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### Taking sides - net neutrality or not?

**The current US debate on "net neutrality" has important implications for the future development of broadband infrastructure and the internet.**

The US Congress is currently debating changes to telecommunications legislation and the hottest item in the debate is "net neutrality". The Democrats want this concept in legislation to prevent network operators from trying to *"block, impair, discriminate against, or interfere with the ability of any person to use a broadband connection."*

**Those in favour**

The promoters of "net neutrality" include major content providers like Google and some consumer interest groups like the Christian Coalition. The former are dismayed at the prospect of being charged by network providers for piping content. The latter are concerned about tiered pricing structures which might create two classes of users – those who can afford to pay and those who cannot.

Skype is one of those with a lot at stake in the debate. Some network operators have already tried to block or degrade access to Skype service. If voice traffic is prioritised by network operators to ensure quality of service, this will disadvantage Skype's best-efforts Internet quality service.

ReelTime articulates the assumed business relationships quite well. It says that content should be no concern of the network provider or else *"It's like saying that someone paying for electricity can't plug in a toaster. If you pay for electricity, you are connected past the meter. It's the same for the internet. If you connected past the meter yo should be able to pump data into the network"* (AFR , 8 June). But that ain't necessarily so, as I argue below.

**Those against**

Network operators are clearly against net neutrality; with the exception of US cable companies who have not made a clear stand. The reason the cable companies are not complaining about it as vociferously as the phone companies is because this debate may kill-off the whole reform package. This would benefit them even more as there are other, less controversial changes which would make it easier for telephones companies to compete with them.

More generally, network operators believe that net neutrality leads both to over-regulation and under-investment because it constrains how they can get a return on their investment.

One summary of this position is the Washington Post editorial which sided firmly with those against saying *"If you want innovation on the Internet, you need better pipes: ones*

*that are faster, less susceptible to hackers and spammers, or smarter in ways that nobody has yet thought of. The lack of incentives for pipe innovation is more pressing than the lack of incentives to create new Web services."* (12 June, pA20).

**Who is the Internet champion here?**

Both sides claim to have the best interests of the internet at heart. Those in favour say that net neutrality is needed to protect the free-wheeling architecture of the Internet. Those against it say that net neutrality would represent a massive regulatory intrusion into the largely unregulated internet space.

As mentioned above, those in favour of net neutrality may see the telecoms network to be just like the electricity network. It is and it isn't. It is because they are both distribution networks and because bytes and electrons can both be charged by volume. It isn't because bytes do not have to be charged alike and if they were voice would be cheap and video would be unaffordable. One might think that ReelTime, which has an un-metered agreement to supply wholesale movies over Telstra lines, would appreciate the difference.

In the early days of the Internet, US web-surfers were not charged for down-loads. All content and applications added utility to the network and increased internet take-up. But, with broadband, new applications like video and music files transfers are creating costs, not spreading them. There are real costs in carrying the larger amounts of traffic associated with broadband. Differential charging for speed has been used as a proxy for data charging. But, if different types of data can be segmented into, say, voice and video from packet headers, it is economically efficient (if practical) to price according to the segment's willingness-to-pay.

The development of the Internet and its supporting infrastructure is at stake and the stakes are high.

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