

## **It's Now Clear None of the Supposed Benefits of Killing Net Neutrality Are Real**

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**1/24/19**

Network investment is down, layoffs abound, and networks are falling apart. This isn't the glorious future Ajit Pai promised.

In the months leading up to the FCC assault on net neutrality, big telecom and FCC boss Ajit Pai told anybody who'd listen that killing net neutrality would boost broadband industry investment, spark job creation, and drive broadband into underserved areas at an unprecedented rate.

As it turns out, none of those promises were actually true.

Despite the FCC voting to kill the popular consumer protections in December of 2017, Comcast's latest earnings report indicates that the cable giant's capital expenditures (CAPEX) for 2018 actually decreased 3 percent. The revelation comes on the heels by similar statements by Verizon and Charter Spectrum that they'd also be seeing lower network investment numbers in 2018.

It's not expected to get any better in 2019.

According to analysis this week by Wall Street research firm MoffettNathanson, capital spending among the nation's four biggest cable providers (Altice, Comcast, Charter Spectrum, CableONE) is expected to decline upwards of 5.8 percent this year.

Phone companies (AT&T, Verizon) are similarly expected to see their wireline capex fall from \$20.3 billion in 2018 to \$19.6 billion this year, notes the firm. And while investment in wireless is expected to jump slightly thanks to fifth generation (5G) investment, there too analysts have noted that overall investment is notably more sluggish than many had predicted.

The FCC did not respond to a request for comment on why its predictions have been so decidedly inaccurate.

Meanwhile, none of this comes as much of a surprise to those well versed in the net neutrality fight.

While the FCC and telecom sector repeatedly tried to claim that net neutrality rules stifled network investment, SEC filings, earnings reports, and even dozens of public statements made by countless CEOs easily disproved those claims. That didn't stop either Pai or the telecom sector from repeating the claims countless times over a two-year span.

Gigi Sohn, a former FCC lawyer who helped craft the agency's net neutrality rules, told

Motherboard that the repeal of net neutrality (and the Title II classification of ISPs that legally underpinned the protections) was based on little more than fluff and nonsense.

“The cornerstone of Ajit Pai’s net neutrality repeal order has quickly crumbled,” Sohn told me in an email.

“The broadband industry’s reduction in investment and CAPEX in the wake of Ajit Pai’s repeal of the net neutrality rules proves what advocates for Internet openness have known all along—neither the rules nor Title II authority had any effect on broadband investment.”

Sohn told me telecom investment decisions are based on a wide variety of factors including technological advancement, the economy, and the level of competition an ISP sees in its market. Given huge swaths of America only have the choice of one ISP to choose from, there’s little pressuring them to put soaring profits back into the network or customer service.

And that’s the problem. Net neutrality violations and other bad behaviors by big telecom are just a symptom of a lack of vibrant competition. But the Pai FCC has routinely worked to downplay this problem, even to the point of trying to weaken the very definition of the word “competition” to the exclusive benefit of entrenched ISPs.

Instead, the focus for the Trump administration has been to dole out billions in tax cuts, subsidies, and regulatory favors to giant telecom operators, who in turn routinely promise job growth, network investment, and better service that never actually materializes.

Motherboard has exclusively reported how AT&T is prepping another major round of layoffs despite netting nearly \$20 billion from the Trump tax cuts. And Verizon this week said it would be cutting 7 Percent of its media staff—on the heels of a 10,000 employee “voluntary” severance package—despite its own mammoth windfall of government favors.

Other ISPs, like Frontier Communications, have been literally letting their networks fall apart in many states, despite millions in taxpayer subsidies and repeated allegations of fraud. These are problems that were never going to be solved by killing popular consumer protections.

While this kind of pay to play dysfunction is widespread in telecom, the assault on net neutrality was among the most obvious examples of government kowtowing to natural monopolies, say consumer groups.

“Dismantling the basic principle that prevents companies like Comcast and Verizon from controlling what we see and do online helps no one other than telecom lobbyists and executives,” Evan Greer, Deputy Director of Fight For the Future, told Motherboard.

The repeal of net neutrality “will go down in history as one of the most blatant examples of

corruption in our nation's history," Greer said.

"It's not helping workers at these companies. It's not helping people in rural communities. It's not closing the digital divide," Greer added. "The repeal of net neutrality is nothing but a massive government handout to some of the most unscrupulous, and least popular, corporations in the United States."

And while big telecom has been understandably thrilled at its good fortune in the Trump era, there's every indication that a looming backlash could spoil the sector's fun as the pendulum inevitably swings back the other direction.

Next month sees the opening arguments in a lawsuit against the FCC over its net neutrality repeal, where the agency's false claims (not to mention its decision to make up a DDOS and turn a blind eye to fraud during the public comment period) will take center stage.

If the FCC loses that case, there's a good chance that the FCC's 2015 net neutrality rules could be restored. And even if the FCC and its telecom sector allies win, they still have to find a way to prevent lawmakers from passing a real net neutrality law, no easy task given the shifting political climate and the persistent, bipartisan public anger over the repeal.

[https://motherboard.vice.com/en\\_us/article/gyab5m/its-now-clear-none-of-the-supposed-benefits-of-killing-net-neutrality-are-real?utm\\_campaign=sharebutton&fbclid=iwar24khpsa0h-kueual4tzxozwrqoliq4x9u\\_glt6kpnr9by8dv2kdeu6jou](https://motherboard.vice.com/en_us/article/gyab5m/its-now-clear-none-of-the-supposed-benefits-of-killing-net-neutrality-are-real?utm_campaign=sharebutton&fbclid=iwar24khpsa0h-kueual4tzxozwrqoliq4x9u_glt6kpnr9by8dv2kdeu6jou)