



‘Net Neutrality’ Punishes Everyone For Comcast’s Actions

By Daniel R. Ballon, Ph.D.
November 13, 2007

On Oct. 19, an investigation by the Associated Press revealed that Comcast is blocking certain Internet traffic to optimize the efficiency of its network. These controversial tactics renewed calls for “Net neutrality” regulations that would force service providers such as Comcast to give all data equal treatment. If such rules were enacted, however, the Internet would follow the path of another “neutral” network that stumbled exactly 20 years earlier.

The Black Monday stock market crash of Oct. 19, 1987, was the worst one-day decline in U.S. history. At the time, stock exchanges acted as “neutral” platforms, executing every trade with equal priority. New technologies enabled high-volume traders to overwhelm the system’s infrastructure, creating market volatility and crowding out small investors.

After Black Monday, exchanges recognized the need to create “express lanes” and prioritize traffic to ensure orderly market function. The chairman of the House Telecommunications and Finance Subcommittee, Rep. Edward Markey (D-Mass), also understood the benefits of placing “sensible speed limits on our market participants so that individual investors and our biggest market players can happily co-exist.” Markey recognized that neutral markets fail as predictably “as if we turned off all the nation’s stoplights,” and “made all speed limits voluntary.”

Much like a stock market, the networks administered by Internet service providers handle all transactions among users on the Internet. Similar to the new trading strategies that triggered the 1987 crash, some high-volume Internet users are flooding the network with excessive transactions, creating volatility and limiting access for casual users. A recent study reveals that five percent of users are responsible for nearly half of all Internet traffic. Comcast estimates that one one-hundredth of one percent of users engage in “excessive” use, such as sending 18,000 e-mails an hour.

By managing the flow of traffic on its network, Comcast aims to prevent excessive use from slowing down connection speeds for the average customer. These techniques have been estimated to improve network efficiency by 60 to 100 percent. Though Rep. Markey embraced similar practices 20 years ago to prevent chaos on the stock market, today he seeks to mandate chaos on the Internet. Rep. Markey believes the Internet should be “a wonderfully chaotic, open, worldwide network,” and that any attempt by service providers to impose order amounts to “informational apartheid.”

The Net neutrality rules supported by Rep. Markey would strip the authority of service providers to direct traffic on their networks. This will force most subscribers to pay for the excessive use of a few “bandwidth hogs,” resulting in slower speeds and higher prices for everyone.

Proponents of Net neutrality fear that providers will abuse traffic management techniques to block or impede competitors. While this is a legitimate concern, such practices are illegal. Antitrust laws prohibit a company from intentionally manipulating network traffic to truly sabotage its rivals. Despite previous abuses of these statutes by the government, antitrust law was expressly designed for this purpose.

The recent Comcast controversy illustrates why proposed Net neutrality regulations are both unnecessary and dangerous. At issue are file-sharing networks that allow users to directly trade text, music, and video over the Internet. Because many such files are quite large, these applications can comprise 50 to 90 percent of all Internet traffic. If the network were entirely neutral, file sharing would overwhelm all other traffic, not only choking the average consumers’ access to the web and e-mail, but also depriving hospitals and schools.

The Associated Press found that Comcast was not managing generic file-sharing traffic, but rather blocking specific file-sharing businesses. These businesses offer consumers access to a vast video selection, competing directly with Comcast’s on-demand video offerings. If competing networks were systematically and intentionally targeted by Comcast to limit competition, Comcast’s rivals could file a complaint under existing laws.

The Department of Justice, to name just one agency, recently pledged to enforce laws to “ensure a competitive broadband Internet access market.” Rather than addressing concerns as they arise, Net neutrality proponents seek to pre-regulate the Internet. These broad attempts to predict every possible abuse of a developing technology will also ban legitimate, beneficial, and innovative practices.

The Internet did not arise spontaneously; its development and growth requires a constant supply of human ingenuity. Net neutrality rules block this supply by removing human input from the network’s design and operation. When service providers are forced to put their networks on autopilot, Internet users should prepare for a crash.

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