



First-come, First-served Domain Name Allocation Is a Social Loss

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A first-come, first-served allocation process for second-level domain names associated with the [new ICANN-proposed TLDs](#) would impose a social loss by using up resources.

The competition for second-level domain names would drive participants to invest in developing placement mechanisms for extremely rapid processing of orders. Since only the fastest will win, the money spent by the runner-ups will have been wasted, both from their own point of view and that of society.

Paul Krugman has pointed out the [consequences](#) of a similar problem in financial trading. We're lucky that domain names can be allocated through auctions and lotteries, two mechanisms that would make no sense for traders. Both the mechanisms are superior to first-come, first-served, and they deserve serious study by ICANN. Of course, the association must also provide rules for second-level allocation [the rules simultaneously with those of the new TLD mechanism](#).

It should be noted that a wasteful rush to be first to grab expired domains was avoided by (consciously or not) using auctions, which are a natural solution to the expired-names allocation problem. ■