

Keep Government's Hands off the Net and E-Commerce

As a network of networks, the Internet transcends political boundaries, making it difficult for any government to regulate. To date, Internet “governance” has been decentralized and its functions distributed among various organizations. Governance need not invoke government—for example, spam, spyware, and other nefarious activities are best addressed by private solutions that authenticate and filter content in ways consistent with free speech and individual choice.

The Internet also makes economic transactions more efficient and less costly, and increases consumer choice; these developments seriously challenge earlier (perfectly appropriate) business models involving intermediaries, high commissions, and controlled information flow. Many old regulatory models simply do

not translate to new business models that bypass such intermediaries and methods of operation. When policy makers attempt to impose legacy models on new technologies, they can end up skewing the regulatory process in favor of established, traditional “off-line” companies. Examples of such regulation include rules banning the direct online purchase of cars, contact lenses, wine, and even caskets.

The rationale of “protecting” consumers via such prohibitions does not withstand scrutiny. Congress should resist all special interest appeals with respect to the Internet and online commerce, and maintain a skeptical attitude toward economic regulation of electronic commerce generally.

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