

## Interdisciplinary Programmes

Academic year 2020-2021

## Internet Governance and Economics

### IA094 - Autumn - 3 ECTS

Monday 16h15 - 18h00

## Course Description

The impact of the Internet is growing in breadth and depth, fostering innovative new companies, transforming traditional industries, reshaping government interactions, and increasing opportunities for social inclusion. There was perhaps no better illustration than the increased reliance on the Internet during the COVID-19 crisis. At the same time, there is increasing friction between free services and privacy, data protection and security, automation and jobs, sharing and copyright enforcement, freedom of expression and content regulation, sovereignty and globalisation. Yet, no one entity is responsible for ownership, development, or regulation of the Internet, with the ability to govern or regulate the outcomes of these conflicting forces.

The course will introduce a number of unique aspects about Internet economics and governance. The Internet challenges existing models of economic behaviour and markets, with an important impact on policy. The development of Internet standards also has a unique model that differs from standard-setting in other sectors. Finally, the course will focus on the multi-stakeholder model that governs the Internet, and how the different stakeholders impact the outcome of critical policy questions. To better understand the forces shaping the Internet, we will examine a number of current international challenges including the role of the Internet in the UN Sustainable Development Goals, how to understand privacy issues and increased cybersecurity threats, the challenges of fake news and disinformation, and the concerns over growing market power in the industry. The impact of the Internet on the COVID-19 crisis, and of the crisis on the Internet, will help to illustrate many of these points.

> PROFESSOR

[Michael Kende](#)

[Office hours](#)

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## Syllabus

### Evaluation

There will be a weekly lecture building on the assigned material. Students are expected to read the material in advance, and come prepared with suggestions for discussion.

Students will form groups to prepare a presentation on a relevant topic and lead a 20-30 minute discussion on the topic. They will then individually write a term paper on another topic, no more than 2,500 words long. The presentation will count for 40% of the grade, the term paper accounts for the other 60% of the grade.

*Please read and follow* the description of the paper and presentation at the end of the syllabus.

### Aims of the Seminar

- An introduction to what is unique about the Internet – how it was developed, how the development impacted its governance model, and the underlying economics
- To learn how Internet standards are set through consensus and voluntary adoption, and compare this with other standards development processes
- To learn about the multi-stakeholder model of governance, including the role of different stakeholders in the Internet, including governments, the private sector, and civil society
- To learn the economic principles that apply to the Internet and underlie key business and governance issues
- To learn to address key international issues on the Internet, including development, jurisdiction, digital trade, cybersecurity, content regulation, and competition concerns.

By the end of the module, students should be able to:

- Understand the key actors and institutions in the development and governance of the Internet
- Have a detailed understanding of the economics of the Internet – in particular applying concepts that are unique to the Internet
- Have a framework for assessing how traditional issues such as competition policy are addressed in the Internet, and for understanding new Internet issues such as disinformation and net neutrality
- Assess the impact of the Internet on addressing the COVID-19 crisis, and the impact of the COVID-19 crisis on the Internet

## Support Material:

The readings will come from the following books, along with a few downloads indicated below:

- *Handbook on the Economics of the Internet*, edited by Johannes M. Bauer and Michael Latzer, Edward Elgar Publishing, 2016
- *The Oxford Handbook of Internet Studies*, edited by William H. Dutton, Oxford University Press, 2013.
- *The Oxford Handbook of the Digital Economy*, edited by Martin Peitz and Joel Waldfogel, Oxford University Press, 2012.
- *An Introduction to Internet Governance*, 7<sup>th</sup> edition, by Jovan Kurbalija, DiploFoundation, 2017 (free download at <https://www.diplomacy.edu/resources/books/introduction-internet-governance>)

## Classes

### 1. Internet Background

**Monday 14 September: Class (16h15 - 18h00)**

#### *Description*

This class will introduce key economic principles and how they apply to the Internet. In particular, why online services are often free, and why unlimited Wi-Fi access can be offered free at public hotspots. It will also cover the history and development of the Internet, and provide an overview of who the Internet stakeholders are and how they interact in the Internet ecosystem, how the Internet is governed, and how standards are set.

#### *Reading*

- *Brief History of the Internet*, Internet Society (at <http://www.internetsociety.org/internet/what-internet/history-internet/brief-history-internet>)
- 'The economics of the Internet: an overview', Johannes M. Bauer and Michael Latzer, *Handbook on the Economics of the Internet*, Chapter 1.

### 2. Internet Standards

**Monday 21 September: Office hours (15h00 – 16h00); Class (16h15 – 18h00)**

#### *Description*

The Internet networking standard was not inevitable – how did it come to be the global standard? Internet development is open to all, based on consensus, and the resulting standards are freely available and voluntarily adopted. This class covers the types of standards involved, how they are developed, the different standards bodies, and compares the processes with standard-setting organisations in other sectors.

## ***Reading***

- ‘Internet Infrastructure’, Shane Greenstein, *The Oxford Handbook of the Digital Economy*, Chapter 1.
- ‘Four Paths to Compatibility’, Joseph Farrell and Timothy Simcoe, *The Oxford Handbook of the Digital Economy*, Chapter 2.
- ‘The economics of Internet standards,’ Stanley M. Besen and George Sadowsky, *Handbook on the Economics of the Internet*, Chapter 10.

## **3. Internet Governance**

**Monday 28 September: Office hours (15h00 – 16h00); Class (16h15 – 18h00)**

### ***Description***

Internet governance is multi-stakeholder, and we will examine the role of different stakeholders including national governments, intergovernmental organisations, businesses, and civil society. We will cover a variety of Internet governance functions including policy-making, managing names and numbers, and development. We will focus on the role of Geneva as a significant hub for Internet governance work.

### ***Reading***

- ‘The Emerging Field of Internet Governance’, Laura DeNardis, *The Oxford Handbook of Internet Studies*, Chapter 26
- Sections 1 and 7, *Internet Governance*, Jovan Kurbalija
- ‘The Emergence of Contention in Global Internet Governance’, Samantha Bradshaw, Laura DeNardis, Fen Osler Hampson, Eric Jardine and Mark Raymond, Global Commission on Internet Governance, July 2015, at <https://www.cigionline.org/sites/default/files/no17.pdf>

## **4. Economics of the Internet**

**Monday 5 October: Office hours (15h00 – 16h00); Class (16h15 – 18h00)**

### ***Description***

The economics of the Internet enables a variety of business activities, including advertising-sponsored ‘free’ services, the gathering of big data, and the sharing economy. The Internet offers real-world illustrations of a variety of economic concepts including network effects (e.g. Facebook), the theory of the firm (Uber), price discrimination (Amazon), and information asymmetry (Glassdoor). We will look at issues around market power, privacy and security, and convergence of traditional services to the Internet.

## **Reading**

- ‘The industrial organization of the Internet’, Günter Knieps and Johannes M. Bauer, *Handbook on the Economics of the Internet*, Chapter 2.
- ‘New businesses and new business models’, Michael A. Cusumano and Andreas Goeldi, *The Oxford Handbook of Internet Studies*, Chapter 12.
- ‘The economics of privacy, data protection and surveillance’, Ian Brown, *Handbook on the Economics of the Internet*, Chapter 12.
- “Amazon’s Antitrust Paradox”, Lina Khan, *Yale Law Journal*, Volume 126, 2017.

## **5. International Issues**

**Monday 12 October: Office hours (15h00 – 16h00); Class (16h15 – 18h00)**

### **Description**

There is a conflict between the Internet, which is intrinsically borderless, and national sovereignty, which is bordered. This class will cover economic issues that are international in scope, and the challenge of addressing them in the current multi-stakeholder model. The issues covered will include increasing access to the Internet in emerging regions, disinformation and fake news, digital trade, and international jurisdiction.

### **Reading**

- ‘Social Media and Fake News in the 2016 Election’, Allcott, Hunt and Matthew Gentzkow. *Journal of Economic Perspectives* 31, no. 2 (May 2017): 211–36.
- ‘The Internet and Development: A Critical Perspective’, Tim Unwin, *The Oxford Handbook of Internet Studies*, Chapter 25
- Sections 3 and 6, *Internet Governance*, Jovan Kurbalija
- ‘The Digital Trade Imbalance and Its Implications for Internet Governance,’ Susan Ariel Aaronson, Global Commission on Internet Governance, February 2016, at [https://www.cigionline.org/sites/default/files/gcig\\_no25\\_web\\_0.pdf](https://www.cigionline.org/sites/default/files/gcig_no25_web_0.pdf)

## **6. Presentations**

**Monday 26 October: Office hours (15h00 – 16h00); Class (16h15 – 18h00)**

### **Description**

Students will divide into groups, and develop and lead a presentation and discussion of a current Internet issue using the principles discussed in this class, with a conclusion and recommendation proposed by the group. The background to the issue should be presented quickly; the bulk of the presentation should be the group’s analysis of the issues and material supporting the recommendation.

*Proposed Topics:*

- Whether and how to regulate social media?
- How to regulate market power?
- Privacy – who owns your data?
- Uber – should it be regulated?
- Governance – multilateral vs. multistakeholder?
- What to do about state-sponsored cyber attacks?
- Should the WTO negotiate a digital trade agreement?

Each group should spend at least 15 minutes with me during office hours discussing their idea. The presentation should be no longer than 25 minutes, with five minutes for questions.

## **7. Presentations**

**Monday 9 November: Office hours (15h00 – 16h00); Class (16h15 – 18h00)**

### *Description*

Continuation of presentations.

## **8. Make-up class if needed**

**Monday 16 November:**

- **Office hours upon request (15h00 – 16h00)**
- **Afternoon session if needed (16h15 - 18h00)**

## **9. Final paper due date**

Students should pick an Internet topic for which there are open debates (and different from their presentation). The paper should cover the following points:

- provide a brief background on the topic,
- present at least three options raised by themselves or observers,
- assess the options based on the principles discussed in the class,
- and make and justify a recommendation that meets stated goals.

The paper should not be more than 2500 words. Please feel free to discuss your ideas with me during office hours.

**Monday November 30, 17:00 pm.**

Email to [Michael.kende@graduateinstitute.ch](mailto:Michael.kende@graduateinstitute.ch)