

# Cyber Governance

# What is “Cyber Governance”?

I have absolutely no idea!

- If we are talking about “governance” as an imposition framework (legislated and/or regulated constraint imposed on actors) then very little of that exists in today’s Internet
- What mechanisms “govern” today’s Internet?
- How did we get here?

# Telco Deregulation

- The 1980's saw massive changes in the public telecommunications sector
  - The forced breakup of the US Bell system in 1982 started a wave of reforms for the nationalised telco sector

## Bell System Breakup Opens Era of Great Expectations and Great Concern

By ANDREW POLLACK

A new era for American telecommunications and for American business begins today as the once-unified Bell System begins life as eight separate companies. It is a time of great expectations and great concern for both the telephone industry and the nation as a whole.

No company so large and technologically integrated as the Bell System has ever split itself into pieces before, not even in the great trust-busting days early in the century.

No nation has ever made a determination to let the forces of competition, rather than government-backed monopoly, determine the future of some-

to them. In the past, A.T.&T. alone decided what to do.

Opponents of the divestiture say that it will probably lead to a rise in local rates because they will no longer be subsidized by long-distance rates, although the Government has yet to sort this out.

In addition, the opponents argue, with no company having responsibility for end-to-end communications and with each company cutting corners to lower costs, the quality of telephone service will deteriorate.

"It is the dumbest thing that has ever been done," said Charles Wohlstetter, chairman of Continental Telecom Inc., an independent telephone company.

in the same situation as A.T.&T. once was.

The nation is already wrestling with the question of whether increased competition in cable television and broadcasting will result in better service or merely services that cater to the upper classes and are denied to the poor. And the Postal Service is in much the same position as A.T.&T. was, with competition stealing the most lucrative business from a monopoly that is still obligated to offer service to every home in the nation.

The restructuring of the phone industry was done without much public debate and planning. The phone system

many experts contend, was virtually inevitable. They argue that traditional regulatory approach was not suited to an era of rapidly changing economics and technology. While the public may feel that the Bell System was not broken, and thus did not need fixing, the huge communications monopoly actually started unraveling sometime after World War II, and the pace of that unraveling has been picking up ever since.

As air transportation became more commonplace, large companies began dispersing their operations. This made communications more important to a company both strategically and as a percentage of its budget. Pressure in-

these innovations, such as the transistor, that powered the computer revolution. But Bell had a vast investment in equipment that was already installed and did not want to make its investment obsolete. It was slow in installing high-speed communications needed by computer users and in allowing the computer equipment of other manufacturers to be attached to its lines.

By 1959 the Federal Communications Commission had ruled that big companies could build their own microwave systems. In 1968 the F.C.C. said non-Bell equipment could use the telephone lines. A year later, MCI was authorized to begin limited long-distance service. Bell tried to fight back, but its position

was a dramatic and unexpected development. But, in many ways, it does the same thing the F.C.C., perhaps in a more elegant manner, might have done, and allows for less regulation rather than more. The breakup, therefore, is in keeping with the current deregulatory trend. It will finally allow the communications industry's competition to shift from courtrooms and regulatory agencies to the marketplace.

But not all is done. Congress is still grappling with possible subsidies to insure that everyone can still afford a phone. The Bell System, now in pieces because of the Federal antitrust suit, still faces dozens of private antitrust

# Market Disciplines as Governance

Public Sector-operated services were passed into the private sector

- The sector was opened up to competition in the belief that competition would force greater efficiencies and lower prices from the sector
- It was all about competition in telephony creating benefits for consumers



# Transformation

- As it turned out it was not about competition in telephony
  - It was about competition in **technology innovation**
- The combination of technology innovation and deregulation placed the entire sector (and its revenues) up for grabs
  - Venture capital entered the market to accelerate this disruption
- These changes required the incumbents to transform themselves at a scale and speed that was beyond the capability of many
- The resultant marketplace was shaped by a continual stream of innovative pressures and disruptions
- This is unsustainable long term

# Market Distortions

- Markets can fail in many ways:
  - Emerging monopolies, manipulation and distortions, selective advantage, corruption
- The results of market failures are much the same:
  - Inefficiencies in supply of goods and services

# Today's Internet

- A small clique of enterprises totally dominate the Internet
- What the problem here?
  - Are they too big?
  - Too exploitative of their workers?
  - Extracting monopoly rentals?
  - Ignoring consumer preferences?



# But it's what we want

- These enterprises are highly efficient operators in the new economy of *surveillance capitalism*
- They have the ability to customise a solution to a market of a single consumer and still bring economies of scale to that market
- As consumers we use their services because they are tailored for us!
- But is this what we really want?

Is this what we want?



**Samsung SMART TV**  
**TV has never been this Smart**



# Is this what we want?



## Samsung SMART TV TV has never been this Smart

### Technology

## Not in front of the telly: Warning over 'listening' TV

9 February 2015 | Technology

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**Samsung is warning customers about discussing personal information in front of their smart television set.**

The warning applies to TV viewers who control their Samsung Smart TV using its voice activation feature.

When the feature is active, such TV sets "listen" to what is said and may share what they hear with Samsung or third parties, it said.

Privacy campaigners said the technology smacked of the telescreens, in George Orwell's 1984, which spied on citizens.



# What we might want

If this situation calls for some public sector response then perhaps the thrust of any such response should focus on the consumer rather than the dynamics of the market

# Some Questions

Perhaps an effective regulatory regime should be able to provide clear answers to these questions:

- Who owns my personal profile data?
- Where is it stored?
- What regulatory regime protects it?
- Should I be informed when my profile is sold?
- Do I have an informed valuation of my personal profile?
- Who is at fault if my personal data is leaked?

# Where are we?

Its clear we're not in Kansas any more

And whatever the Internet may be, it's not a telephone network for computers

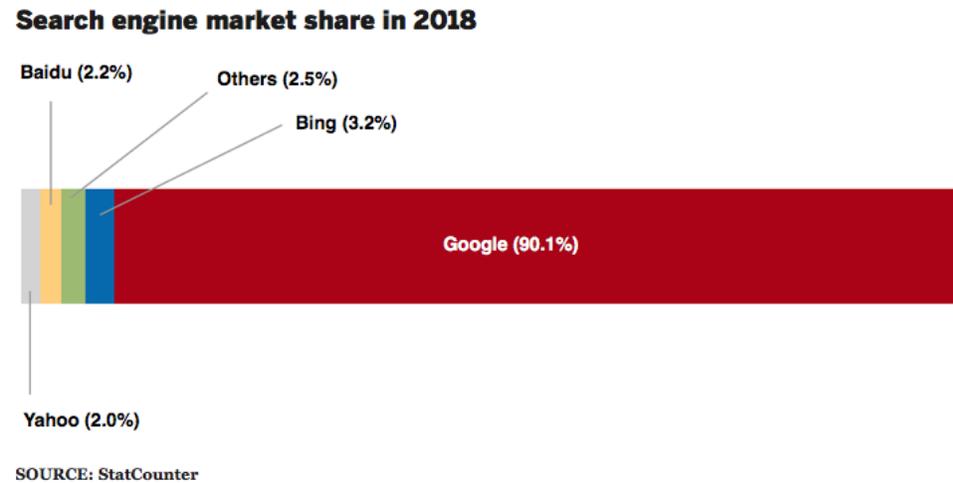
# Where are we?

- We are now communicating with a computer-mediated environment rather than with each other
- The network itself is largely incidental to this evolving story, and this is not really about the Internet any more
- It's about a set of revolutionary social changes on a par with the industrial revolution that have been triggered by abundant computing, storage and comms

# Maybe its more than this

- In a world of abundant content what do we choose to view?
- What do we choose to believe?
- Search becomes the arbiter of content selection and assumes a level of ultimate importance in this world
- What's the outcome of search being dominated by a single entity?

# Is it about what we want or is this more about what we think?



Share of search in US market

# Where does all this head?

For our society this market-driven digitisation of our environment has the potential to be incredibly empowering or incredibly threatening  
Or both at the same time!