



## Insight

# Net neutrality: Job-killing zombie

**SAM BATKINS | OCTOBER 26, 2010**

Headed into the elections, politicians of all stripes now swear they are laser-focused on creating jobs. Despite this, it is seemingly impossible to kill wrong-headed policies that undercut growth and jobs. This is the curse of the job-killing zombies. With the economy growing far too slowly for a robust recovery, the political focus should turn to ending policies that put our prosperity in jeopardy.

For two examples, consider health care reform this spring and net neutrality. The Patient Protection and Affordable Care Act had more funerals than Tom Sawyer — but the legislation nonetheless became law.

Health care reform was dead, according to the pundits, when Republicans refused to support compromise legislation. It was dead when Sen. Joe Lieberman (I-Conn.) announced his opposition to the legislation (though he later voted for it). It was declared dead again in the aftermath of Scott Brown's surprise victory in the Massachusetts January special election to fill the late Sen. Edward Kennedy's seat. Even Sen. Lieberman predicted on "Meet the Press" that "I don't think anybody thinks this bill will pass."

On Mar. 25, the Senate passed health care reform. Despite the dire policy implications for jobs, federal spending and health care, President Barack Obama signed this job-killer into law.

Some advocates argued the law would create jobs. But costly new regulatory burdens on business, higher insurance costs for employers and \$500 billion in new taxes are instead an immediate threat to jobs in the United States. The reform would "reduce the amount of labor used in the economy," the nonpartisan Congressional Budget Office recently concluded

Fast forward to today. Many now predict that "net neutrality" — a Washington power grab that seeks to dictate how private telecoms prioritize use of limited bandwidth — is walking

the Green Mile. As Congress scurried to finish its legislative business before returning to the campaign trail, the compromise net neutrality legislation, crafted by House Energy and Commerce Committee chairman Henry Waxman D-Calif.), died in committee.

But its death gives the Federal Communications Commission another chance to regulate the bandwidth decisions of private companies.

This could spell death to the thousands of jobs created each year by the billions of dollars private telecoms spend on infrastructure. Imposing net neutrality could reduce broadband expansion and cost the U.S. economy upwards of 300,000 jobs, according to a new Phoenix Center study. Just a 10 percent decline in IT infrastructure investment, Brett Swanson of Entropy Economics found, could eliminate 502,000 jobs and \$62 billion in gross domestic product growth. This is a price that the U.S. economy cannot afford.

Policymakers and consumers need to ask why politicians and regulators should be allowed to regulate traffic volume on networks, rather than the companies that own the infrastructure and paid billions to build it in the first place?

A sensible answer to that question would have killed this regulatory power grab long ago. Instead, companies that have spent more than \$576 billion on Internet technology expansion in the last five years are now forced to lobby the FCC to control their own infrastructure. There is no need for Washington to meddle in an industry that creates hundreds of thousands of new jobs and robust consumer choice.

The Internet has been a remarkable achievement of human ingenuity and cooperation. Billions of individuals conduct business and share information over a network with no president, no chief executive officer, no board members and currently, no regulators.

As much power as the FCC has wielded recently, Congress remains the ultimate decider of net neutrality's fate. It alone can pass legislation that could revive the zombie or finally put it out of its misery.

The next Congress should put net neutrality and other job-killers in their rightful place: the ashbin of discredited policy ideas.

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