



# Internet Governance revisited: Think decentralization!

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for Digital Government

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# ICANN: A strange animal in the zoo of International Relations

- international *private* organization
- governments have no decision-making power
- responsible to the global public trust
- incorporated under Californian law

*How can the emergence of such a strange animal be explained?*





## ICANN: The mission...



„preserving the public trust by enhancing the **operational stability**, reliability, security, and global interoperability of the Internet“

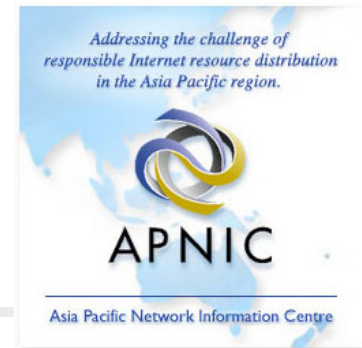
*Administration of the core technical resources of the Internet:*

- Domain Name System
- IP-Numbers
- Rootserver-System (A-Root)
- Protocols

# IP-Addresses

„129.132.196.118“

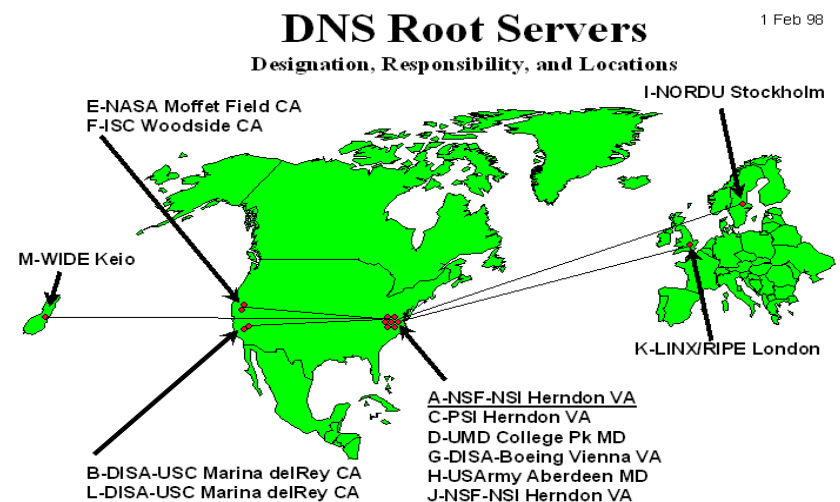
- unique identifiers
- basis for accurate routing of information (TCP/IP)
- IP-blocks managed on a regional basis
- non-scarce resource (667 quadrillion IP-addresses with IPv6)



# The Domain Name System

„amazon.com“

- easier to memorize than IP-addresses
- the Domain Name System (DNS) translates unique IP-addresses in unique Domain Names
- DNS as globally distributed, hierarchically organized data base



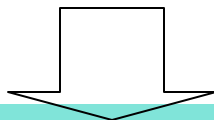


# Coordination vs. Regulation

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## ***IP-Addresses***

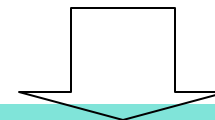
- unique identification
- must only be assigned once
- indefinite pool of addresses (IPv6)



*requires coordination in assignment*

## ***Domain Names***

- easy to remember
- must only be assigned once
- technically indefinite but semantically scarce



*requires binding rules for distribution and enforcement*



## Conventional wisdom

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### ***theoretical:***

- „power shift“: relative decline of states and the rise of nonstate actors; private actors outperform territorially-bound nation-states in a globalized environment
- governments too slow to adapt to new challenges

### ***empirical:***

- expertise lies with the private sector, therefore self-regulation as the most effective solution
- Internet can only prosper when left to itself
- has ever been that way



# Theoretical framework

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## functional explanation

structural pressures for the  
delegation of quasi-  
governmental authority  
(demand-side)

## process-oriented explanation

actors with interests and  
resources in specific  
constellations (supply-side)



**form of governance arrangement**

*(mix between public and non-state  
participation)*



## Dependent variable: Mode of governance

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*command and control*

### ***governance by governments***

- defensive (protectionism, control of information flows)
- offensive (extraterritorial enforcement of national law, unilateralism)

### ***governance without governments***

- private sector self-regulation; state as observer on the sidelines

*laissez-faire*



### ***governance with governments***

- through intergovernmental institutions (WTO, UNO, etc.)



# Functional Institutionalism

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*respective incentive-structures of non-state and state actors (in theory and practice)*

## ***nonstate-actors***

- compatibility (network-effects, transaction-costs)
- consumer trust
- avoid stricter regulation (first-mover)

## ***state-actors***

- limited scope of regulatory mechanisms (globalism)
- institutional vacuum (no accepted fora on an intergovernmental level)
- need for expertise (technical knowledge)



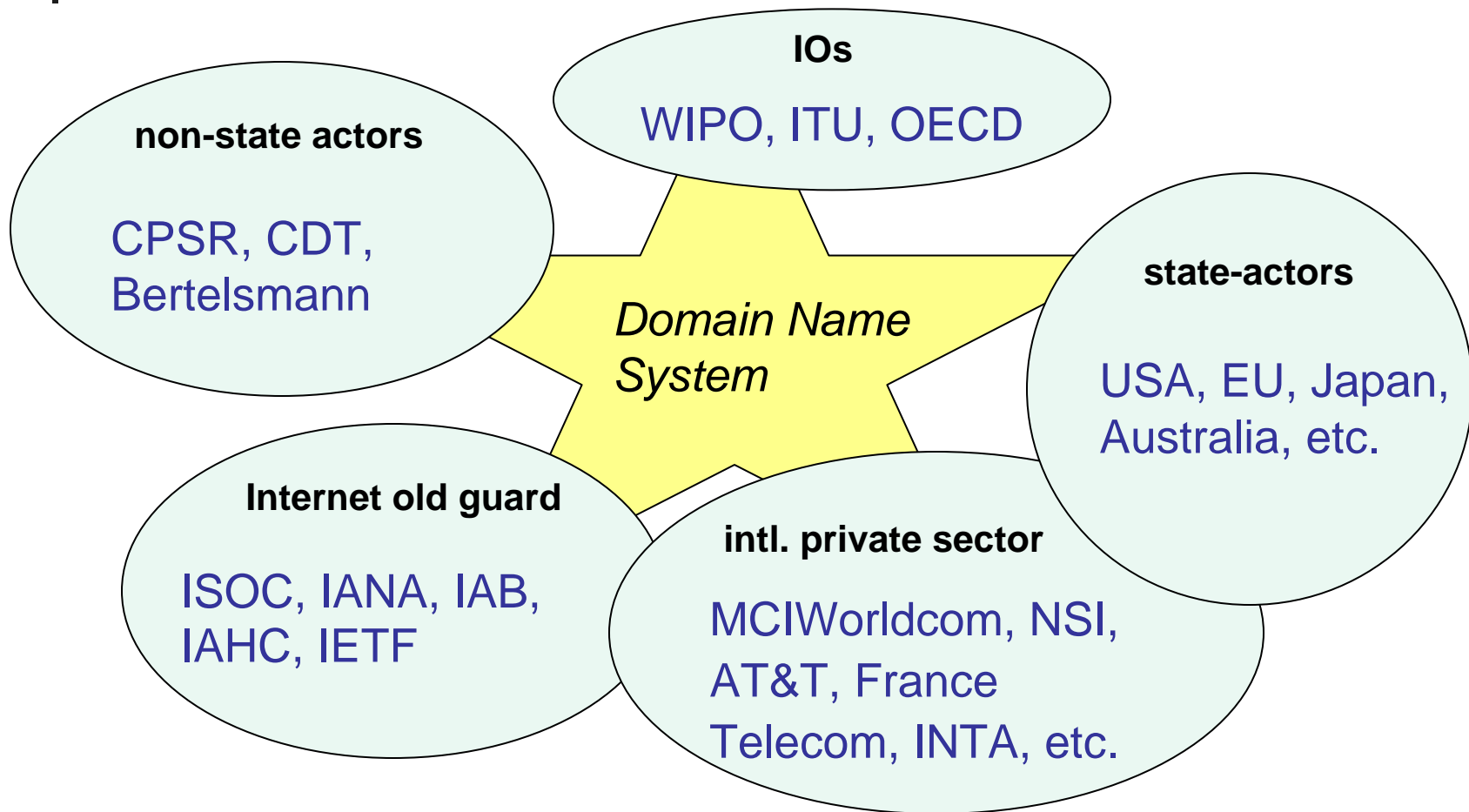
## Limits of a functional explanation

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### *Competitive cooperation*

„Under conditions of globalization it is cooperation rather than competition that motivates states' global engagement and explains their behavior in the international system. However, given that countries differ over both what is and what is not in the public interest, as well as over how that interest can be best achieved the process or method by which states establish cooperation is likely to be on competitive terms” (Reinicke 1998).

# Actors with an interest in the DNS





## Soft Power

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**«Soft power is the ability to achieve desired outcomes through attraction rather than coercion. It works by convincing others to follow. Or getting them to agree to norms and institutions that produce the desired behavior. Soft power can rest on the appeal of one's ideas or the ability to set the agenda in ways that shape the preferences of others.»**

Joseph Nye

*global validity of principles and norms as:*

- free-markets
- liberal institutions
- democracy
- decentralization



## The ICANN-process

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- „hands-off the Internet“-directive of the Clinton administration; self-regulation of the private sector as the magic bullet
  - USG kills IAHC to gain first mover-advantage (Green Paper)
  - October 1998: ICANN is founded as a international private organization under Californian law
- *delegation of quasi-governmental authority as a conscious state-choice to protect the national interest*
  - *forum-shopping*

## ICANN today: Source of instability?

- institutional reforms grant governments a bigger say
- retreat of USG still pending; unilateral extension of MoU until 2006
- Litmus-test: the breakup of KPNQuest and ICANN's refusal to update the root
- frustration outside the US is growing (WSIS)



# Conclusions

- global unilateralism has its limits (centralization vs. decentralization)
- global governance arrangements with distributional consequences need to be *politically* efficient in the first place
- delegation of decision-making authority as conscious strategy and not an indicator for the decline of the nation-state
- forum-shopping in order to promote the national interest
- over-optimism regarding the role of private actors in a globalized world



# Questions, comments...

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