



Enterprise

No One Is Happy With the FCC Chairman's Speech, Except Broadband Investors

Published on December 1, 2010
by **Arik Hesseldahl**

Everyone has something to say about today's speech by FCC Chairman Julius Genachowski on the subject of net neutrality (video below). Having been [blocked in the courts](#) from imposing sanctions on Comcast for throttling users of BitTorrent, the commission has been spinning its wheels trying to find a way to nudge the broadband industry in a direction toward treating all Internet content fairly.

To Genachowski and network neutrality proponents, a bit is a bit is a bit, and your broadband service provider should have nothing to say in blocking you from using the services and applications that you choose and saying what you want to say so long as you're not breaking any laws.

It makes sense until you hear rebuttals from the providers who spend billions to build the networks, arguing that they should have some right to protect their networks from cases where the heaviest users—video-downloading BitTorrent users are the classic example—can degrade the experience of other users. Think of it as “My network, my rules.”

Without the legal authority to force net neutrality on the providers, Genachowski has circulated draft rules that would instead require them to disclose what they intend to throttle and why, so that consumers can more intelligently choose whom they're going to do business with. If there are going to be rules, put them on a sign where all can see them before walking in the door, he's saying here.

Gone is the talk of [reclassifying broadband](#), which some had described as a sort of “nuclear option” that would potentially give the FCC the authority to force net neutrality on the carriers, and would have probably led to more pointless, expensive lawsuits.

The big shift came when Genachowski said he'd be open to “business innovation to promote network investment and efficient use of networks, including measures to match price to cost such as usage-based pricing.”

That means broadband providers can start creating variable price plans under which consumers will pay more for using more.

Oh, and the wireless Internet? It's too early in its lifetime to impose any rules on it. The FCC, he said, “would closely monitor the development of the mobile broadband market and be prepared to step in to further address anti-competitive or anti-consumer conduct as appropriate.”

The reactions have been predictable:

It's “not perfect,” but it's reasonable, says Kyle McSlarrow, president of the [National Cable & Telecommunications Association](#). If the order changes materially, however, the group reserves the right to fight it.

It's a step in the right direction but needs to be “[strengthened](#),” says Gigi Sohn of Public Knowledge, a Washington, D.C., public interest group.

Tyrone Brown of the Media Access Project says he is “[very disappointed](#).” By taking the reclassification option off the table, the FCC loses a key piece of the legal authority it would otherwise need to require

service providers to extend broadband service to people who don't currently have access, which has been a key objective of the Obama administration.

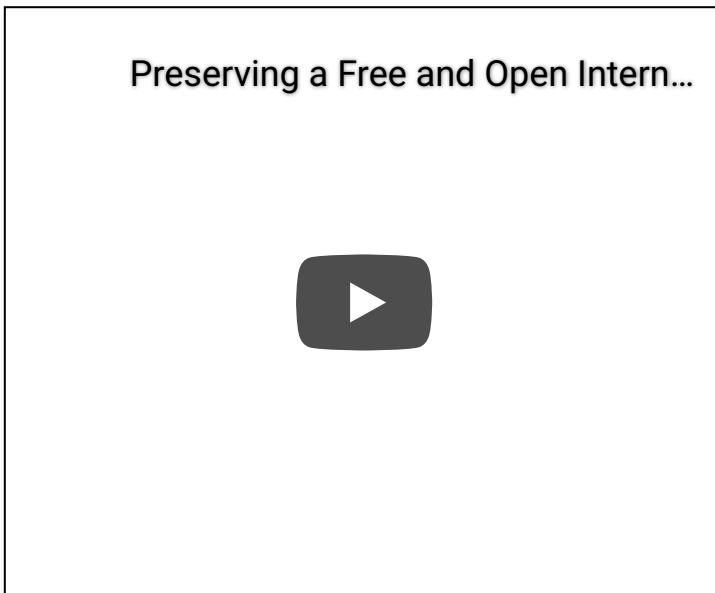
Josh Silver, president of FreePress, another policy organization that advocates for net neutrality, called it "fake Net Neutrality" and said that "Genachowski is taking the same exact approach to splitting the open Internet into fast and slow lanes that [Verizon and Google proposed last summer](#)."

Republican FCC Commissioners Robert McDowell and Meredith Attwell Baker essentially promised to vote against the proposal when it comes before the commission on Dec. 21. Only Congress, Baker said, should decide if the Internet is to be regulated. Unlikely with the GOP taking control of the House in less than a month. "We don't have authority to act," he said.

After all that: Comcast stock is up 4 percent today; Verizon shares up one percent; Time-Warner shares are up more than two percent; Cablevision shares are up about 1.5 percent. This news will be a boon to broadband providers, says Sanford Bernstein analyst Craig Moffett in a research note issued today.

Usage-based broadband plans are probably soon to follow, which would be good for business because consumers would probably embrace them. One question for all the critics: Would *that* be so bad?

Here's the video of the speech:



Return to: [No One Is Happy With the FCC Chairman's Speech, Except Broadband Investors](#)

URL: <http://allthingsd.com/20101201/no-one-seems-happy-with-fcc-chairmans-speech-except-broadband-investors/>

Brought to you by The Wall Street Journal | © 2005-2019 Dow Jones & Company, Inc. All Rights Reserved.