Some puzzles of Internet economics

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Development of the economy:

- dominated by search for choke points
- minimal real investments
- assisted by confusology (the “post-truth” world)
Development of the economy cont’d:

- telecom just one potential choke point

- regulation extremely tricky

- quality of regulation may become main determinant of how successful an economy is
Telecom and related industries:

- World GPD: approx. $80,000 B
- World telecom service revenues close to $2,000 B
- World advertising spending: approx. $500 B
- Google worldwide 2016 revenues: $90 B
- Hollywood worldwide video revenues: approx. $100 B
Some instructive examples:

T-Mobile filing with the FCC, May 27, 2014:

- cost of delivering mobile data: $0.002/MB
- T-Mobile wholesale prices to international carriers:
  - median price per MB: $0.09
  - average price per MB: 0.20
  - 95th percentila price per MB: 0.40
- retail rates: up to $20/MB
Some instructive non-telecom examples:

- Puerto Rico electric grid reconstruction: linemen paid $63/hour, Whitefish billed $319/hour

- Financial Times, Dec. 11, 2017: Avondale raises price of 100-tablet bottle of Niacor from $32.46 to $295 (basic vitamin available for under $5)
Some ‘ancient’ wisdom:

- Robert Stephenson, 1840s: British railways more expensive than foreign ones because Britain richer

- Zahavi theories (somewhat disputed): time-travel and money-travel budgets constant