

The Free State Foundation

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News Release

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History's Lesson: Net Neutrality Regulation Would Harm Consumers

FSF Guest Scholar Bruce Owen Says Net Neutrality Is "Resurrected" Common Carrier Regulation

POTOMAC, MD – In a new study released today by The Free State Foundation, Bruce M. Owen, one of the country's foremost regulatory economists and public policy scholars, concludes that even if consumers faced the prospect of a last mile monopoly and discrimination in broadband services --“a doubtful proposition at best”-- still, “the sad lesson of history is that the ‘net neutrality’ remedy is far worse than the disease.” In his paper, [*The Net Neutrality Debate: Twenty Five Years After United States V. AT&T and 120 Years After the Act to Regulate Commerce*](#), Professor Owen explains that net neutrality proponents “have simply resurrected the traditional but uncommonly naïve ‘common carrier’ solution to the threats they fear.” Calling on decades of experience studying communications and other regulated industries as a scholar and public servant, Owen says more than a century of economic and regulatory history demonstrates that “net neutrality policies could only be implemented through price regulation, an approach that has generally failed, in the past, to improve consumer welfare relative to what might have been expected under an unregulated monopoly.”

Professor Owen is the Morris M. Doyle Professor in Public Policy in the School of Humanities and Sciences and Director of the Public Policy Program at Stanford University. He is also Gordon Cain Senior Fellow at the Stanford Institute for Economic Policy Research. Previously, he served as the Chief Economist of the Antitrust Division of the U.S. Department of Justice and the White House Office of Telecommunications Policy.

As a Free State Foundation Guest Scholar, Professor Owen's study is the latest in the “Perspectives of FSF Scholars” series of papers. Other Guest Scholars who have contributed papers in this series in 2007 have included Christopher S. Yoo, Vanderbilt University Law School, and James B. Speta, Northwestern University School of Law.

FSF President Randolph May commented: “For a couple of years now I have been saying ‘net neutrality’ regulation is just common carrier regulation under another name, even as net neutrality proponents continue to deny it. With the historical perspective and scholarship that Bruce Owen brings to the subject, policymakers should pay attention when he drives home this point.” May says Owen's conclusion is especially telling: “By

choosing new words to describe a solution discredited by experience, the architects and economic interests supporting net neutrality may mislead themselves and others into repeating a policy error much more likely to harm consumers than to promote competition and innovation.”

Professor Owen’s study, *The Net Neutrality Debate: Twenty Five Years After United States V. AT&T and 120 Years After the Act to Regulate Commerce*, may be accessed [here](#).

The Free State Foundation is an independent non-profit Maryland-based think tank. Its purpose is to promote, through research and educational activities, understanding of free market, limited government, and rule of law principles.

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