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HEADLINE: An Unfettered Internet? Keep Dreaming

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BODY:
These have been heady days in Washington for that marvelous medium, the Internet. First, the Supreme Court, in Reno v. A.C.L.U., struck down restrictions on indecent content, overturning a law passed virtually unanimously by Congress.

The Clinton Administration had strongly supported those restrictions. But only a week after the Justices ruled, a White House group led by Ira Magaziner issued an equally vigorous opinion that advocated a largely hands-off policy by Government regarding business conducted on the Internet. Is there any consistency here? In a way, yes. Both Administration positions play to the gallery. And just as the defense of regulated morality on the Internet, though popular, proved to be a failure, so will the call for unregulated Internet commerce fail.

This is not because of meddlesome bureaucrats, but because the Internet will become too successful to be treated differently from the rest of society and the rest of the economy. Since the Internet has moved from techie preserve to office park, shopping mall and entertainment arcade, it is sheer fantasy to expect that it will be left a libertarian island in a world full of jealous competitors and conflicting public objectives.

The Internet is not the only priority in any country. The United States, for example, has long worried about crime, Communism and children. That has led it to seek regulatory rules on pornography and encryption, and the wiring of schools for the Internet championed by Vice President Al Gore.

Similarly, Bavaria cares about hate speech and public morality, and sets rules accordingly. For the French, language and culture are the priorities, and Internet services originating in the country must be in French. Singapore worries about order. And so on.

We may disagree with these concerns, but don't we have our own? Most of the White House paper tells state and foreign governments, not Washington, to mend their ways.

For all the rhetoric of an Internet "free trade zone," will the United States readily accept an Internet that includes Thai child pornography, Albanian tele-doctors, Cayman Island tax dodges, Monaco gambling, Nigerian blue sky stock schemes, Cuban mail-order catalogues? Or, for that matter, American violators of privacy, purveyors of junk E-mail or "self-regulating" price-fixers? Unlikely. And other countries will feel the same on matters they care about.

Thus, for better or worse, each society will apply its accumulated wisdom, misconceptions, preferences and interest group muscle to the rules governing transactions over the Internet. And these rules will not be very different from those applied to the rest of society.

It is easy to engage in generalized anti-government rhetoric but hard to remain consistent. The Internet industry, too, has been selective in its libertarianism at home.

It liked subsidies from the Pentagon and National Science Foundation that created the Internet in the first place, and the N.S.F. money that is helping to develop the next-generation Internet II. It fought for regulated cheap access to phone networks. It supports subsidies for school and library Internet access. It exhorts the Federal Government to carry a big stick internationally to protect its software against pirates. Most of this makes sense, but it is not exactly the free market.

Internet enthusiasts have a fallback hope: "You cannot regulate the Internet." The idea is that clever kids can always find a way to run electronic circles around any restriction, so why even try to regulate? The fallacy is to focus on the electronic bits, which indeed are very hard to control.

Communications are a matter not just of signals but of people, institutions and physical hardware; the arm of the law can reach them. A government will go after static and physical elements if it cannot reach mobile or intangible ones.

For example, instead of taxing transactions over the Internet, which will prove difficult and inefficient, a government might tax the physical delivery -- a "U.P.S. tax." Instead of controlling information, it might mandate hardware to do so, like the V-chip in television sets.

It seems that the new medium is like an inkblot test, an electronic blob into which all project their own fantasies, hopes and fears. Traditionalists find the dark forces of degeneracy. Libertarians detect the heavy hand of government. Leftists discover the sharing community, devoid of the material avarice of private business. Internationalists expect the global village.

This kind of dreaming is common for new and fundamental technology, and it is usually wrong. The reality will be more mundane: the Internet will be enormously important, but it will not create a new regulatory system. It's nice to dream of it as a global force of liberation, but it may also have the unintended opposite effect, if more controls are levied on people and property instead of on transactions and information.

The White House, commendably, says all the right things. But if we watch what it does to its own sacred cows, not what it tells others to do, we should not expect a deregulatory revolution.

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