



ESSENTIALS OF Management Information Systems

Kenneth C. Laudon and Jane P. Laudon

Chapter 12 Ethical and Social Issues in Information Systems

Case 1: Net Neutrality: Neutral Networks Work

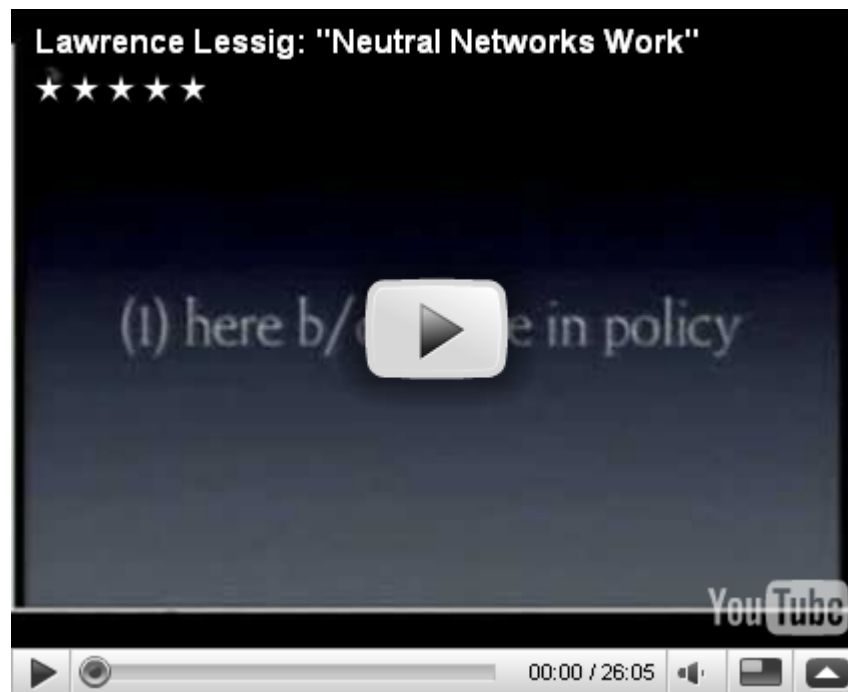
Tags: net neutrality; fairness; broadband; ISPs; metered pricing; Internet regulation; Lessig

Summary

F.C.C. sponsored discussion of Internet regulation, fairness, pricing, and "neutrality."


Hearing on Internet Practices. Stanford University. Presentation by Professor Lawrence Lessig. L= 26:00

URL: <http://www.youtube.com/watch?v=mYbYG-nXVA>



Case

Net neutrality is the idea that Internet service providers must allow customers equal access to content and applications, regardless of the source or nature of the content. It also means that everyone will be charged the same amount regardless of how much bandwidth they consume. This means that people who download very large video files pay no more this service than people who just send emails. The Internet currently fits this description, but service providers are increasingly interested in changing this fundamental principle to respond to recent trends in Internet usage.



In this video, Lawrence Lessig, a law professor and political activist, outlines his case in favor of net neutrality. He offers four main points that frame his argument. First, 'it was a technology that gave us something' in other words, the Internet gave us transparency, openness, and freedom. Second, in a concentrated market, the owners have the power to change that thing. This refers to Internet service providers, and, to a lesser extent, government regulators. Third, the Internet gave us enormous economic value, in addition to the social and educational benefits it's provided. And lastly, we should be conservative with regard to the Internet, taking a skeptical attitude towards any change to its structure and underlying principles unless it's clearly demonstrated to be beneficial.

Lessig takes a dim view of the Internet service providers through which we access the Internet. Companies such as Comcast have gotten into trouble for their broadband network management practices, which included slowing down network traffic affiliated with BitTorrent, an application commonly used to transfer music, movies, and other copyrighted material illegally, and then limiting the bandwidth available to the individuals using the most. Time Warner Cable has tested 'metered pricing', where users who exceed the bandwidth limits are charged extra fees.


Lessig characterizes these measures as ISPs simply acting 'according to their nature'. He notes that 'a tiger has a nature' it is a dangerous and lethal animal. Similarly, ISPs have a nature, just as any company does: to create wealth for its shareholders.

But programs like BitTorrent are symptomatic of the large increase in piracy of copyrighted materials over the Internet. Illegal file sharing is consuming an ever larger portion of total Internet activity (recent estimates by Comcast state that over half of Comcast's network capacity is used for this type of file sharing). ISPs maintain that these practices help customers who aren't engaging in these kinds of activities.

Lessig advocates that we alter public policy so that it is more profitable for ISPs to behave in support of network neutrality. He acknowledges the point that regulations might affect the bottom line of ISPs in the future, but he also notes that the United States is not even in the top 10 countries worldwide in broadband penetration by population. In other words, we currently have no regulation, yet we don't have abundant growth in broadband services. He also laments that the FCC has been very slow to make a clear statement of policy regarding net neutrality as a core principle of the infrastructure of the Internet.

Case Study Questions

1. Are you in favor of network neutrality? Why or why not?
2. What kinds of things concerning network neutrality is the FCC qualified to regulate? What does Lessig say about this (around 18:00)?
3. Lessig mentions practices such as ZDS (zero discriminatory surcharge), where the incentive of the provider should not be to inflate prices by creating scarcity and charging lots of money to corporations consuming lots of bandwidth. Do you believe companies should have this right?



4. Major cities of the world have adopted "congestion pricing" in which cars pay a toll to enter the core of the city during daylight hours. Congestion pricing is also used to regulate demand by businesses for electricity. During the day when electricity is in high demand, many businesses pay a "demand" fee in addition to the regular charge for electricity. Why is the Internet any different?

5. If your business model depended for its success on millions of people being able to stream videos on demand (like YouTube) would you be in favor of net neutrality or against it?

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