

The Rate of Service Must Slow

Many people don't think about how much data they use, so they'll use things even more heavily once a plan is "unlimited." There's only so much bandwidth to go around.

Make no mistake that this is a result of net neutrality. The biggest use of online data is HD video streaming, but per net neutrality rules, an ISP cannot treat non-video and video data differently. An ISP cannot offer unlimited, unthrottled non-video data while capping or throttling video data. Now, I and others knew exactly what would happen, so it was no surprise to me when it was reported last month that Verizon is throttling video. An ISP can't levy a separate surcharge on video providers, so it's a pure business necessity to reduce service and/or raise prices in general.

I don't know how Verizon will fare if it has no friends at the FCC and FTC. T-Mobile last year was unfortunately blackmailed by the feds into a \$48 million payment after it was investigated for throttling "unlimited" plans. Such a complaint is akin to accusing a restaurant of slow service when it becomes a buffet, and suddenly has many more customers who will consume even more per individual, but the same number of cooks. Quality must go down, price must go up, and/or the rate of service must slow. For the food that costs the restaurant the most, does it not make sense that even with no "cap," it would be provided less rapidly (throttling), which discourages customers from consuming it more than the restaurant can afford?