After a Supreme Court ruling cleared the way, the Federal Communications Commission (FCC) decided last year to deregulate the broadband market, giving telecommunications companies the (still theoretical) freedom to charge Internet companies different rates for different levels of network service. Now, a coalition of companies, ideologues, and interest groups—including Amazon, Google, MoveOn.org, and the National Religious Broadcasters—is urging Congress to re-regulate the telecoms. Their pleas should be rejected. Government intervention at this stage runs too high a risk of stifling both competition in the provision of broadband and innovation in the delivery of new Internet services.

The advocates of the proposed regulation argue for the principle of “net neutrality”—that is, they want the telecom companies to provide broadband access that treats all Internet content the same. The telecoms, on the other hand, want to offer different “tiers” of service to Internet companies, in the same way that FedEx offers different services to its customers. The telecoms deliver Internet content— they want to give companies the option of paying for faster delivery.

The telecoms say that they need the revenue in order to build the networks of the future—Internet fast lanes that can service high-bandwidth Internet applications like streaming video, Internet telephony or telemedicine. There are legitimate doubts about whether such a business model would revolutionize the Internet in the positive way that the telecoms envision, but these doubts should be resolved through competition in the marketplace, not heavy-handed prophylactic regulation.

Where the telecoms predict bold innovations, advocates of net neutrality see Orwellian nightmares. They argue that if telecoms are allowed to speed up the delivery of some content, there is nothing to stop them from slowing down or blocking content they don’t like. But such anti-consumer behavior is unlikely in a competitive market. Let’s say George Soros somehow took over Verizon and made troublemaking websites like National Review Online disappear from his network. Competition from other broadband providers would discourage him from thus breaking his customers’ hearts.

Net-neutrality advocates argue that there isn’t enough competition among broadband providers to ensure that service degradation would be punished or that telecoms would charge Internet companies fair prices for faster service. Most U.S. broadband consumers are forced to choose
between their local cable and local phone companies, they argue, giving these telecoms a “virtual
duopoly” in the broadband market.

Leave aside the FCC’s finding, noted in the Supreme Court’s ruling on this matter, of “robust
competition . . . in the broadband market,” including not just cable and DSL, but burgeoning
satellite, wireless, and broadband-over-powerline technologies. Ignore also the argument that
net-neutrality legislation could actually entrench the bigger players at the expense of new
technologies that might otherwise compete by differentiating their services.

Even if we found insufficient competition in the broadband market, there is no good reason to pass
a special set of federal regulations just for that market. The United States has a whole host of
antitrust laws for regulating competition and monopolistic access. “We have a lot of economic
thought going into when a market is not competitive and when a government should interfere,”
Heritage Foundation fellow James Gattuso argues. “Those are difficult calls to make, and there’s a
great deal of analysis involved. What the net-neutrality rules would do is a priori throw all that
out and say, here’s a special set of rules for this market.”

Net-neutrality advocates argue that special rules are necessary. They say that the Internet is so
unique—and broadband so essential to its future development—that Congress must stop the
telecoms from tinkering with broadband delivery. But the Internet wouldn’t be what it is today if
Congress had imposed stasis on it by regulatory fiat. It should let innovation and growth continue.