



December 14, 2023

**NTU Comments to the Federal Communications Commission
Safeguarding and Securing the Open Internet
47 CFR Parts 8 and 20
Docket No. 23–320; FCC 23–83; FR ID 179272**

Comments of the National Taxpayers Union

The National Taxpayers Union (NTU), the nation’s oldest taxpayer advocacy organization, submits the below comments in response to the Federal Communications Commission’s (Commission) Notice of Proposed Rulemaking (NPRM) that proposes to reestablish “net neutrality” reclassifying broadband internet access service as a telecommunications service and reestablishing national conduct rules for internet service providers.

NTU has long been concerned about the federal government and regulatory agencies seeking to act beyond their statutory authority. In 2015, the Commission first imposed net neutrality rules, abandoning its long-held regulatory approach that favored an open and free internet with regulations that allowed for innovation and favored economic growth. This approach to regulation has allowed the U.S. to be a leader in technological innovation. Thankfully, in 2017, the Commission repealed net neutrality rules proposed in 2015.

Net Neutrality Decreases Investment and Economic Growth

As a result of the 2015 rule and the burdensome regulations it imposed, broadband investment, innovation, and expansion fell while the cost of internet access increased. The cost of net neutrality was unfortunately passed along to consumers and businesses.

According to a study released this month by George Ford at the Phoenix Center, 2015 resulted in an average annual decrease in investment of \$8.1 billion, or 10 percent, from 2011 to 2020. This cumulative effect amounted to a reduction of \$81.5 billion over the course of 10 years. Consequently, employment in the information sector experienced a decline of approximately 81,500 jobs, contributing to an overall decrease of 195,600 jobs across various sectors. Additionally, labor compensation saw an annual reduction of \$18.5 billion. Further, the nation’s Gross Domestic Product (GDP) has been reduced by \$145 billion annually, or \$1.45 trillion over ten years.¹

¹ <https://phoenix-center.org/pcpp/PCPP62Final.pdf>

A Free Internet Has Benefited Americans

American consumers and businesses have benefited from a light regulatory approach to broadband deployment. According to a 2021 study entitled “U.S. vs. E.U. Broadband Trends 2012-2019”,² broadband infrastructure companies’ investment per household in the United States is over three times higher than in the European Union (E.U.), amounting to approximately \$700 per home annually. In addition, competition in the American broadband market offers consumers and businesses “twice the facilities-based competition for U.S. consumers compared to E.U.”

American broadband providers also provide more significant broadband deployment to underserved rural areas. A 2022 update of the “U.S. vs. E.U. Broadband Trends 2012 - 2020” study showed that the U.S. provides 91 percent of rural communities with high-speed broadband (speeds greater than or equal to 30 Mbps) while the E.U. provides broadband at these speeds to just 60 percent of its rural communities.

The same study also concluded that the U.S. leads the E.U. in deployment and adoption. In deployment, the U.S. leads by 11 percentage points for broadband with speeds greater than or equal to 30 Mbps and by 25 percentage points for speeds greater than or equal to 100 Mbps. Adoption of broadband at speeds of 25 Mbps and higher is ten percentage points greater in the U.S. than in the E.U.

Broadband Costs for Consumers Have Declined Significantly

A recently released 2023 Broadband Index Pricing (BPI)³ demonstrated the continued drop in broadband prices for consumers. Year-over-year, the price of providers’ most widely used broadband speed tiers has declined by 18 percent. With inflation near 5 percent, broadband providers have continued to provide a reduction in the cost of their services. From 2015 to 2023, it dropped by 54.7 percent, while consumer goods and services rose by 27.8 percent.

In addition, the study found consumer download speeds offered in the most popular tier increased by 141.5 percent while upload speeds increased by nearly 285 percent. This has resulted in an 80 percent drop “over the past eight years in the real price per megabit for the most popular and fastest service offerings.” Broadband providers are consistently providing more value to consumers.

² <https://www.ustelecom.org/research/us-vs-eu-broadband-trends-2012-2019/>

³ <https://ustelecom.org/research/2023-bpi/>

Record Investment in Communications Infrastructure

The 2022 Broadband CAPEX Report⁴ found that broadband providers invested \$102.4 billion in communications infrastructure in 2022, a 19 percent increase from 2021. Since 1996, an extraordinary \$2.1 trillion has been invested in connectivity infrastructure in the U.S.. The American economy and consumers have benefited. A report by the George Ford Phoenix Center entitled “Net Neutrality, Reclassification, and Investment a Counterfactual Analysis”⁵ concluded that the threat and the imposition of net neutrality decreased internet service providers’ investment in communications infrastructure by \$160 to \$201 billion from 2011 to 2015.

The American Broadband Network Performed During COVID-19

Notably, during the COVID-19 pandemic, the American broadband network held up under extraordinary circumstances, with Americans shifting to working from home and record usage according to an independent speed analysis from March 15-21, 2020.⁶ The study noted, “Users in most of the cities we analyzed should be experiencing normal network conditions, suggesting that ISPs (and their networks) are holding up to the shifting demand.”

In contrast, in the E.U., under a heavily regulated broadband network, internet service during the same period experienced significant degradation in service. In a Brookings Institution report entitled “Why the Internet Didn’t Break,”⁷ the European Union Commissioner for Internal Market Services directed video services to transmit only standard definition video for 30 days,⁸ which video service providers estimated would reduce internet traffic by 25 percent. With record internet usage during COVID-19, the current American approach to broadband regulation has proven to provide superior access and internet speeds to Americans above the E.U.’s net neutrality standards.

Conclusion

NTU urges the Commission to refrain from adopting these disproven regulations, which will harm internet freedom, reduce innovation, and raise broadband costs. At a time when Americans are being squeezed by high taxes, burdensome regulation, and inflation, the Commission’s net neutrality regulatory scheme would further harm taxpayers.

⁴ <https://ustelecom.org/wp-content/uploads/2023/09/2022-Broadband-Capex-Report-final.pdf>

⁵ <https://www.phoenix-center.org/perspectives/Perspective17-02Final.pdf>

⁶ <https://broadbandnow.com/report/internet-speed-analysis-march-15th-21st>

⁷ <https://www.brookings.edu/articles/why-the-internet-didnt-break/>

⁸ <https://edition.cnn.com/2020/03/19/tech/netflix-internet-overload-eu/index.html>

Sincerely,

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