"Broadband Connectivity Competition Policy Workshop - Comment, Project No. V070000"
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Thank you for having me on this panel today to speak about competition issues and broadband connectivity.   I want to start by discussing what the issues we are focusing on today are NOT.

We are not simply talking about "network neutrality." There are and should remain many networks on which network providers are free to discriminate based on the source, ownership or destination of data.

We are not simply talking about "broadband neutrality." Providers of broadband networks should also, in many cases, remain free to discriminate.

What we are talking about IS "Internet neutrality" – a prohibition on discrimination (positive or negative) in connection to or carriage over the Internet, the interconnected network or networks that have ALWAYS been neutral and open as a matter of architecture. And it is the consumer benefits delivered by the INTERNET – not by the free-standing closed networks – that should be our focus.

The panel title speaks of "competition." What "competition" are we talking about?

The issue is not primarily about competition between network providers or even between providers of access to the Internet.

Yes, that competition is good for consumers, and barriers to it should be dismantled.

Yes, the Internet neutrality problem is made worse by the fact that so many consumers today have at most two or sometimes only one way they can access the Internet.

But no, even if the consumer had three, four or five competitive means of Internet access, the problem would not be solved, because each of those network providers would have the same incentives – to act as a gatekeeper, to make deals to give preferential treatment to some data over others, to discriminate.

The competition that we should focus on is competition among applications, not networks. And specifically about competition among the next disruptive applications, the ones that are unpredictable, the ones that appear inevitable only in the rear view mirror. I am thinking about innovations like:

- the World Wide Web, which transformed the Internet from a scientific research network to a place where we all go to shop, work, learn, play, communicate.

- peer-to-peer technology, with the promise to truly realize the dream of making the distinction between speakers and listeners irrelevant – most recently with Skype.

- eBay's global marketplace itself, which annihilated the tyranny of distance in commerce for the first time in history and created entire new small business sectors.

At the time they debuted, it would have been impossible to know if these innovations could succeed – only the market could make that decision. They were also highly **disruptive** – ask the music industry, the local and long-distance telephone companies, some of the brick-and-mortar retailers, the auctioneers, etc.

The critical point: None of these innovators had to seek permission from network operators in order to bring their innovations to millions of people on the Internet.

They did not have to negotiate. They did not have to persuade or cajole network operators for special treatment. They simply made their innovations available so consumers – not gatekeepers – could decide whether they were the greatest thing since sliced bread or the stupidest gimmick to come down the pike.

The network – the Internet – was neutral. That was the starting point that allowed all these non-corporate, unpredictable, disruptive innovations to launch without anyone's permission, subject only to whether consumers and businesses would accept or reject them.

That's what is at risk today.

This is a global issue.

The Internet is global – a network of networks. Neutrality is built into it, worldwide. The issue is not closed in by borders – innovation without permission should be allowed to thrive everywhere. All network operators around the world need to interconnect.

But more and more countries may find it in their interests to fragment the global Internet. Erosion of neutrality will make it easier for that to happen.

Why would they want to do this? It could be for censorship reasons; we have seen this happen in China. Or there could be cultural motivations – to promote local content by discriminating against foreign sources.

Fragmentation is actually rather hard to achieve in the Internet. But the threat is greatest if neutrality as a fundamental feature of the Internet is eroded. The policy decisions we make here in the U.S. will have repercussions worldwide. So it's not just the state of competition in the U.S. market that is at issue here, but the overall competitiveness of U.S. applications providers – and network providers too, for that matter –worldwide.

At eBay we provide a global marketplace. We are constantly battling efforts by governments to restrict or constrain the desires of their citizens to participate in this marketplace. We don't want the U.S. government to send the signal that it is okay to introduce discrimination

into the Internet, because we have a realistic sense of how some governments will interpret that signal.

Abandoning neutrality in the U.S. would be an open invitation to other countries to do the same – and would undercut any efforts by our trade negotiators to prevent discrimination against U.S. companies.

Conclusion

The Internet, which has been a powerful engine for social, commercial and entrepreneurial progress of historic proportions, has been an open, neutral network. Everyone involved in this important public policy discussion should recognize that prioritization of packets by network operators has NOT been part of the Internet. Those advocating changing the fundamental architecture of the Internet in this manner carry the burden of explaining how the Internet as we know it has failed to deliver public and societal goods, and also how changing the seamless global Internet into something that operates more like a series of private, closed networks would better deliver those goods. It would be inaccurate and misleading to consumers to call the proposed new regime the "Internet." Finally, if the change allows a discriminatory regime to replace the Internet as we know it, that would be damaging to innovation, competition and free speech in both in the U.S. and abroad.