

This submission was compiled by the members of the Economics 122 seminar at the University of California, Berkeley, a group of economics majors who have been studying the issue of net neutrality under Joseph Farrell. No one was required to sign this document. These comments reflect the consensus of all of the signatories.

It is our conclusion that creating policy that enforces net neutrality would be the best option, as the current Internet is essentially neutral and has worked tremendously well. However, we realize that this particular policy objective may lead to net inefficiency, even if it is in the best interest of consumers. As such, we believe that regulation must be used to prevent monopolistic abuse of the market and prohibit any form of control based on content, such as simply blocking competitor's sites.

In order to back up this view, we will explain our basic thoughts on the virtues of neutrality and outline the essential principle that we think must govern any regulation. This will be followed by a brief assessment of different facets of the market affected by net neutrality regulations, namely the issues of disclosure, bandwidth management, setting a precedent in the international market, and certain cases in we believe the relaxation of neutrality may be appropriate.

When we talk about net neutrality, we are referring to a network that cannot give priority to certain packets over the others, nor discriminate based on contents. When talk about changes to neutrality, we are referring not to small changes in select areas, but rather the core of broadband service.

When we talk about neutrality, we are of course referring to a network that cannot read packets or discriminate based on their contents; this is a "neutral network." When we are talking about maintaining neutrality, we are referring not to small changes in select areas, but rather the core of broadband service.

Our basic concerns are as follows. The internet has been extremely successful as a neutral network. Because its success, changes should be avoided unless excellent reasons can be given for them, and we do not believe that such reasons exist for abandoning neutrality. Furthermore, the market for broadband service is not sufficiently competitive to be allowed to function without regulation, especially as most consumers must enter a binding contract and only have access to one broadband provider.

That said, we acknowledge that there are gains that may be attainable, and that corporations have interests as well. If this is to be the case, heavy regulation is necessary to protect consumers.

One of the most important goals of any regulation should be the protection of an essential market principle: companies cannot charge their competitor's customers. This is also known as the Terminal Access Problem. Regulation must ensure that this principle be maintained, or else there will be tremendous inefficiency for consumers.

This brings us to the issue of disclosure. Basically, disclosure, as it pertains to net neutrality, should mean the making apparent of facts otherwise hidden or not easily ascertainable.

If non-neutrality is allowed, it should be used to ensure that bandwidth be available as needed in crisis situations (VOIP during natural disasters, for example). Some intelligent protection against viruses is also a worthwhile goal. Additionally, the enforcement of major laws (child pornography, as an obvious example) should also a goal of a non-neutral network.

One of the major advantages of a neutral network is that in order to improve service, it is necessary to improve everyone's access. In a non-neutral network, providers

can create fast and slow lanes and charge people differentially. This creates a material disincentive to innovate, as the company need not develop new systems if it charges for existing services. Regulation must ensure that innovation continues, either by mandating minimum access speeds or by regulating prices in some fashion.

It is also important that the FTC keep in mind America's market power and the repercussions that any decision will have for the international community.

Network neutrality is a concept principle that has enabled globalization, facilitated trade and promoted the growth of various developing and emerging countries around the world because of its fair and equal practice. It is important to recognize the repercussions the decision made may have for other countries.

We would like to thank for considering our views and hope the FTC will keep the interest of consumers such as ourselves in mind. Internet service, due its structure, lends itself easily to monopoly and it is imperative that serious, effective regulation exist to protect the interest of consumers and ensure optimal efficiency.

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