

“Net Neutrality”: The Citizens of the Internet Can Defeat the Telecom Mafia

Unbelievable: Telecoms Claim They’re Worried About Your Bill!

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The ‘false-on-its-face’ telecom claim of increased costs to consumers is designed to protect their unregulated monopolies that charge too much and provide terrible service. The Citizens of the Internet Can Defeat the Telecom Mafia

In a claim that must have people laughing out loud, the telecom and broadband providers are fighting net neutrality by claiming that they will raise the rates of consumers! It is hard to believe that even telecom lobbyists, well-paid to mislead Congress and regulators, could make this claim without smirking as [cable bills have been rising at four times the rate of inflation](#) without net neutrality.

Now they claim to be concerned about consumer costs. Why? Because they want to protect their monopolies that currently allow them to gouge consumers and provide sub-par service.

The telecoms remind us of the mafia: “If you reclassify the Internet as a public utility, it’s gonna cost you.” It is time to stand up to these bullies. The Internet community is strong enough to defeat them in any arena. The truth is that the FCC will be able to control telecom costs if they reclassify the Internet because Title II gives the FCC the power to control the fees they charge, and the telecoms know and fear this. (Share this meme below.)



The falseness of the telecom claim is obvious on its face, but because some in Congress are well paid to believe the lies of the industry, we need to debunk them. The National Cable and Telecommunications Association (NCTA) spends \$19.8 million annually on lobbying making it the [fifth largest spender](#) in Washington, DC (Comcast, AT&T and Verizon combined spent an addition \$48 billion). As far as [political donations](#), during the 2013-2014 election cycle Comcast gave \$3.4 million, AT&T \$3.1 million, Verizon \$2.6 million and the National Cable and Telecommunications Association \$1.8 million. So, Congress hears a lot of lies from people who pay them well to listen.

But there is strong evidence that the politics have changed and the people of the Internet can defeat the dollars of the telecoms in Congress. The Internet community can also debunk their lies, no matter how much they spend to tell them.



Image Source: Viacom/Comedy Central/SouthPark Studios.

No amount of money will turn telecom lies into truths

First, anyone with basic common sense knows that the real problem regarding cost of cable and Internet access is unregulated monopolies. When consumers have no choice, monopolies can charge whatever price they want and not worry about the quality of their service or how they treat consumers.

Every American has experienced the dramatic rate increases in fees from telecoms but the numbers are still shocking. Last year cable rates increased at 6.5% while inflation was 1.7%. The [average annual rate increase since 1995](#) has been 6.1%, consistently higher than inflation.

As to their dismal service, [Informit reports](#) that the US ranks 31st in the world in download speeds; our connection speed is worse than Estonia, Slovakia and Uruguay among many others; and we rank 48th in upload speeds making us worse than countries like Zimbabwe and Armenia.

The US pays too much for Internet services that deliver less than other countries because during the Clinton era the Telecommunications Act of 1996 became law which allowed major providers to split up markets for the purpose of regional monopolization. Then in 2002, Michael Powell's FCC reclassified the Internet as an information service removing the Title II powers needed to regulate these monopolies. The result: unregulated monopolies that gouge consumers and provide lousy service.

[The American Customer Satisfaction Index](#) of 2014, which reviews 43 household consumer industries, finds that customer satisfaction from cable and broadband providers is the lowest among all the industries surveyed. The average for all industries was 75.6 in satisfaction out of 100, while the cable companies had a score of 63. Customer satisfaction from these companies continues to decline with drops in satisfaction across the board. Comcast and Time Warner Cable plunged 8% and 14%, respectively, to very low ACSI scores in the 50s. Comcast and Time Warner Cable both score lower for Internet service compared to their pay TV ratings. In fact Comcast earned [Consumerist's 'Worst Company in America'](#) title twice, first in [2010](#) and again this year, [2014](#), beating out Monsanto, a company most associated with the word "evil."

Because the telecom and broadband providers are so unpopular and have no credibility when it comes to keeping consumer costs down, they had to find a front group to do their dirty work. They found a perfect front group in the misnamed "Progressive" Policy Institute. PPI is the think tank for the big business Democratic corporatists, the Democratic Leadership Conference. The DLC was successful in getting big business money, especially from Wall Street and the telecoms into the Democratic Party. PPI was organized to support the DLC and advocates Wall Street friendly policies that favor de-regulation and corporatization. PPI justifies big business friendly policies with phony progressive rhetoric. [AT&T has been funding PPI](#) since its founding in 2000. As [Phillip Dampier wrote](#) "PPI would likely not exist without its corporate sponsors — among them AT&T, hardly a disinterested player in the telecommunications policy debate."

PPI gave the telecom industry the "[research](#)" they wanted for a false propaganda campaign in a last ditch effort to stop reclassifying the Internet as a common carrier under Title II so that net neutrality could once again become the law of the land. The study makes the false

claim that Title II net neutrality regulations will result in \$15 billion in various new Federal and State taxes and fees. These are totally made up numbers from a completely false fantasy thesis that Title II will mean less investment and slower innovation that would result from reclassification.

Indeed, [Edward Wyatt of the New York Times reports](#) that a Verizon executive debunked the myth of less investment under Title II at the annual UBS media and communications investment conference. He reports that Francis J. Shammo, Verizon’s chief financial officer, said “the company planned to continue to invest in its FiOS fiber-optic network and its wireless systems regardless of the outcome of the broadband debate.” Shammo specifically said that the broadband debate “does not influence the way we invest.”

As [John Eggerton reported in MediaChannel](#), FCC Chair, Tom Wheeler is now saying Title II will not threaten investment: “When Verizon makes that kind of statement, I think it is logical. I think it is reflected in what various Wall Street analysts have said in terms of Title II being less of a bugaboo if it is done correctly.” Matt Wood of Free Press provides more details telling us Wheeler said “that broadband investment in Title II services remains high, that auction revenues are booming despite him telling CTIA that mobile Net Neutrality would be stronger, and even noted that wireless voice has been subject to Sections 201/202 for twenty years.”

This is consistent with the history of Internet investment as the [evidence shows investment was greater](#) when the Internet was classified as a common carrier [under Title II](#). The telecoms build on this false claim with more false claims telling consumers through their allies in the corporate media that there would be a \$19 per month increase in fees to the consumer for Internet access. They are now running advertisements with a scary graphic wherever there is an article about Title II and net neutrality in places like *The Hill*.



Popular Resistance protest at the National Cable and Telecommunications Association on November 13, 2014. Photo by Elias Weston-Farber of Popular Resistance.

Does a Lie Repeated Become the Truth?

But it is all false. It is just a lie repeated with a megaphone of big money spending and corporate media allies. This will be an excellent test of the “Big Lie” theory, that a lie repeated becomes the truth.

Congress has, as predicted by almost everyone, [extended the tax exemption for the Internet](#). Prior to the extension, [Tech Dirt explained the false basis for the claim](#) because it was based on the slim potential of increased taxes, with had nothing to do with Title II but was based on the tax exemption:

“On the state level, Internet access has long received a Congressional exemption that’s set to expire December 11 — an issue totally unrelated to the Title II push. Congress can make sure the exemption is extended, keeping state sales taxes far away from broadband access. If they don’t, again, it has nothing to do with Title II. Realize this, and nearly all of the PPI’s estimate of \$15 billion in new taxes as a direct result of Title II goes up in smoke right out of the gate.”

[Tim Karr of Free Press points out in a tweet](#) the irony of the advertisement appearing on the same page in the Washington Post where the ad is debunked.

[Free Press explains](#) the falsehood, a “mistake” that is really an attempt to mislead, as coming “from ignoring the difference between services that cross state lines and those that exist entirely within one state.” They explain: If Congress extends and updates the Internet Tax Freedom Act and the FCC declines to include broadband in the [universal service] revenue base at this time, the increase would be exactly zero. Congress has now extended the Tax Freedom Act, so another false foundation of the PPI study is removed.

In fact, the FCC could take various actions to prevent unreasonable fee increases under Title II. Free Press points out that the FCC could waive the requirement for providers to contribute a portion of their retail broadband revenues to the federal Universal Service Fund. PPI chooses to ignore the basic truth about Title II regulation; it gives the FCC flexibility in regulating the industry, including keeping costs down.

Free Press sums up the facts and concludes there would be no increase in taxes or fees as a result of reclassification under Title II and net neutrality regulations, explaining:

The bottom line is this: If the FCC does nothing more than stick with precedent and designate broadband as an interstate telecom service, the average potential increase in taxes and fees per household would be far less than PPI estimates. If Congress extends and updates the Internet Tax Freedom Act and the FCC declines to include broadband in the revenue base at this time, the increase would be exactly zero.



Banner drop across the street from the FCC November 20, 2014. Photo by Elias Weston-Farber of Popular Resistance.

What It All Means: People of the Internet Will Defeat The Telecom Mafia

The telecom and broadband providers are desperate to keep their unregulated monopolies that can raise prices and provide lousy service without any retribution from the consumers or government. They pay big money to elected officials to serve as a shield to regulation.

They keep the FCC in fear of Congress and the courts. It is our job - the millions of people who are demanding net neutrality to be organized and mobilized to defend the FCC when it reclassifies.

When it comes to the courts, in *Verizon*, when the court threw out the net neutrality rules, it made it clear [that only Title II reclassification would give the FCC the authority](#) to regulate the Internet and [prevent fast lanes and slow lanes](#). Court decisions make it evident that [the easiest to defend net neutrality rules will be](#) if the Internet is reclassified under Title II. There is [no other legal path](#) that gives the FCC a strong legal foundation that is defensible in court.

When it comes to Congress, recent experience shows the people are the dominant power on Internet issues. The politics of the Internet has changed: *the people of the Internet can defeat the dollars of the telecoms*. This has been seen in repeated battles over SOPA and PIPA and will be seen in net neutrality as well. [Larry Downes wrote in Forbes](#) analyzing the new political power of the Internet: "A new and profoundly different political force has emerged ... a constituency that identifies itself not by local interests but as citizens of the Internet."

This [new political power has shown itself](#) over reclassification and net neutrality, where it produced [nearly 4 million comments](#) to the FCC, far eclipsing any previous rulemaking; overwhelmingly, literally 99% of the comments, supported net neutrality. The Internet can generate emails, petitions and [phone calls](#) and it has been a key factor in mobilizing people to take action.

The FCC does not have to fear the telecom and broadband providers. Their old school 'pay to play' politics will fail with the reality of people power that can be organized rapidly and coordinated on the Internet. Indeed, the Internet can make sure that their massive political spending will create a boomerang against elected officials who take donations from the telecoms. Politicians will find telecom dollars will cost them votes.

And, the politics is on the side of the Internet community. Both political parties want the funding of Silicon Valley and the votes of Internet citizens. [Polls show](#) people [across the political spectrum](#) - Republicans, Democrats and independents - support net neutrality. [Republicans are quickly learning](#) they must be on the side of the Internet. People want an open Internet with equal access for all.

The politics comes down to this: side with the most hated corporations in America or side with millions of people and the funders of the future, the Internet corporations made up of entrepreneurs, start-ups and innovators. The Internet has already shown its current political power, but more importantly, it is obvious which side is the political power of the future.

The FCC should go forward in confidence that Comcast, Verizon, Time Warner and AT&T are political powers of the past that should be taken on and not feared. The Internet will be on the FCC's side if they do the right thing.

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