

Netflix to pay Comcast to prioritize content

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On February 23, Netflix, the US DVD-by-mail and video-streaming service, announced that it had agreed to pay Internet service provider (ISP) Comcast an undisclosed sum to create a direct link between their respective networks, thereby giving priority access to Netflix content over other websites and services. The transaction is a blow to net neutrality, the concept that ISPs should treat all data on the Internet equally, and sets a precedent for ISPs playing a more aggressive role in filtering Internet content.

The agreement comes only a month after the federal appeals court annulled a law prohibiting ISPs from selectively blocking or slowing down specific Internet traffic, and just a few weeks after Comcast announced that it was purchasing Time-Warner, giving it control of roughly 40 percent of the US's broadband cable market.

While the plan's details are still emerging, the deal essentially allows Comcast customers a more direct link to Comcast's own servers when they are watching Netflix videos. This direct connection allows Netflix watchers, on Comcast Internet, a data highway bypassing third-party servers that usually stand in the way.

Though a core net neutrality law was stricken last month, Comcast promised, as part of its takeover of NBC Universal in 2011, to abide by net neutrality rules through 2018. This would mean that Comcast cannot discriminate the traffic it receives, speeding up some over others, at least for the next five years. While the deal with Netflix will preferentially speed up Netflix traffic, Comcast argues that this is not traffic discrimination.

The *Washington Post* reports that "officially, Comcast's deal with Netflix is about interconnection, not traffic discrimination...but it's hard to see a practical difference between this deal and the kind of tiered access that network neutrality advocates have long

feared." In the words of the *Post*, "Comcast's deal with Netflix makes network neutrality obsolete."

The principle of net neutrality asserts that the Internet is a "common carriage," a legal concept that protects the right of the public to access basic services and infrastructure. "Common carriage" laws prevent companies that operate railroads, airplanes, telecommunication networks, and other essential services from giving privileged access to certain customers.

Netflix has grown tremendously in the past few years. The site accounts for 31.2% of all downstream traffic on the Internet. According to Netflix, from October 2013 to January 2014, Netflix users using Comcast saw a slowdown of 27% in their viewing speeds. Viewers using Verizon broadband saw a slowdown of about 18% during the same period.

In the months leading up to the agreement, Comcast reportedly called for Netflix to pay money to Comcast to speed up Netflix viewing for Comcast customers.

Kevin Webach, a former Federal Communications Commission (FCC) counsel, told the *Economist*, "One danger is that the deal is bad for big online-content providers like Netflix by forcing them to pay more. Another is that it's actually good for Netflix and bad for the smaller innovators who don't have leverage to enter into these agreements."

Now that Netflix has agreed to Comcast's demands, paying to have a direct server link, other companies could begin to do the same. The company is expected to reach a similar agreement with AT&T and Verizon in the coming months.

This trend of companies paying ISPs for preferential treatment and closer access to their servers will further enable the giant telecommunication companies, Verizon, Comcast, and AT&T, to consolidate their stranglehold over the flow of information. Smaller companies that do not pay for their own direct

connection could have slower service.

Netflix is expected to grow even more in the coming years. The speed and quality of its video feed are considered to be an essential aspect of this growth, especially as new, higher-resolution Internet TVs become available.

It is within this context of having its business threatened by slow speeds that, according to *Consumerist.com*, “Comcast will allow the streaming video company to continue growing.” In other words, if Netflix did not pay Comcast money to speed up viewing, its business would be threatened.

The deal further underscores the immense power that Comcast-NBC Universal has. With its proposed acquisition of Time-Warner, Comcast will own roughly 38% of all cable television within the United States. The corporation is the largest mass media and communications company in the world, controlling everything from the physical infrastructure of the Internet to the content produced for the web and television. It should be noted that these companies have been complicit in the massive NSA spying program revealed by Edward Snowden.

Comcast, and for that matter, US Internet companies in general, lag far behind their international competition. According to Susan Crawford, a media law professor, interviewed on National Public Radio, metropolises like Seoul and Stockholm charge roughly \$25 a month for Internet connections that are “100 times faster than the very fastest connection available in the United States.”

Crawford continues: “[Cable Companies] are extracting enormous rents, enormous profits, from what Americans perceive to be a basic service.” She charges that these rents are possible because of the powerful monopolies existing in the US market with no serious competition.

A smaller company, Cogent, which handles Netflix Internet traffic, is also being threatened by Verizon. Currently, data requests are dropped every day between Cogent and Verizon, resulting in the slowdown of video services. Verizon is arguing that Cogent needs to pay money, in a data exchange that is traditionally free, because Cogent is transferring more data to Verizon than it is receiving from it.

Cogent argues that the reason why video services have slowed down is because Verizon refuses to

upgrade its network infrastructure. According to *arstechnica.com*, Cogent also “points out that Verizon offers its own streaming video services, such as Redbox Instant, and thus has an incentive to harm Netflix traffic.”



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