

MINDS + MACHINES COMMENTS ON ICANN'S LATEST ECONOMIC REPORT

Following are the comments of Minds + Machines on the economic report dated June 2010, entitled "An Economic Framework for the Analysis of the Expansion of Generic Top-Level Domain Names," by Michael L. Katz, Gregory L. Rosston, and Theresa Sullivan.

"IT DEPENDS"

Economists aren't very good at predicting things, as any one with money in the stock market can attest. The most powerful economist in the United States, the Chairman of the Federal Reserve, is on record predicting a continuing climb in housing prices – just prior to their precipitous decline. And yet their crystal balls still hold some allure for those who need to present "evidence" about the future. Such is the case with ICANN and the new gTLD program.

The latest economic report to be presented to ICANN uses a great number of pages to say very little. It tells us that gTLDs may be useful, or they may be harmful – it depends. We are told that cybersquatting may increase, or not – it depends. We learn that registries might make money, or they might not – it depends. To our astonishment, we learn that sometimes things are good for some people, but bad for others.

The entire report could have consisted of this one paragraph, which contains the entire wisdom of its contents:

"Because business model innovations are difficult to predict, experience with the development of gTLDs that serve specific communities is limited, and the community has no experience with IDNs at the TLD level, it is difficult to describe the expected effects of new gTLDs with precision."

In other words: "It depends."

WHY DO WE EVEN HAVE THIS ECONOMIC REPORT?

ICANN has produced many economic reports. Each time, someone objects to the results, and insists ICANN do another one, hoping for a different result. This is not as ridiculous as it might first appear, because two different sets of economists are entirely capable of coming up with wildly disparate results. In this case, the economic study is mandated by the Affirmation of Commitments. So ICANN is obliged to do it, which makes it mandatory, if no less fatuous.

THE LANGUAGE OF IMPRECISION

The authors were handed an impossible task: predict what going to happen, in both an economic and social dimension, if we do something that has never been done before. With consummate professionalism, however, they were equal to the task, employing two effective strategies. First, they used the bulk of the report to review the history of the gTLD program, other surveys and opinions, and different theoretical frameworks for quantifying economic predictions. Second, they predicted various *possible* risks and benefits, without quantifying any of them – the words “may” and “might” appear 128 times, or roughly twice per page.

SOMETHING FOR EVERYONE

By saying that new gTLDs might be good, or might be bad, or possibly even a mix of the two, the authors gave both proponents and opponents something to cheer about, which has muted opposition to the report itself and has instead resulted in the two sides brandishing excerpts from the report, each for its own benefit. But the professionalism of the authors shows through: their most important recommendation is that the new gTLDs will provide data for – wait for it – another study.

I commend the authors for taking money from ICANN, and for setting themselves up for more work later, and for producing a document that looks entirely professional, while saying nothing more than “it depends.” They were given an dubious task, and performed it to the hilt.

Should observers of ICANN lend any credence to this study? If your goal is to advocate a position without any empirical evidence, it is a splendid tool. If your goal is to understand what the new gTLD program will produce, it will, if printed out and bound, make a splendid paperweight.

In other words, it depends...