Telecom giants aim to dictate what can go through their wires and on what terms

**Warning: The virtues of the egalitarian internet are standing in the way of higher corporate profits!**

**IMAGINE MY SURPRISE** when Robert Marcus, COO of Time Warner Cable, reached out to me in March. I don’t get a lot of personal communiqués from Fortune 500 chieftains, so I perked up when Bob indicated he had a piece of hot, inside-the-corporation news that he felt I should know about. “Dear Valued Customer,” his letter began, reflecting that corporate warmth and camaraderie I feel when I phone TWC’s service center and am told—again and again… and again—to please hold, for “Your call is important to us.”

Bob’s big news was this: “[Time Warner] plans to merge with Comcast, forming an industry-leading technology and media company dedicated to delivering great customer experiences.” And, of course, I was totally stoked when he added this punch line: “Above all, this merger will benefit you, our customers.”

Only then did I notice that my monthly bill was attached to Bob’s joyous missive. It showed, with no explanation, that he had chosen that very month to hike my cable payment by $4.92! How great is that for a customer experience? Marcus concluded with a line meant to be reassuring, but it struck me as ominous: “We are very excited about the promise of this combination for you, our customers.”

Even without this merger, the consumer marketplace for these digital hookups has hardly been a model of competitiveness. In most communities, one or at most two internet service providers (ISPs) have locked down the market—especially for bringing high-speed internet wires (known as broadband) into our homes and businesses.

Increasingly, these digital conduits are essential parts of America’s utility infrastructure, nearly as basic as electricity and water pipes. They connect us (and our children) to worldwide knowledge, news, diverse viewpoints, and other fundamental tools of citizenship. And, of course, we can buy & sell through them, be entertained, do business deals, connect with friends, get up-to-the-minute scores, follow the weather, and—yes indeedy—pay our bills online.

We’re told by politicos, pundits, and providers themselves that access to the net is crucial to our educational achievement, future prosperity, and ability to be self-governing. Yet, while this digital highway is deemed vital to our nation’s well-being, access to it is not offered as a public service—i.e., an investment in the common good. Instead, it is treated as just another profit center for a few corporations—so few that selling broadband access to the world wide web has become a very lucrative source of what economists call “monopoly rents,” the ability of corporations in a non-competitive market to extract excess profits from customers.

Already, only five profiteering ISPs—Comcast, Time Warner, AT&T, Verizon, and Sprint (now a Korean corporation)—control practically all of the US broadband market, and are charging among the highest prices in the world, while delivering one of the slowest internet services.

Consumer Reports notes that both Comcast and TWC rank toward the bottom of its surveys on customer satisfaction, adding that “a merger would leave little incentive to improve.”
OKLAHOMANS HAVE been socked with a surprise from their supposedly conservative state officials. Thousands of Sooners have put solar panels on their homes to save on energy costs and reduce fossil-fuel pollution, and when their systems generate excess electricity, they can feed it back into the energy grid, earning credit on their monthly bills. To reward such socially beneficial innovation, the state’s “conservative” government has now slapped a new fee—actually, a tax—on the energy bills of those who convert to being grid suppliers.

This crude slap in the face came with no advance notice, no public hearings, and no legislative debate. “It just appeared out of nowhere,” said one local solar business owner. “It’s not even clear how much the fee is, or what it’s for.”

But the new tax was not from “nowhere.” It came from a secretive corporate front group called ALEC, the American Legislative Exchange Council. With millions of dollars in backing from the Koch brothers, utilities, and dirty-energy interests, ALEC has been padding a cookie-cutter bill from state to state. It aims to deter homeowners from switching to solar by taxing the energy they produce. Oklahoma Gov. Mary Fallin, who was in on this sneak attack from the start, had her ego stroked by the group last year. ALEC presented its “Thomas Jefferson Freedom Award” to Fallin for her “record of advancing… free markets… and individual liberty.”

Now we know what the Koch-ALEC complex means by “free markets” and “liberty.” They mean that corporate interests should be free to stifle our individual liberty. Thomas Jefferson would be ashamed to have his name attached to this cabal.

The biggest ISP is Comcast, which runs its proprietary lines into 22 million of our abodes, and Time Warner is second-largest with 12 million connections. Now, the Big Two will become the Big One if their consolidation is rubber-stamped by federal anti-monopoly “regulators” (a group that’s been thoroughly cleansed of any Teddy-Rooseveltian, trust-busting grit). The Comcast/Time Warner Cable combine would be a coast-to-coast beast, controlling nearly a third of the US market for cable TV and 40 percent of high-speed internet wires. This one corporation then would have the sheer market might to sock it to us “valued customers” at will.

The real power play

Amassing market power to gouge customers is bad enough, but—shhhhh—the merging ISP giants hope you don’t notice that they have a secret, even more sinister reason for muscling up: They intend to eviscerate the pure egalitarian ethic of the internet.

A BIT OF BACKGROUND

Like an uncensored global bulletin board, the great virtue of the internet is that no one controls its content. This digital communication technology has been so spectacularly successful and so socially valuable because it is a wide-open, democratic forum, accessible on equal terms to all who want to put information, images, opinions, etc. on it or to download any of the same from it. Since its invention, the guiding principle behind the use of this liberating technology has been that no corporation, government, religion, or other controlling power should be its gatekeeper, impeding the free and equal flow of communication to and from those who use it (yes, there is some censorship around the world, as well as here at home, but clever users commonly find their way around it).

This open-access tenet is dubbed “net neutrality,” meaning the system doesn’t care if you’re royalty or a commoner, an establishmentarian or a rebel, a brand-name corporation or an unknown start-up, a general or a grunt, a billionaire or a poverty-wage laborer—you are entitled to equal treatment in sending or getting information in the worldwide websphere. That’s an important democratic virtue. As we’ve learned in other spheres, however, corporate executives are not ones to let virtue stand in the way of profit, and today’s telecom tycoons are no different. For some time, they’ve been scheming to dump the idea of net neutrality, viewing its public benefit as an unwarranted obstacle to their desire to grab greater profits.

Thus the real motivation behind the current bid to swallow Time Warner Cable, but also AT&T’s recently announced $48.5 billion takeover of DirectTV. This is part of a scheme to make a peep on May 15, when the FCC formally voted to propose the abandonment of net neutrality.

Why be silent about such major news? Follow the money. NBC is owned by Comcast, which would reap a fortune by selling fast-lane access, so the conglomerate owner doesn’t want its TV news arm alerting the public or stirring up opposition to the FCC action. ABC is owned by Disney, which is eager to purchase preferential passage for all of its many internet offerings. Likewise, CBS owns “Showtime” and multiple sports networks that want to push their internet programming ahead of smaller competitors.

So, financial greed trumped journalistic ethics. By not even covering the attempt to destroy net neutrality, these conglomerates reveal what we can expect to get as “news” if they are allowed to buy dominant control of internet content.
Here’s their scheme:

- Rather than having one big broadband “freeway” open for transporting everyone’s internet content, the ISP giants intend to create a special system of lanes for high-speed traffic.
- This express lane will be made available to those who want to rush their information/view points/programs/etc. to the public and to get greater visibility for their content by having it separated from the mass clutter of the freeway.
- The ISPs will charge a premium price to those who want their content transported via this special internet toll-lane system.

By creating this First Class fare, the likes of Comcast/TWC elevate themselves from mere transporters of content to exalted robber barons. They would be empowered to decide (on the basis of cash), which individuals, companies, and so forth will be allowed in the premium lane of what is supposed to be a democratic freeway. The “winners” will be (1) the ISP giants that would reap billions from this artificial profit lane, and (2) the powerful content providers (e.g., Disney, the Koch Brothers, Walmart, the Pentagon, and Monsanto) that can easily pay top dollar to ride in the privileged lane (and deduct the ticket price from their corporate taxes).

The losers, obviously, will be the vast majority of internet users: (1) the dynamic cosmos of groups, small companies, and other content providers without the deep pockets needed to buy their way out of the slow lanes (which ISP monopolists could intentionally make even slower, à la New Jersey Gov. Chris Christie’s peevish rush hour jam last year at Fort Lee’s entrance onto the George Washington Bridge); and (2) the broad public that will have its access to the full range of internet offerings blocked by the neon glare of those flashing their purchased messages in the fast lanes, limiting what we’re allowed to read, watch, listen to, and interact with on our computers, smartphones, and TV screens.

The biggest loser though, would be the internet itself, which would be made to surrender its determinedly democratic ethic to the plutocratic rule of corporate profitiers.

The Federal Capitulation Commission

The Populists of the 1880s and ’90s understood that fixing the multiple wrongs being committed by the rising corporate state could not be handled by mere regulations. They saw that the lords of finance and industry ate regulators for breakfast—and that the very existence of these overbearing monopolistic fiefdoms was the problem. So the Movement’s strategists rightly pursued the bolder approach of redesigning, restructuring, and replacing the corporate state itself with a new form of democratic capitalism they called the “cooperative commonwealth.” As they worked to build it, they had to contend not only with the political defenders of plutocratic wealth, but also with some of the liberals of the day who turned squeamish at the thought of actually daring to confront the monopolists with structural reform. Instead, argued the timid libs, it would be enough to make modest regulatory adjustments around the edges of corporate power. The Populists derisively dubbed these frailty cats “Trimmers.”

What a perfect segue into President Barack Obama’s Federal Communications Commission! This watchdog agency has the authority to write rules to preserve the essential democratic structure of the internet, including rules to protect the purity of the net neutrality principle from profit-seeking telecom predators like Comcast.

As an upset presidential candidate in the 2008 race, Obama had pledged to do exactly that. He was knowledgeable, eloquent, and solid in talking about “this incredible equality” of the web, noting that
another upstart, Google, likely wouldn’t have started at all except for the “level playing field” assured by neutrality. The young senator won the bulk of Silicon Valley financial support in that year’s tough Democratic primary election against Hillary Clinton by unequivocally stating that he would ban ISPs from reserving their fastest internet lines into our homes for wealthy, corporate websites that are able to pay a premium price for preferential treatment. An open and equal internet, Obama declared, would be “the principle that my FCC commissioners are applying.”

Let us now zip forward to this year to see President Neutrality’s FCC in action. On May 15, the three Democrats he appointed to the five-member commission voted to advance new regulations that do the exact opposite of what candidate Obama promised six years ago.

The regs were written and rushed forward by Tom Wheeler, whom the president handpicked last November to run the agency. Wheeler’s proposed rules—presently subject to a 120-day public comment period that ends September 10—would, for the first time, explicitly authorize Comcast and other ISP giants to gain more monopoly profits by creating a two-lane caste system for online traffic. It would terminate net neutrality as the operating ethic of the internet in favor of an inherently corrupt, plutocratic, pay-to-play scheme. This betrayal raises three big questions:

QUESTION ONE: Who the #$%@! is Tom Wheeler? He’s a telecom lifer, including having been a lobbyist and the top official for the National Cable & Telecommunications Association. NCTA is the chief front group for Comcast, Time Warner, and the rest of the ISP powerhouses. Last year, it spent nearly $20 million lobbying Washington officials, making it the fifth largest spender of all industry groups. Wheeler also was CEO of the Cellular Telecommunications & Internet Association for a dozen years, before becoming a venture capitalist (and multimillionaire) funneling investments into dozens of web-tech corporations. In addition, Wheeler was an early industry champion of Obama’s presidential runs, having bundled more than $500,000 for him (not that this influenced his appointment to the FCC, of course).

QUESTION TWO: What the %@$!# is Wheeler’s proposal about? Trimming. Rather than the straightforward, Populist remedy of banning ISPs from setting up special, toll ways onto the internet for the rich, Wheeler is saying (with a big stage wink to his longtime broadband buddies) that the FCC will allow the fast lanes, but will regulate them to prevent abuses. In a phrase that makes corporate loophole lawyers salivate, preferential treatment under Wheeler’s scheme will be assumed to be okay as long as it is “commercially reasonable.” What’s reasonable is to be decided by the FCC on a case-by-case basis—though the agency will not police the toll lanes for abuses, instead forcing victims with little resources to bring complaints to the commission and go against a battery of corporate lawyers. This is nothing but a convoluted capitulation to the bandits of broadband.

QUESTION THREE: Where the @$%!# is Obama? Nowhere to be seen. Wheeler is proposing to gut the president’s somber pledge, but... nothing. A White House spokesman said only that the administration “will be watching closely as the process moves forward in hopes that the final rule stays true to the spirit of net neutrality.” Watching? Hopes? Becky Bond, political director of CREDO Mobile (a progressive telecom enterprise that’s a top leader in opposition to Wheeler’s infamous maneuvering), says of Obama’s no-show: “This is his FCC chairman and his FCC. It’s time for the president to come off the sidelines. This is the beginning, not the end of the fight.”

A furious grassroots rebellion

Indeed, this remains a very winnable fight, despite the industry’s political punch, Wheeler’s conniving ways, and the president’s fecklessness. A broad coalition of enraged, engaged, creative, determined, and net-savvy groups has arisen to defend the internet’s democratic essence. The FCC, which normally gets little public reaction to its policies, is being inundated with millions of calls, emails, petitions, tweets, and rallies, as well as an “Occupy the FCC” tent camp in front of its headquarters, plus a concerted campaign by Amazon, Google, Kickstarter, Reddit, and about 150 other major content providers demanding “that the internet remain an open platform for speech and commerce.” As the Lowdown goes to press, the FCC is tweeting that “heavy traffic” is causing difficulties with its online comment system!

For more information and ways to help keep the net free of corporate control, connect with the groups listed on page 3 in the Lowdown “Do Something” box.