

porate-governance expert at the University of Chicago's business school, reckons that it is best not to read too much into deals such as this one, since there is so much liquidity sloshing around America's capital markets. Mr Kaplan points out that while everyone has focused on the deals done by private-equity funds in recent years, a lot of deal money has also come from bankers who are eager to lend. Koch Industries, for example, has reportedly lined up an \$11 billion loan from Citigroup to finance its purchase of Georgia-Pacific.

For big acquisitions, banks are now willing to lend at valuations matching those in 1986-87 and 1998, two periods notable for their froth. "We have a year or two, and we'll get another recession," says Mr Kaplan, only half-jokingly. ■

The internet

A peace of sorts

TUNIS

No one controls the internet, but many are determined to try

"EVERY civilisation starts as a theocracy and ends as a democracy," wrote Victor Hugo, alluding to the impact of the printing press on the Catholic Church. So too the internet. This week, after years of vitriolic debate, the first steps towards nudging aside America's unilateral role in managing the internet's core infrastructure took shape.

From 1968 to 1998 the network's underlying protocols and addressing system were co-ordinated largely by an engineer named Jon Postel (whom techies referred to as "God"), acting under the aegis of America's Defence Department, which paid for the net's creation. Since 1998, the task has fallen to an international, self-regulating industry group called the Internet Corporation for Assigned Names and Numbers (ICANN), operating under the benign oversight of the American government. It manages things such as .com addresses and routing numbers that machines use online.

But as other countries began to appreciate the importance of the internet, ICANN's private-sector nature was deemed unsatisfactory; governments wanted more control. At the United Nations' World Summit on the Information Society in Tunis this week, countries agreed on the creation of an Internet Governance Forum to begin in 2006, which some nations plan to use to shift the oversight of the internet to a multilateral footing. Although others from industry and civil-society groups can participate, most governments expect that they will be the

ones in charge.

Paradoxically, American officials hailed the outcome as a victory. In most respects, they are right. America beat back calls to replace ICANN entirely; it won backing for a toothless talking-shop that would not be limited to governments, and the talks will range over a jumble of issues, from cyber-security to spam. "There is no change in the technical aspects of the internet," gushed David Gross, who led America's delegation.

Yet the agreement to defer the debate to another venue simply underscores that the real fight is only just starting. In terms of mainstream policy, the internet presents many concerns that require more governmental input than can be achieved with ICANN (which tries to do only technical stuff), yet have no natural home among existing international institutions. As for ICANN, countries object so strongly to America's unilateral power that the nation has been left nearly isolated.

Other countries have considered creating a supplementary addressing system to work alongside ICANN-sanctioned domains like .com or .uk (for Britain). This would permit other language scripts such as Chinese or Arabic to be used as web addresses. It would require a separate naming system alongside the existing one, which could cause complications, although a bit of competition might be good.

However, sharing the management of the internet comes at a price. Government influence over technology invariably slows down innovation, favours powerful players, increases costs and encumbers engineering with political squabbles. A desire to avoid these burdens is the reason America created ICANN. Nevertheless, most other countries remain unpersuaded, and arrived in Tunis to assert more governmental control, if only to minimise America's dominant role.

Achieving this may not be as easy as they expect, even if they eventually get their way. The internet is comprised of thousands of privately owned networks that agree to interconnect, and informally adhere to the late Dr Postel's (and now ICANN's) addressing system. America is able to maintain its formal power over the addresses through ICANN largely because it does not exercise much in reality.

Yet whoever administers the underlying infrastructure can subtly impose their values. As an American creation, the internet embodies decentralisation and openness on a technical level that has translated into free expression and low-cost access in both political and economic spheres. If the system were placed on an intergovernmental footing, such characteristics could well be jeopardised. So America is right to try to retain formal control if it can. Its largely hands-off approach has worked remarkably well. ■