



# Institute for Policy Integrity

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*new york university school of law*

September 24, 2010

VIA ELECTRONIC SUBMISSION

European Commission  
Information Society and Media Directorate-General

Subject: Response to *Questionnaire for the Public Consultation on the Open Internet and Net Neutrality in Europe*, Published 30 June 2010

The Institute for Policy Integrity at New York University School of Law this response in support of the efforts of the European Commission to preserve the open, neutral, and competitive nature of the Internet in Europe. The Institute for Policy Integrity is a non-partisan think-tank organization dedicated to improving the quality of government decision-making in the areas of consumer, public health, and environmental regulation. Policy Integrity advocates the use of rational economic analysis as a tool to advance socially-beneficial regulation.

Over the past two years, Policy Integrity has been involved in the ongoing debate over net neutrality in the United States. Policy Integrity analyzes net neutrality policy from an economic perspective, in order to help policymakers understand the fundamental tradeoffs involved in Internet policy, and how regulations can help maximize the value of the Internet. Our analyses find that enshrining net neutrality principles into law would be economically beneficial to the US Internet market. Policy Integrity submits this letter, along with the enclosed publications, to the Commission because our core findings are applicable to the European context, especially in regard to the main issues on which the Commission now seeks consultation.

*The Value of Open* is Policy Integrity's most recent study on net neutrality, released earlier this month. It finds that regulations which protect the end-to-end principle, while carefully restricting the purview of ISPs to discriminate or price-prioritize, can help facilitate the growth of the Internet market and ensure it continues to generate billions of dollars in value. The study also addresses recent events in the net neutrality arena, such as the regulations currently being proposed by the Federal Communications Commission, and the alternative approach jointly endorsed by Verizon-Google this past August. It concludes that in light of technological advancements, existing market failures, and the availability of simple solutions, well-structured

regulation can increase the value of the Internet to society. This regulation should encompass both wired and wireless networks.

A more in-depth economic analysis can be found in the attached report, *Free to Invest: The Economic Benefits of Preserving Net Neutrality*. The report explains more fully the failures inherent in the Internet market, the consequences of those failures, and how smart regulations can ensure private companies have the best incentives to continue investing in both Internet content (applications and information available over the Web) and Internet infrastructure. While there may be other considerations for policymakers, economic criteria can indicate which policy maximizes net benefits for society and, thus, are clearly important.

We applaud the Commission's efforts to update its current regulatory framework in ways that maximize the value of the Internet for Europe and the larger international community. The recommendations contained in our publications will allow the Commission to more efficiently and effectively meet these goals.

Respectfully submitted,

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Encl.:

*The Value of Open* (Sept. 2010)

*Free to Invest: The Economic Benefits of Preserving Net Neutrality* (Jan. 2010)