

# Pricing the Internet

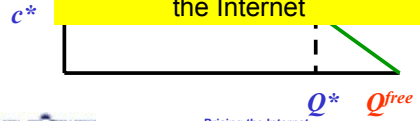


Lectures in Microeconomics-Charles W. Upton



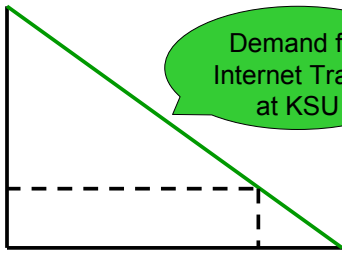
# Internet Demand and Supply

The Internet is a wonderful idea, but it costs money to operate. If we were smart we would charge people for using the Internet



Pricing the Internet

# Internet Demand and Supply

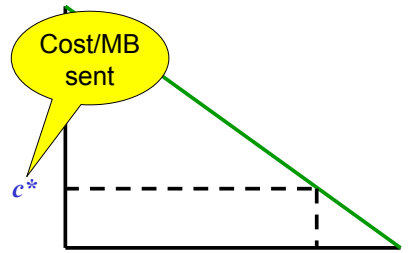


$Q^*$   $Q^{free}$



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# Internet Demand and Supply

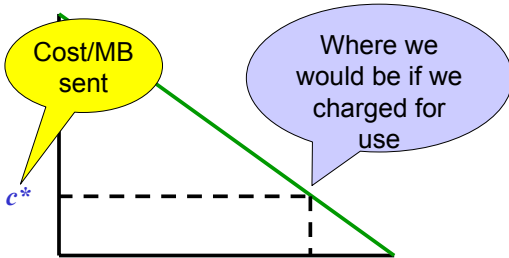


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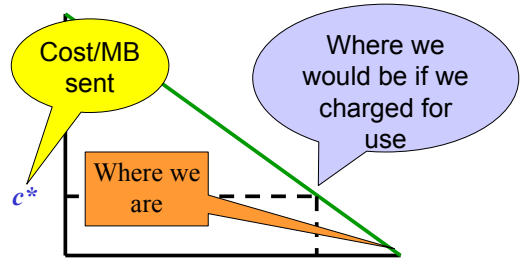


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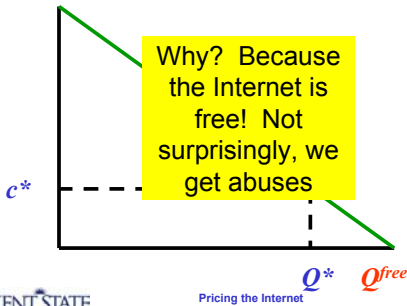


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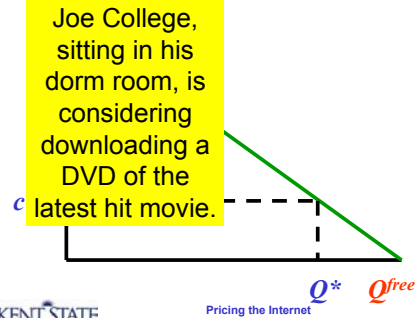


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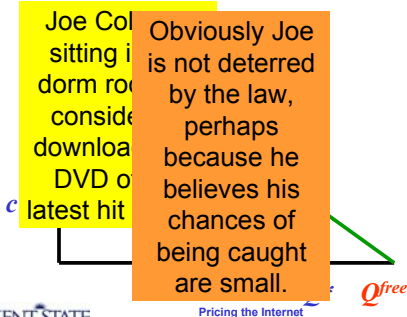
## Internet Demand and Supply



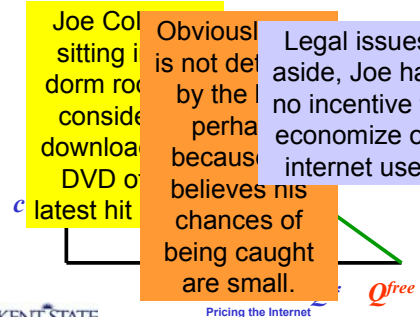
## Downloading the Latest Flick



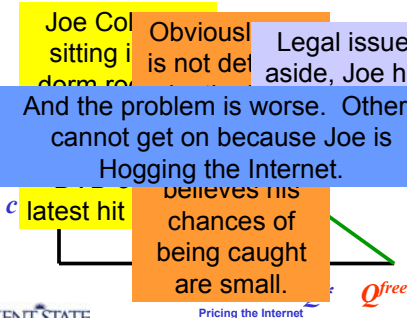
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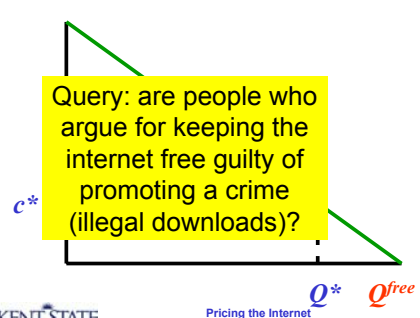
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Query: are people responsible for the high level of illegal use and promoting (illegal downloading) responsible for the high level of illegal use and promoting (illegal downloading) (in part) for ever higher tuition charges.

## The Information Superhighway

- The Internet is called the “information superhighway” and the comparison to superhighways is apt.

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- Increasingly the internet is subject to congestion, with slow access speeds at times.

## Congestion on the Internet

- University use for downloads
- Spam

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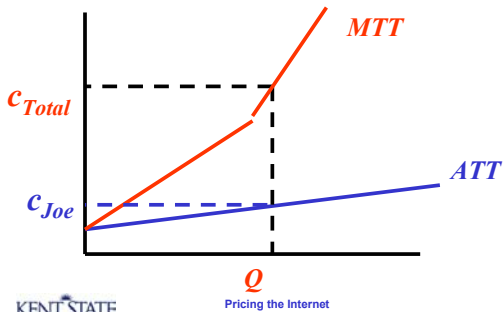
A warning: downloading movies and copyrighted audio material is illegal and potentially subject to legal penalties

## Congestion on the Internet

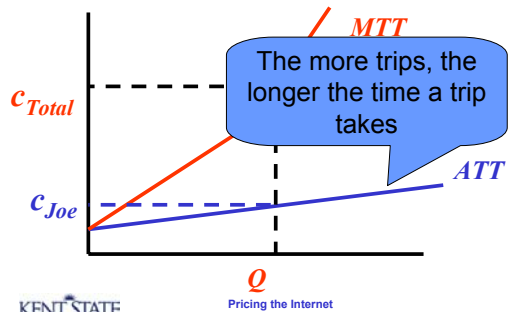
- University use for downloads But people still do it. Should we rely on fines or market incentives?
- Spam

A warning: downloading movies and copyrighted audio material is illegal and potentially subject to legal penalties

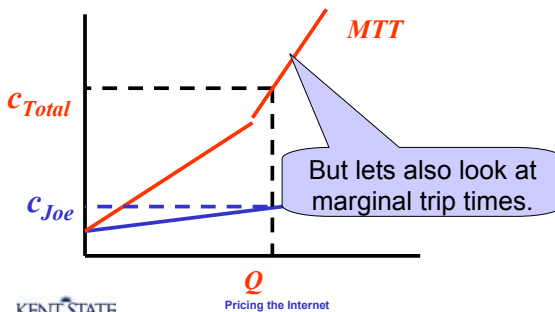
### The Expressway at Rush Hour



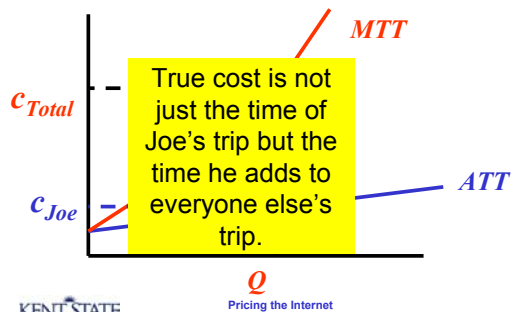
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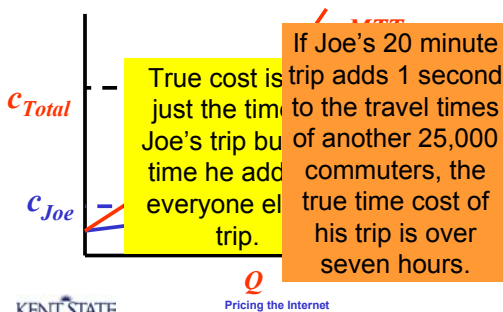
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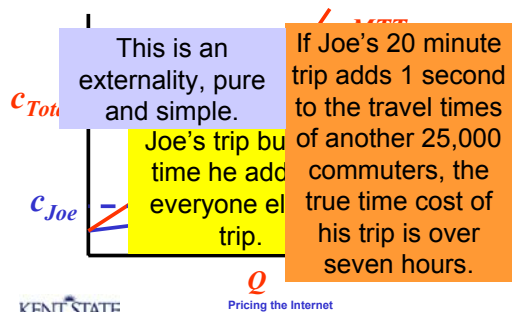
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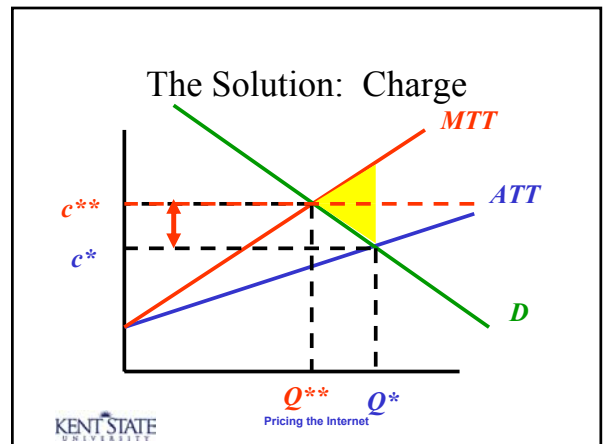
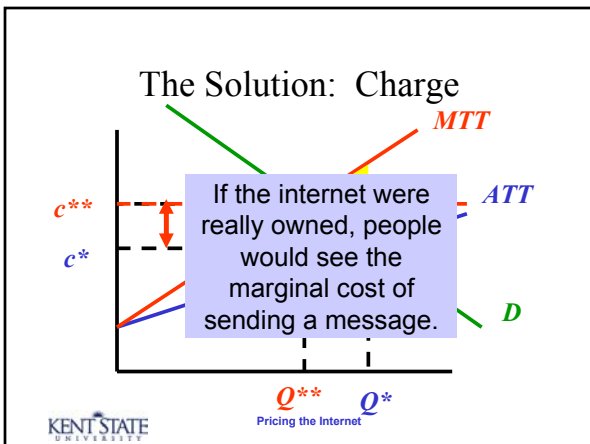
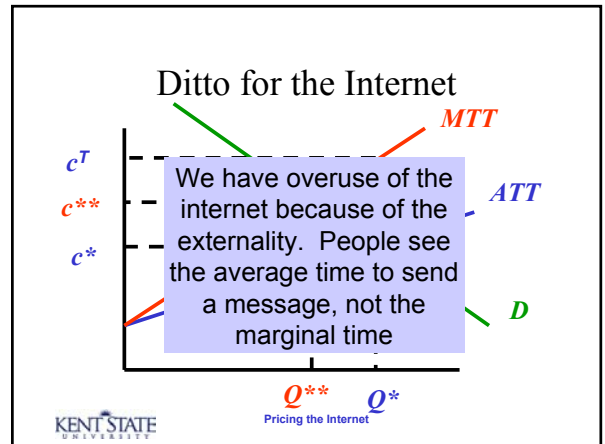
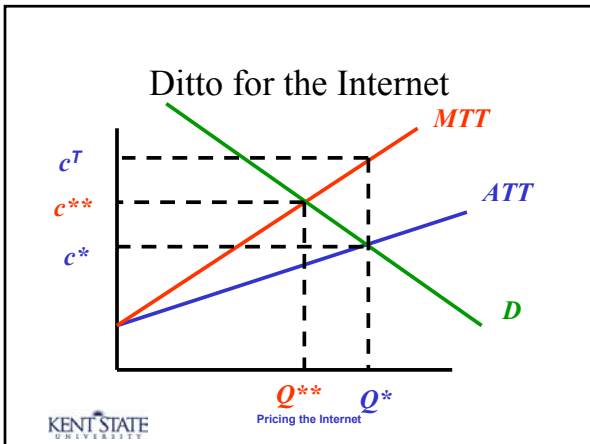
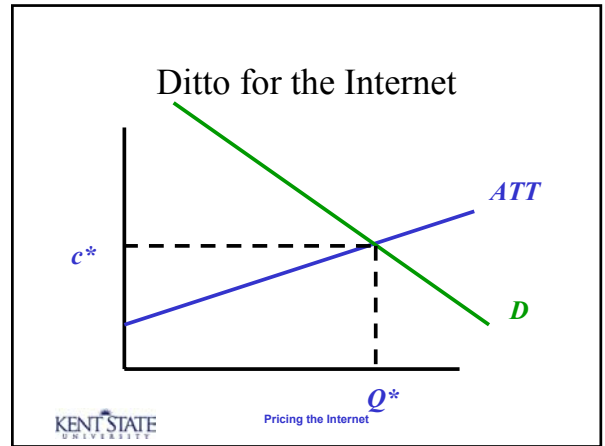
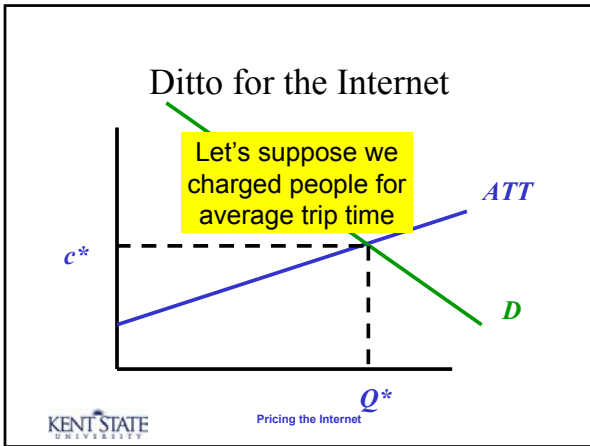


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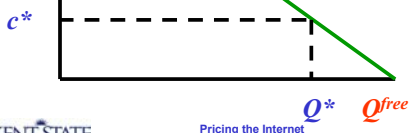
### The Expressway at Rush Hour





## Back to Joe College

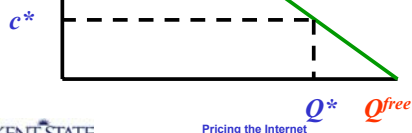
Our discussion of Joe did not consider congestion charges.



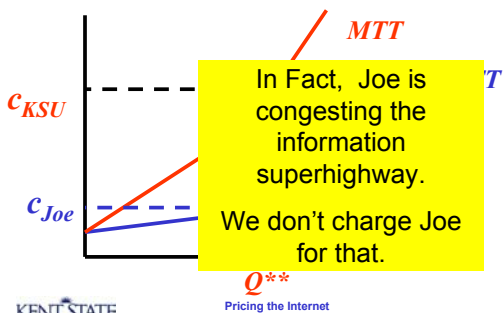
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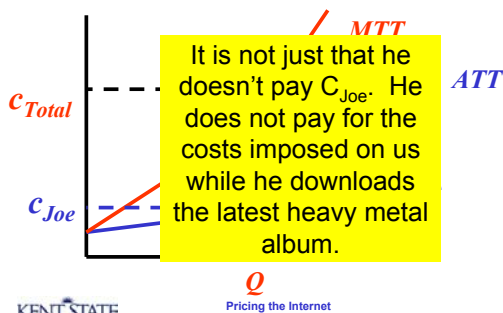
It should have



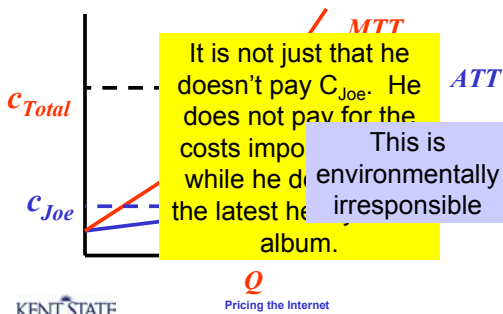
## Congestion is anti-social



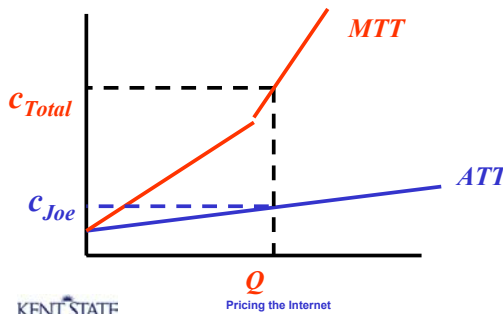
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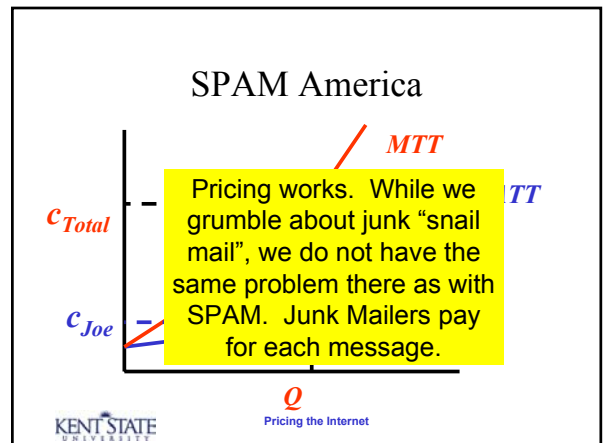
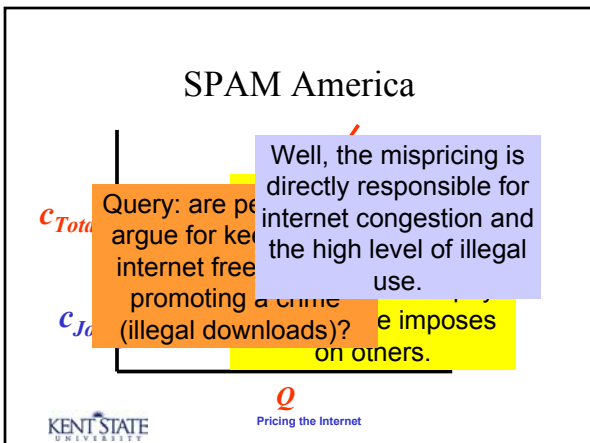
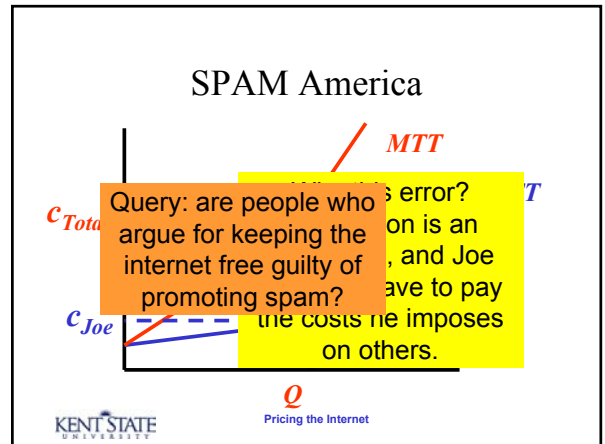
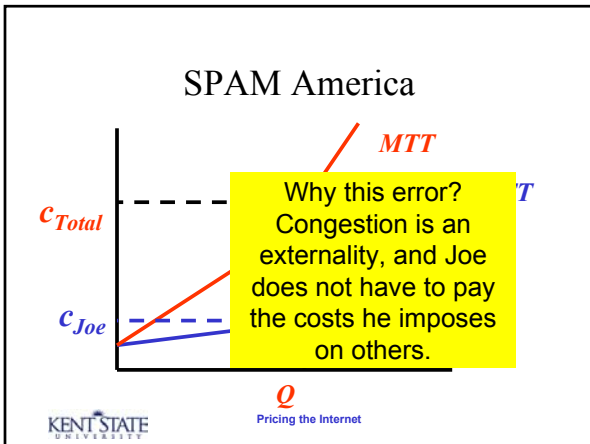
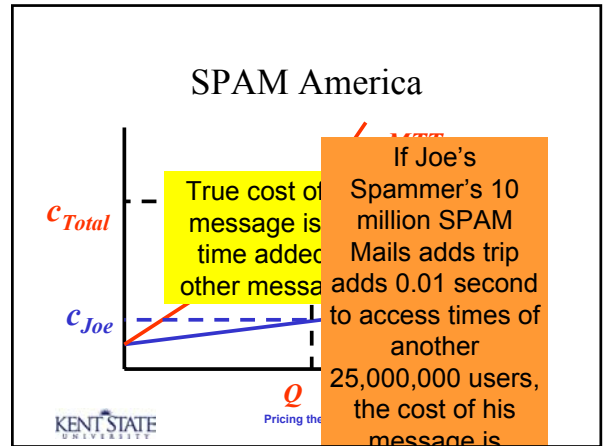
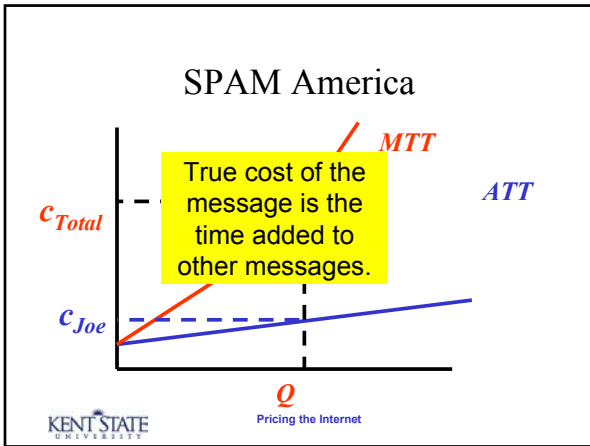


## Congestion is anti-social



## SPAM America





End

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