

Introduction: Facebook, E-bay, and Skype are just a few of the players that are against the movement trying to get rid of net neutrality. Google and Verizon proposed a plan to the FCC where Verizon is working with Google in providing net neutrality for wired networks, but those principals would not apply to wireless networks. It would also require wireless networks to remain transparent. Wireless networks would have to disclose what their network is capable of, how they are managing them, and what their plans are.

U.S Data Speeds are Slow: Major internet service providers argue that eliminating Net Neutrality would free up the available bandwidth, which would improve the overall function of our network. As of 2009, the U.S ranked 29th in the world regarding download speeds. It is a fact that the U.S has some of the slowest broadband speeds in the world. The U.S is not doing anything to drastically improve data speeds. Slower data speeds could negatively impact the U.S impact on the market. Other countries will receive information before them, which could result in a disadvantage. Therefore, the debate on sacrificing the usage privileges of the majority to increase our available bandwidth will continue to be debated and analyzed. The FCC continues to work on new policies, but it has been a major challenge.
Plan of the ISPs: At this point, since wireless networks would not be governed by the net neutrality rules, companies like Verizon could control what goes through the pipeline and charge companies like Twitter and Facebook extra fees for using their network, if it even allows them to be on. We could see a scenario where only Verizon wireless users can use wireless networks to access social media apps because of their deals with other big companies, while ATT and its users would have to incur additional costs to use that network. Most consumers would probably not want to pay the fee and wind up changing carriers because of this. In a more recent article from 2014, it states that Verizon challenged the FCC in net neutrality, and won. No changes will come from this, but the FCC had to admit it had improperly assumed authority to implement the laws to ISP’s. Not really a victory for Verizon, but not necessarily a loss for net neutrality. However, the battle continues.

Netflix and Comcast recently butted heads because of the amount of broadband Netflix is using. Here’s just another example of how the lack of net neutrality could cause monopolies and how
additional fees are being used to gain leverage. Netflix, Comcast users were experiencing loading delays, long buffer times, and poor video quality. Comcast had asked the third party ISP that Netflix uses to gain access to their network to pay additional fees, and the third party ISP refused. Netflix users saw a decline in service, until of course; Netflix had to agree to install new servers that directly connected to Comcast. A short time after the agreement to install new servers, due to poor connectivity issues, Netflix users stopped experiencing problems and delays. According to Hustad, “Now, Netflix is crying foul.” This is another instance where the lack of net neutrality would allow big players like Comcast to impose fees on ISP or companies that use up a lot of bandwidth like Netflix. In addition, Netflix could then turn around and pass those fees onto its users, which make up about one third of American traffic on the web. As you can see, net neutrality is a hot topic these days.

The lack of net neutrality would open the doors to lots of additional fees for users to use the network. Monopolies can be created by denying others access to the network or to provide poor quality for those who are unwilling or unable to pay. As the examples have illustrated, holders of the infrastructure try to find ways to get around net neutrality rules. Consumers would ultimately pay the price if additional fees were passed to ISP for using a wireless network. Also, if deals are made between two large companies, they could eliminate fees for their uses, therefore forcing consumers to choose between a company without fees or stick with their current company with low quality and if not, more fees. It’s interesting to see how this even will continue to unfold.
Part V: Conclusion

Legislation continues to struggle on what to do with the U.S internet policies. Net Neutrality ensures that all internet data be treated equally. ISPs are trying to persuade the U.S Government to change its current system of an open internet. The current internet laws enable citizens access to all information on the web as long as they pay fee of service.

Providers such as Comcast and Verizon would like to charge additional fees to use certain websites and internet features. The cost of internet use would rise, but the available bandwidth would increase.

More importantly, Net Neutrality supports equal opportunity. Current policies enable citizens to research and view all available information to make better decisions and be better informed individuals. Business has been thriving through the advancement of information technology and altering the accessibility of it could have negative implications. Less information means less informed citizens. Additional fees will further separate the elite 1% from the vast majority of the population. The internet enables business to expand at a global level and can inspire innovation and creation.

Billionaires such as Mark Zuckerberg used an open internet to establish themselves and create new applications and services that changed the world. An open internet supports the principles the founding fathers established in the constitution. Additionally, it can inspire people and teach them things they never knew. Additional charges will take away resources to promote our economy to grow. Competition will be lacking and our country will become more monopolistic. Established companies are attempting to dominate the U.S and are lobbying to try and alter policies for their best interests. Citizens need the internet to remain open and free. For now the president and legislation support a “free and open internet” and we need it to stay that way.
Author Note: Majority of this paper was written by me, which is why I included it on my sample portfolio. This course required many team assignments. For this one I chose to do most of the work. My main responsibility was Part II, but I filled in necessary information throughout the paper. Our team worked very hard and we received an A for both the report and presentation.