

OPINION



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Upholding Net Neutrality Will Put Us Back In The Slow Lane

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This Tuesday we heard a decision from the U.S. Court of Appeals for the District of Columbia Circuit on net neutrality. The Chicago Tribune has effusively called this “one of most important decisions in the history of Internet.” A bit of hype, sure, but people underestimate the impact this decision has. In fact, the issue will now head to the Supreme Court for a final decision on the matters at stake.

Rule by decree

Net neutrality imposes a set of broadband rules that are the polar opposite to the deregulation that gave us the Internet miracle. Ironically, this ruling is taking place as we are about to celebrate the 20th anniversary of the ‘dawn of the Internet,’ along with the Telecommunications Act of 1996 and the completion of the transition of a federally-funded optical backbone to commercial operators.

This Act enabled Ciena Corporation, a company I co-founded, to commercialize its optical networking technology that was brought to market 20 years ago on June 12, 1996. More than any other technology, the introduction of our dense wave division multiplexing enabled the explosive growth of the Internet in the 1990s and serves as its foundation today.

The speed of light underpinning the optical backbone of the Internet won’t be stopped, but it can be deflected — even sent backwards. With the net neutrality rule, the FCC is re-regulating broadband carriers with rules set up for a 1930s landline phone monopoly. Applying utility-like regulatory burdens to the Internet will stall investment, entrepreneurship and employment. This hurts our economy.

This is already happening. In 2015, investment in broadband capital expenditures rose merely 1 percent, the slowest rate since the telecom crash of 2002.

This is but one recent example of the unintended consequences of what is now just another ill-conceived regulation. The compound effect of regulation is expensive for consumers. Clyde Wayne Crews of The Competitive Enterprise Institute estimates costs at:

(1.) \$1.8 trillion out-of-pocket costs, ultimately all paid by citizens; plus

(2.) \$3.5 trillion in taxes to run the federal government regulatory apparatus itself

Although not recognized, this regulatory confiscation is an invisible tax totaling as much as 28 percent of an average American family's expenses – even higher for lower income — more out of pocket than health care, food, savings, entertainment and transportation. Only housing costs more.

Vast as these costs are to taxpayers, the regulatory hobbling of new ventures cost us in job creation, investment and the impossible-to-estimate costs, may be even higher: companies not born, ideas not attempted, stillborn innovations that might have made our lives better.

Net Neutrality is but one of thousands of such barnacles that drag the innovative spirit from American entrepreneurs. Jim Clifton, CEO of Gallop, raised this alarm recently when he said, “for the first time in 35 years, American business deaths now outnumber business births.” The correlation is made clear in *Journal of Economic Growth*, which found that from 1949 to 2005 regulations slowed U.S. economic growth by 2 percent on average per year.

The compounding pounding must stop somewhere. Blowing up net neutrality is a good place to begin. Deregulation is possible, as recently seen with the financial deregulation known as the JOBS Act. In past years, President Ronald Reagan showed that it can be done at scale. He cut America's regulatory burden by some 30 percent — a key to an economic boom that lasted nearly 25 years.

To ignite a substantial global economic recovery like that, Congress should create a bipartisan group or an independent commission to make recommendations on how to free up our Gulliver economy from the mummifying regulatory threads that tie it down. Rule trimming based on evidence, impact studies and holistic cost-benefit economics could give us a “Reaganesque” boom of healthy growth and full employment.

Technology Trumps Politics

The Internet will not go slowly into the night; it will move — far more rapidly than any politician or regulator. Technology always does; and the Internet is the fastest. Traveling inside optical networks at 125,000 miles per second (equivalent to 3 1/2 times around the world in one second!), light speed is the true power and magic of the Internet.

Exactly 100 years ago, in 1916, Albert Einstein conceived how we might stimulate the emission of light from atoms. Exactly 60 years ago, a Columbia University student Gordon Gould first made the theory practical by inventing the laser. Just 20 years ago, Gould's protégé, David Huber pioneered optical networking for what we called the “data superhighway.” Light-powered

broadband networks are the backbone of innovation and the infrastructure of modern civilization. Since 1996, free communications carried by photons of light has made innovation exponentially faster. It will continue to do so, but only if we don't get put back in the slow lane.

About the Author

Kevin Kimberlin is the Co-Founder of Ciena Corporation and Chairman of Spencer Trask & Co., an advanced technology development firm based in Greenwich, CT. His career is rooted in his ability to recognize technological and medical revolutions in their early stages.