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# Obama: Regulate broadband Internet like a utility so it 'works for everyone'

President Obama calls for tighter rules from the FCC – leaving a little bit of wiggle room – in an effort to preserve a "free and open Internet."

by **Don Reisinger** and **Roger Cheng** / November 10, 2014 6:56 AM PST

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President Obama urged the US government to adopt tighter regulations on



Internet."

In a statement released Monday, **Obama called on the Federal Communications Commission** to enforce the principle of treating all Internet traffic the same way, known in shorthand as Net neutrality. That means treating broadband services like utilities, the president said, so that Internet service providers would be unable "to restrict the best access or to pick winners and losers in the online marketplace for services and ideas."



The FCC commissioners (left to right): Ajit Pai, Mignon Clyburn, Tom Wheeler (chairman), Jessica Rosenworcel, and Michael O'Rielly.

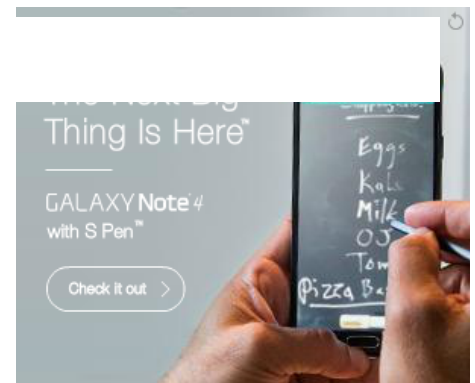
FCC

Obama wades into a contentious debate that has raged over how to treat Internet traffic, which has only heated up as the FCC works to prepare an official guideline. Those rules were expected to be made available later this year, though reports now claim they **may be delayed until early 2015**. The debate has centered on whether broadband should be placed under Title II regulation under the Telecommunications Act, which already tightly controls phone services.

Proponents argue that Title II regulation would ensure the free and fair flow of

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traffic across the Internet. Opponents, however, believe the reorientation would mean onerous rules that would limit investment in the infrastructure and in new services, and that toll roads of sorts would provide better service to companies that can support their higher traffic volumes. But that in turn has created widespread concern that ISPs could throttle service in some instances, intentionally slowing some content streams and speeding others.

Some of the major broadband providers have already spoken out against the plan. "Reclassification under Title II, which for the first time would apply 1930s-era utility regulation to the Internet, would be a radical reversal of course that would in and of itself threaten great harm to an open Internet, competition and innovation," Verizon said in an e-mailed statement.

"Today's announcement by the White House, if acted upon by the FCC, would be a mistake that will do tremendous harm to the Internet and to U.S. national interests," said Jim Cicconi, AT&T senior executive vice president for external and legislative affairs, in a statement.

"To attempt to impose a full-blown Title II regime now, when the classification of cable broadband has always been as an information service, would reverse nearly a decade of precedent, including findings by the Supreme Court that this classification was proper," David Cohen, executive vice president at Comcast, said in a statement.

Others, however, lauded the president's actions.

"We don't want industry gatekeepers to pick winners and losers on the Internet," Ellen Bloom, senior director of federal policy for consumer advocacy group Consumers Union, said in a statement.

Netflix echoed the sentiment in its statement: "Consumers should decide winners and losers on the Internet, not broadband companies."

Sen. Al Franken (D-Minn.) and Tumblr CEO David Karp also praised the move, saying it was necessary to maintain a free Internet.

Obama has no authority to set the guidelines -- that rests on the shoulders of the FCC. Utilizing Title II regulations would likely touch off months -- if not years -- of debate and legal challenges by the broadband companies.

Immediately following the president's announcement, Verizon and AT&T shares dropped sharply, but then just as quickly headed back up and have since been trading at slightly above Friday's closing price. Comcast's shares also slumped and have remained about 4 percent below Friday's close.

The broadband providers have advocated a "light touch" regulatory environment that has been in place, which they argue has been the catalyst for wireless and broadband investment.

The FCC earlier this year saw a vigorous response from the public to its call for comments on its Open Internet proposals, with the **FCC's servers sometimes stumbling** and crashing under the overwhelming input. The comment window **closed in September**.

In April, FCC chairman Tom Wheeler came under fire after an early proposal for his rules on Internet access were made available. While Wheeler has

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said that he fully supports the open Internet, the proposal could allow for paid prioritization of Internet traffic.

"I will say it again, there is nothing in the proposal that authorizes fast lanes on the Internet," the chairman said earlier this year. "It simply asks questions, such as should there be a ban on paid prioritization. But there is nothing in the rule that authorizes it."

Wheeler on Monday praised the president for his statement, calling it "an important and welcome addition to the record of the Open Internet proceeding" and noting that the FCC will incorporate into the record.

"Like the president, I believe that the Internet must remain an open platform for free expression, innovation, and economic growth. We both oppose Internet fast lanes. The Internet must not advantage some to the detriment of others," **he said in a statement**. "We cannot allow broadband networks to cut special deals to prioritize Internet traffic and harm consumers, competition and innovation."

At the crux of the debate over Net neutrality is Title II of the Telecommunications Act. The section, which is more than 100 pages long, regulates how common carriers must conduct business across all forms of communication in order to act "in the public interest." Net neutrality supporters say that the language is vague and could be used to sidestep a free and open Internet and give ISPs the opportunity to sign deals with Internet companies that would provide for prioritization of traffic.

Obama, however, said that the FCC should limit some of the regulation relating to rates and "other provisions less relevant to broadband," creating potential wiggle room for further debate on the limitations.

Still, the reference to Title II marks a clear stake in the ground for the White House.

"This is a basic acknowledgment," Obama said, "of the services ISPs provide to American homes and businesses, and the straightforward obligations necessary to ensure the network works for everyone -- not just one or two companies."

**Update 9:49 a.m. PT:** Added comment from Verizon, AT&T and Comcast. **Update 11:23 a.m. PT:** Added share price movement for the three companies. **Update at 1:13 p.m. PT** with Wheeler's statement. **Update at 1:48 p.m. PT:** with comments from Consumer Union, Tumblr CEO David Karp and Sen. Al Franken.

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Roger Cheng is the executive editor in charge of breaking news for CNET News. Prior to this, he was on the telecommunications beat and wrote for Dow Jones Newswires and The Wall Street Journal for nearly a decade. He's a devoted Trojan alum and Los Angeles Lakers fan. [See full bio](#)

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