

## **Lesson Six: Is Net Neutrality Free Speech or Monopoly Abuse?**

### **Overview:**

This one-day lesson taps into the infrastructure of communication, and specifically the internet, to explore the economic effects of Net Neutrality laws in the United States. Students will explore the economic concepts of monopolies, bundling, and anti-trust regulation as well as constitutional ideas such as freedom of speech to analyze the effects of altering or loosening net neutrality restrictions on normal consumers, infrastructure providers (Internet Service Providers in this case), large online sites like Google, Amazon, etc., smaller online retailers and the like. The lesson is designed to take roughly 50-60 minutes, though can be extended through in class research looking into the actual FCC decisions and court cases surrounding the net neutrality debate. This extension is also a possible homework assignment as a follow up to the class. This lesson works well following the “Natural Monopoly” lesson in the sequence. However, it can also function as a stand-alone lesson.

### **Objectives:**

Students should be able to do the following at the end of the lesson:

1. Define key terms: Network neutrality, utility company
2. Explain how net neutrality relates to monopoly power (namely natural monopolies as discussed in the previous lesson).
3. Explain how net neutrality will effect various users and industries.

### **Activities:**

1. Opening discussion question.
2. Read handout about net neutrality: go over definition of net neutrality and define key terms.
3. Pair discussion surrounding arguments in favor and against net neutrality.
4. Go over answers as a class.
5. Role play showing perspectives of each group affected by net neutrality.
6. After completing role play, research the actual outcome of the net neutrality debate by simply doing a basic internet search for news on Net Neutrality.

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### **Part 1: Opening Discussion (3-5 minutes)**

The lesson begins with an opening question, which can be written on the board or projected. Students can discuss in pairs:

“Who uses phones and why do they use them? Imagine your phone company could choose to connect your calls with only specific people as chosen by the phone company itself. Who might the phone company choose? How might that affect you?”

The purpose of this question is get students thinking about how the phone network providers like Verizon or AT&T are the link between all users and businesses. If this link is severed or altered, then these network companies could potentially cut off communications between friends, relatives, businesses, etc if those groups do not incentivize the phone company to connect them. Students should recognize that the phone companies will probably only connect people or businesses that are favored by the phone company for some reason. Perhaps, they will notice that the phone company will have the power to charge certain entities to be able to receive calls. Feel free to tell the students that phone companies are regulated by government and that they must, by law, connect all calls equally, though they may charge more for certain classifications of calls, like international or roaming. Have students share answers aloud, and feel free to write down student responses.

### **Part 2: Introductory Reading (5-10 minutes)**

The lesson continues with an introduction, definition, and explanation of net neutrality as well as a good allegory example to help students understand the central issues of net neutrality.

First, pass out the “Net Neutrality” handout. Have students read the introduction section aloud. Reading options include going around the room, popcorn reading (where a student reads and then chooses the next reader), etc. Pause after reading the definition of net neutrality. Ensure that all students are clear on the definition. They can continue on to the example provided for further concrete understanding. Pause again after the questions at the end of the example:

“Which store will more likely get all of the business? Is that fair? Who has the power over where the townspeople buy their groceries?”

Have students answer these questions quickly in pairs or as a class to ensure solid comprehension. Then, finish the reading including the central question of the lesson. Be sure that all students understand the basic question.

**Part 3: Examining Both Sides of the Debate (10-15 minutes)**

In part 3, students will explore both the benefits of strict net neutrality regulation as well as the potential arguments against net neutrality. In pairs or a group, have the students brainstorm potential arguments in favor of net neutrality regulation. Here, we want students to think about real world implications of net neutrality namely the implication on free speech, commerce, communications, etc. One example answer is provided for the students, and after students discuss and write their answers, share answers as a class. Possible answers might include (though not limited to):

- Allows free and open communication and access to all sites
- Allows greater freedom of speech to consumer news wherever the user desires
- Allows for easier commerce as retail sites don't have to pay a royalty to get faster traffic
- Promotes entrepreneurship, as operating a site will not include payment to Internet co.
- Prevents monopoly power and price gauging
- Prevents internet provider from controlling your internet usage

After sharing answers, have students rank the arguments from the most persuasive and powerful to the least. These answers and their ranking will later be used in the summative role play activity, so it is important that students have written down the answers and ranked them.

**After ranking, repeat the process for arguments against net neutrality regulation. Answers may include:**

- Keeps costs down by allowing internet companies to charge high bandwidth websites more (like streaming Netflix, which costs much more than normal internet usage)
- Helps prevent illegal file sharing by making file sharing sites work slower
- Helps ISP manage bandwidth usage to provide greatest efficiency
- Free market principles that the government should not be controlling the market or that government is ineffective in most regulations
- Promotes competition among ISP's who differentiate based on preferred sites and higher speeds
- Government oversight to enforce net neutrality could create an invasion of privacy by allowing the government to track internet traffic under the condition of ensuring net neutrality.

Once again, be sure to write all answers on the board, and ensure that students also write and rank answers as they will be used later.

**Part 4: Role Play (15-20 minutes)**

In part 4, students will conduct a role play activity in which they simulate different real life groups lobbying the government for desired legislation. The purpose of this activity is to bring together all the information from the definition of net neutrality and natural monopoly to the arguments on both sides of the debate. It is also to force the students to analyze and apply the material in real life scenario.

**Before reading the scenario at the end of the handout, do the following:**

1. Break the class into 5 groups with one group in each of the following roles:
  - Government decision makers
  - Internet Service providers
  - Normal citizens who use the internet
  - Large Online web sites and retailers (Google, Amazon, Netflix, Walmart, etc.)
  - Smaller online retailers and sites
  
2. Have students read the scenario on the handout aloud. Be sure that each group has selected one or two representatives to speak for that group at the public hearing. Depending on the size of your classroom, you can choose more than two representatives to give more students an active speaking role.
  
3. Allow students 5-10 minutes in their group to answer the questions listed on the handout. Be sure they reference the arguments for/against net neutrality that were discussed earlier.
  
4. After completing the discussion, Give each group 1-2 minutes to lay out their argument for/against net neutrality regulation.
  
5. After all groups have spoken, give the government 2-3 minutes to discuss the arguments and decide what laws should be passed. Encourage thinking outside the box (Can you regulate in some ways but not fully? For example, can you regulate that speed depends on bandwidth, but not just pure discretion?) Make sure students feel that all options are available.
  
6. After the government has passed whatever laws it decides, be sure to ask why the government decided to pass those laws.
  
7. Lastly, take a poll of the whole class to see who favors strict regulation and who does not. Consider a whole class vote or discussion on what to do.

By the end of the activity, students should have a strong grasp of the winners/losers of net neutrality as well as the dilemma facing government regulators.

**Part 5: Follow Up Assignment (in class or homework)**

After the lesson is completed, a homework assignment is provided to reinforce the material and connect it to the students' own world. It is also designed to take no more than 20-30 minutes, though it does require internet research. It is possible to do this research in class for a longer class period or to go over the homework as a review in the subsequent class period.

Note: The FCC ruled in favor of net neutrality though there are several pending lawsuits to challenge this ruling filed by ISPs.

**Introduction:**

Phone companies, electric and gas companies, water providers, and several other essential infrastructure services are often called **utilities**. Utilities tend to be natural monopolies (see previous lesson for definition), and therefore tend to be highly regulated with either price, output, or other forms of restrictions placed by a governmental agency, often called the Public Utilities Commission or PUC. Some types of infrastructure, however, do not tend toward monopolies as clearly and therefore tend to be regulated differently, if at all. These include sports and recreation facilities, education, health, and many other social services, as well as postal delivery and several other forms of infrastructure.

One of the most important infrastructure developments in the 21<sup>st</sup> century is the prevalence of the internet. In 2010, internet retail sales totaled \$167 billion. By 2014, that number had nearly doubled to \$304 Billion. By 2018, that number is expected to eclipse half a trillion dollars! Of course, the internet isn't just for shopping. According to the American Press Institute, in 2014, 69% of Americans read the news on the internet, well above the number who read newspapers or magazines, the more tradition form of news consumption. The internet is also our best source to find any piece of information from a good restaurant to who won the 1954 World Series (The New York Giants). Americans average over 2 hours per day on the internet, and of course, the internet has turned companies like Google, Facebook, and Apple into megacompanies. In 2014, Apple had a higher GDP than all of Greece!

Given the importance of the internet, does it need to be regulated like a utility or should the free market decide how the internet is provided and how internet traffic is directed? That is the basic question of **Network (Net) Neutrality**.

***Definition of Net Neutrality:*** The principle that Internet service providers should enable access to all content and applications at equal speeds regardless of the source, and without favoring or blocking particular products or websites.

**Consider the following example:**

Imagine there are two grocery stores in a town. Each one has a separate road that leads to it, and each road is the only way to get to the store. A totally separate company owns all the roads in the town (not the government). Now imagine the road company says that they will only pave the roads to the grocery stores if they pay an extra fee. One of the stores agrees to pay, and gets a fast, smooth road connecting the grocery store to the town. The other cannot afford the fee (or chooses not to pay), so the road to that store is bumpy and full of potholes and dips. Which store will more likely get all of the business? Is that fair? Who has the power over where the townspeople buy their groceries?

In this example, the townspeople are normal consumers and internet users. The grocery stores are websites that internet users visit like Google, Amazon, Yahoo, or any other site. The road company is the internet service provider, like Comcast or AT&T, that connects internet users to the websites.

**The central question for today will focus on issue of equal speed:**

Can internet service providers have “preferred sites” that load faster than other sites OR must all internet providers give equal speeds to every internet site? For example, can internet providers choose to make Amazon streaming very fast (for an extra fee), while making a connection to Netflix streaming very slow, or should the government force them to treat all websites the same and connect at equal speeds?

Let’s examine the issues surrounding the net neutrality debate:

**Discuss in pairs:** What might be some of the arguments in favor of Net Neutrality regulation? (try to think of 3)

Example: Allows greater freedom of speech because users can go to any news site they choose at equal speeds. Media companies cannot buy faster speeds and thus control what news we see.

1.

2.

3.

What might be some arguments against net neutrality regulation? (try to think of 3)

Example: Free market principles that the government should not be controlling the market or that government is ineffective in most regulations

1.

2.

3.

Now that we have discussed the issues surrounding Net Neutrality, let's decide what to do in this classroom!

### **Role Play Activity**

The US government is deciding whether to enforce strict net neutrality laws and disallow internet service providers from altering the speeds of accessing different websites OR whether to allow companies to speed up or slow down access to sites at their discretion. There will be a big public hearing to decide what to do! Each of your groups will have the opportunity to present their ideas and arguments to the government. After each group has spoken, the government will have the opportunity to pass regulations, if any, that affect net neutrality.

First, select one or two representative(s) from your group to speak on your behalf. Once you have done this, begin to discuss the debate from the perspective of your assigned group.

Each group should answer the following questions:

1. Are you for or against Net Neutrality regulation? Why?
2. Which arguments are the most persuasive for your side?
3. How can you counter the arguments on the other side?

After you have answered the questions above, your representative will have 1-2 minutes to explain your group's perspectives and lobby for what regulation (or lack of regulation) that you want. Once all groups have spoken, the government will have 2-3 minutes to discuss the arguments and pass whatever laws they choose. Note, this is not necessarily 100% or 0% regulation. The government can choose to pass a total ban on preferential speeds, certain partial regulations or restrictions, or no restriction at all.



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### **Follow Up Assignment**

This net neutrality debate is not just a theoretical debate. It has been argued for many years, and the Federal Communications Commission (FCC) has actually made some rulings regarding the future of the internet.

Go online and research the actual decision by the FCC. Simply using Google News will show countless articles regarding the actual decision by the US Government on this issue.

### **Answer the Following Questions:**

1. What did the FCC decide to do with net neutrality?
2. What were some of the arguments in favor of net neutrality that you found in the articles or news reports on the FCC decision?
3. What were some of the arguments against net neutrality that you found in the articles or news reports on the FCC decision?
4. How did each of the groups from the role play respond to FCC decision?
5. Do you agree or disagree with the decision by the FCC? Why?