Chaos or Control?

What is the role of government in a borderless internet world?
RAND Europe assesses the implications for policy makers

BACKGROUND

The internet has developed at extraordinary speed from an information-sharing system for scientists to a worldwide driver of economic growth. Knowledge travels faster, consumers can interact across borders and create their own media content, and new markets and entrepreneurs emerge daily.

But the uniquely global and open nature of the internet also creates challenges for governments in areas such as privacy, security, intellectual property rights (IPR) and the accountability for behaviour online.

In Autumn 2007, the Dutch Ministry of Economic Affairs commissioned a study by RAND Europe into the changes caused by the emerging internet economy and the implications for policy making, in preparation for the 2008 OECD Ministerial Conference.

RESEARCH APPROACH

RAND Europe adopted a three-stage methodology:
- A literature review to define the most pressing social and economic policy issues
- A survey of 40 global experts to test and prioritise the list
- Four half-day seminars with expert participants to identify trends and possible options

OPENNESS & ACCESS:
'JUST' A SERVICE OR A HUMAN RIGHT?

The internet's open protocols allow useful innovations to emerge, e.g., instant messaging, without developers needing anyone's permission. However, this openness is under threat. Commercial service providers are demanding payment for access, while governments seek to filter out 'undesirable' information for political reasons.

There is also a risk of fragmentation as more countries get online, generating more languages and characters to be supported. And most of the world's population is still excluded: 5.3 billion potential consumers and entrepreneurs are waiting to enter the virtual space, but domain capacity is fast running out.

Implications for government:
< Embrace global diversity of internet and accept loss of some control
< Support and lead in the use of open standards and interoperability to ensure open, affordable access
< Introduce standardised formats for non-Latin scripts
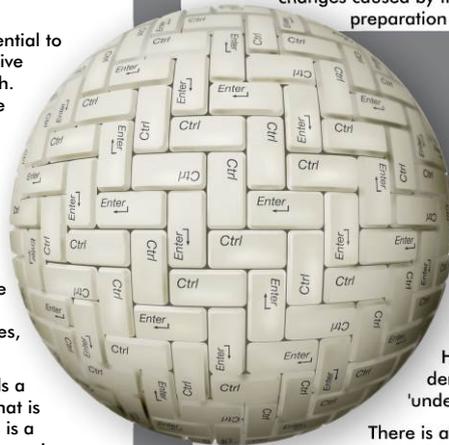< Lead in introducing IPv6* to increase address space

THE WAY FORWARD?
'LIGHT TOUCH' LOCAL AND GLOBAL GOVERNANCE

Openness and transparency are essential to the internet economy, allowing creative entrepreneurial individuals to flourish. National governments must embrace these traits and accept that they cannot single-handedly control the behaviour of 'their' citizens in this new borderless world.

At a local level, governments should work collaboratively with service providers and user communities to encourage participation and effective self-regulation. This may be backed up by 'traditional' regulatory measures, if needed.

At the global level, the internet needs a pan-national governance structure that is inclusive, agile and 'light-touch'. This is a formidable challenge, as new constituencies, technologies, applications and threats emerge. The Internet Governance Forum 2006-2010 and the Working Group on Internet Governance present hopeful first initiatives, which need formal endorsement and further development. General principles of good governance can provide guidance, such as transparency, proportionality, accountability, public awareness and participation.

TRUST:
CAN GOVERNMENTS PROTECT US FROM ONLINE RISK?

The internet is the most efficient marketplace ever created, increasing competition and allowing more information to be collected and exchanged. While these features drive innovation and economic growth, they also create security and privacy risks.

Online crime and fraud are booming. Privacy concerns are also rising. More data can be collected automatically, such as credit card details and buying habits. Roaming devices and location sensors can show who is nearby and what they are doing. These developments undermine user trust and uptake, but measures to restore confidence typically increase costs and may reduce access and user-friendliness. Rather than strive for full security, users need to be aware of risks, and the options for risk-management and redress.

Implications for government:
< Help citizens and businesses understand that full security is unachievable and adopt appropriate risk-management and reduction strategies
< Support tools and protocols that enable secure transactions, including IPv6*; help enforce certification (including self-certification) of services
< Stay alert to new threats such as semantic attacks, and possible public policy needs

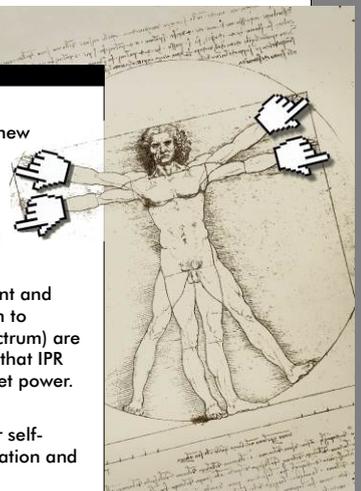## PEOPLE & PARTICIPATION:
HOW QUICKLY CAN WE CHANGE THE WORLD?

The internet empowers individuals and businesses by creating new forms of participation and wealth-creation. Anyone connected to the internet can communicate with, deliver services to and publish content for the rest of the world. New forms of civic participation are influencing public policy. Innovative business models are emerging built on input from consumers, users and experts.

However, skills and access are unevenly distributed. Government and business need to ensure that all citizens can benefit. In addition to traditional IPR, new tangible and intangible rights (such as spectrum) are shaping markets and opportunities. The challenge is to ensure that IPR policies encourage participation, rather than concentrate market power.

Implications for government:
- Redefine the role of government as an enabler for self-organisation to stimulate social innovation, collaboration and best practice sharing
- Take a user-oriented approach to governance
- Use new means to prevent or bridge divides, e.g., locations, generations, education
- Support innovation through intelligent IPR policies

IMPACT

- **Influencing international policy.** The report directly informed the Dutch government's policy line in the 2008 OECD Ministerial Conference, and was accepted as a reference document for participants.

- **Informing domestic policy.** The research provides a framework for future policy in areas such as internet governance, IPR, self-regulation and information security.

- **Wider public debate.** The Ministry is launching a public information initiative to explain the challenges and opportunities of the internet, presenting RAND Europe's research findings in a simple, visual way.

* Internet Protocol version 6 (for more information, see www.ipv6.org)

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