

Electronic Commerce

Lecture 8

IT392

ETHICAL, SOCIAL, AND POLITICAL
ISSUES IN E-COMMERCE

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Chapter 8

- Determining how or whether personal information collected by online companies should be retained or deleted is just one of many ethical, social, and political issues raised by the rapid evolution of the Internet and e-commerce.
- For instance, the extent to which individuals can control the use of their personal information after it has been collected by an online company is still up for debate in the United States, with different laws in different states.
- In Europe, in contrast, individuals do retain rights to their personal information.

Chapter 8

- These questions are not just ethical questions that we as individuals have to answer; they also involve social institutions such as family, schools, business firms, and, in some cases, entire nation-states.
- And these questions have obvious political dimensions because they involve collective choices about how we should live and what laws we would like to live under.
- In this chapter, we discuss and provide a framework for understanding the ethical, social, and political issues raised in e-commerce.

Learning Objectives

- Understand why e-commerce raises ethical, social, and political issues.
- Understand basic concepts related to privacy and information rights, the practices of e-commerce companies that threaten privacy, and the different methods that can be used to protect online privacy.
- Understand the various forms of intellectual property and the challenges involved in protecting it.
- Understand how the Internet is governed, and identify major governance issues raised by the Internet and e-commerce.
- Identify major public safety and welfare issues raised by e-commerce.

Chapter 8:

Ethical, social, and political issues in e-commerce

Understanding Ethical, Social, and Political Issues in E-commerce

Privacy and Information Rights

Intellectual Property Rights

Governance

Public Safety and Welfare

A Model for Organizing the Issues

Responsibility, Accountability, Liability, and Due Process

Analyzing Ethical Dilemmas

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Social Networks: Privacy and Self Revelation

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Patents

Trademarks

Trade Secrets

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Cigarettes, Drugs, and Gambling: Is the Web Really Borderless?

Understanding Ethical, Social, and Political Issues in E-commerce

- **The Internet and e-commerce have introduced unprecedented ethical, social, and political issues.**
- **These issues stem from both the nature of Internet technology and how businesses exploit it.**
- **Internet technology disrupts traditional social and business relationships.**
- **We live in an information society, where power and wealth are tied to information and knowledge.**

Understanding Ethical, Social, and Political Issues in E-commerce

- Like other technologies, the Internet can be used for **social progress** or **harmful purposes** (e.g., cybercrime).
- The rise of the Internet has led to **new forms of crime**, similar to how cars enabled interstate crime.
- While many benefit from e-commerce, it also imposes **costs on individuals and societies**.
- These **costs and benefits** must be weighed to make **ethical and socially responsible decisions**.

Understanding Ethical, Social, and Political Issues in E-commerce

Unique features of e-commerce technology and their potential ethical, social, and/or political implications

E – commerce technology dimension	Potential ethical, social, and / or political significance
Ubiquity —Internet/Web technology is available everywhere (at work, at home, and elsewhere via mobile devices) and anytime.	Work and shopping can invade family life; shopping can distract workers at work, lowering their productivity; use of mobile devices can lead to automobile and industrial accidents.
Global reach —The technology reaches across national boundaries and around the Earth.	Reduces cultural diversity in products; weakens small, local firms while strengthening large, global firms; moves manufacturing production to lowwage areas of the world; weakens the ability of all nations—large and small— to control their information destiny.
Universal standards —There is one set of technology standards, namely, Internet standards.	Increases vulnerability to malware and hacking attacks worldwide, affecting millions of people at once. Increases the likelihood of “information” crime.
Richness —Video, audio, and text messages are possible.	A “screen technology” that reduces the use of text and potentially the ability to read by focusing instead on video and audio messages. Potentially very persuasive messages that may reduce reliance on multiple, independent sources of information.

Understanding Ethical, Social, and Political Issues in E-commerce

Unique features of e-commerce technology and their potential ethical, social, and/or political implications

E – commerce technology dimension	Potential ethical, social, and / or political significance
Interactivity — with the user.	The nature of interactivity at commercial sites can be shallow and meaningless. Customer e-mails are frequently not read by human beings. Customers do not really “co-produce” the product as much as they “co-produce” the sale.
Information density —The technology reduces information costs and raises quality.	Although the total amount of information available to all parties increases, so does the possibility of false and misleading information, unwanted information, and invasion of solitude. Trust, authenticity, accuracy, completeness, and other quality features of information can be degraded.
Personalization/Customization	Opens up the possibility of intensive invasion of privacy for commercial and governmental purposes.
Social technology —The technology enables user content generation and social networks.	Creates opportunities for cyberbullying, and abusive language; challenges concepts of privacy, fair use, and consent to use posted information; creates new opportunities for surveillance into private lives by authorities and corporations.

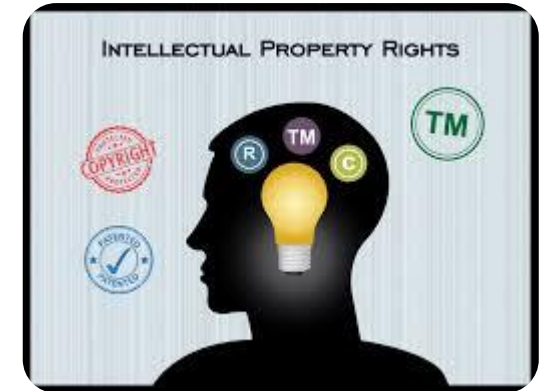
Understanding Ethical, Social, and Political Issues in E-commerce

A Model for Organizing the Issues

- At the individual level, what appears to be an ethical issue—“What should I do?”—is reflected at the social and political levels: “What should we as a society and government do?”
- The major ethical, social, and political issues that have developed around e-commerce can be loosely categorized into four moral dimensions:

Understanding Ethical, Social, and Political Issues in E-commerce

- **Information rights:** What rights to their own personal information do individuals have in a public marketplace, or in their private homes, when Internet technologies make information collection so pervasive and efficient?
- **Property rights:** How can traditional intellectual property rights be enforced in a digital society in which perfect copies of protected works can be made and easily distributed worldwide in seconds?



Understanding Ethical, Social, and Political Issues in E-commerce

- **Governance:** Should the Internet and e-commerce be subject to public laws? And if so, what law-making bodies have jurisdiction?
- **Public safety and welfare:** What efforts should be undertaken to ensure equitable access to the Internet and e-commerce? Should governments be responsible for ensuring that all members of society have access to the Internet? Are certain types of online content and activities—such as fake news, pornography, gambling, or anonymous tweeting of hateful language—a threat to public safety and welfare?

Understanding Ethical, Social, and Political Issues in E-commerce

- Before examining the four moral dimensions of the Internet and e-commerce in greater depth, we will briefly review some basic concepts of ethical reasoning that you can use as a guide to ethical decision-making.

Understanding Ethical, Social, and Political Issues in E-commerce

Basic Ethical Concepts: Responsibility, Accountability, Liability, and Due Process

- **Ethics** is the study of principles that individuals and organizations can use to determine right and wrong courses of action. It is assumed in ethics that individuals are free moral agents who are in a position to make choices.
- **Responsibility** means that individuals, organizations, and societies are responsible for the actions they take.



Understanding Ethical, Social, and Political Issues in E-commerce

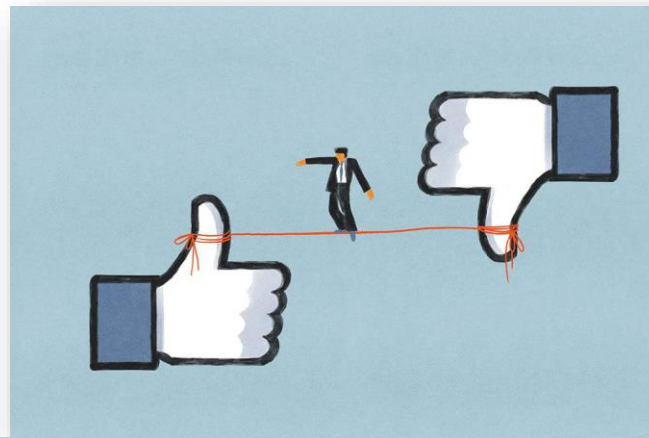
- **Accountability** means that individuals, organizations, and societies should be held accountable to others for the consequences of their actions.
- **Liability** is a feature of political systems in which a body of law is in place that permits individuals to recover the damages done to them by other actors, systems, or organizations.
- **Due process** is a feature of law-governed societies and refers to a process in which laws are known and understood, and there is an ability to appeal to higher authorities to ensure that the laws have been correctly applied.



Understanding Ethical, Social, and Political Issues in E-commerce

Analyzing Ethical Dilemmas

- A **dilemma** is a situation in which there are at least two diametrically opposed actions, each of which supports a desirable outcome. When confronted with a situation that seems to present an ethical dilemma, how can you analyze and reason about the situation? The following is a five-step process that should help:

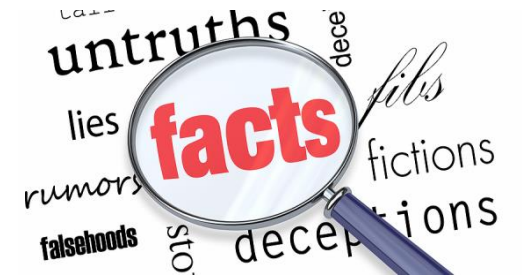


Understanding Ethical, Social, and Political Issues in E-commerce

Analyzing Ethical Dilemmas

1. Identify and clearly describe the facts.

- Find out who did what to whom and where, when, and how.
- In many instances, you will be surprised at the errors in the initially reported facts, and often you will find that simply getting the facts straight helps define the solution.
- It also helps to get the opposing parties involved in an ethical dilemma to agree on the facts.



Understanding Ethical, Social, and Political Issues in E-commerce

Analyzing Ethical Dilemmas

2. Define the conflict or dilemma, and identify the higher-order values involved.

- Ethical, social, and political issues always reference higher values. The parties to a dispute all typically claim to be pursuing higher values (e.g., freedom, privacy, and protection of property).
- For example, supporters of the use of advertising networks such as Google Marketing Platform argue that the tracking of consumer movements online increases market efficiency and the wealth of the entire society. Opponents argue that this claimed efficiency comes at the expense of individual privacy and that advertising networks should cease their activities or offer the option of not participating in such tracking.

Understanding Ethical, Social, and Political Issues in E-commerce

Analyzing Ethical Dilemmas

3. Identify the stakeholders.

- Every ethical, social, and political issue has **stakeholders**: participants who have an interest in the outcome, have invested in the situation, and usually have vocal opinions.
- Find out the identity of these groups and what they want. This knowledge will be useful later when designing a solution.

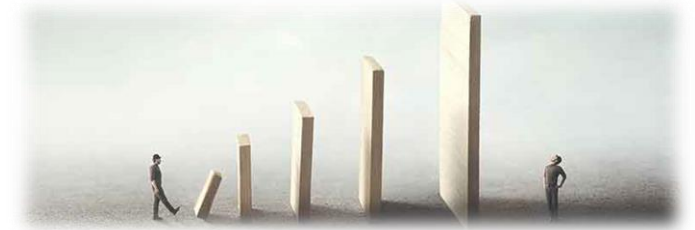


Understanding Ethical, Social, and Political Issues in E-commerce

Analyzing Ethical Dilemmas

4. Identify the options that you can reasonably take.

- You may find that none of the options satisfies all the interests involved but that some options do a better job than others. Sometimes, arriving at a “good” or ethical solution may not always be a balancing of consequences to stakeholders.



5. Identify the potential consequences of your options.

- Some options may be ethically correct but disastrous from other points of view. Other options may work in this one instance but not in other, similar instances. Always ask yourself, “What if I choose this option consistently over time?”

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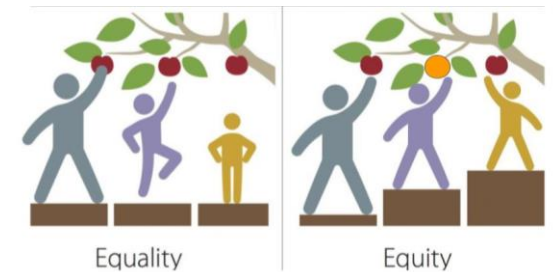
Ethical Principles

- After your analysis is complete, what ethical principles should you use when making a decision as to how to act? Although you are the only one who can decide which ethical principles you will follow and how you will prioritize them, it is helpful to consider some ethical principles that have deep roots in many cultures and that have survived throughout recorded history:

Understanding Ethical, Social, and Political Issues in E-commerce

Ethical Principles

- **The Golden Rule:** Do unto others as you would have them do unto you. Putting yourself in the place of others and thinking of yourself as the object of the decision can help you think about fairness in decision-making.
- **Universalism:** If an action is not right for all situations, then it is not right for any specific situation. Ask yourself, “If we adopted this rule in every case, could the organization, or society, survive?”



Understanding Ethical, Social, and Political Issues in E-commerce

Ethical Principles



- **Slippery Slope:** If an action cannot be taken repeatedly, then it is not right to take at all. An action may appear to work in one instance to solve a problem but, if repeated, would result in a negative outcome. This rule can also be stated as “Once started down a slippery path, you may not be able to stop.”

Understanding Ethical, Social, and Political Issues in E-commerce

Ethical Principles

- **Risk Aversion:** Take the action that produces the least harm, or the least potential cost. Some actions have extremely high failure costs of very low probability (e.g., building a nuclear generating facility in an urban area) or extremely high failure costs of moderate probability (speeding and automobile accidents). Avoid the high-failure-cost actions, and choose instead those actions whose consequences would not be catastrophic even if they were failures.



Understanding Ethical, Social, and Political Issues in E-commerce

Ethical Principles

- **No Free Lunch:** Assume that virtually all tangible and intangible objects are owned by someone else unless there is a specific declaration otherwise. (This is the ethical “no free lunch” rule.) If something someone else has created is useful to you, it has value, and you should assume that the creator wants compensation for this work.
- **The Social Contract Rule:** Would you like to live in a society in which the principle you are supporting would become an organizing principle of the entire society? For instance, you might think it is wonderful to download illegal copies of Hollywood movies, but you might not want to live in a society that does not respect property rights, such as your property rights to the car in your driveway.



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Ethical Principles

- **The New York Times Test (Perfect Information Rule):** Assume that the results of your decision on a matter will be the subject of the lead article in the New York Times the next day. Will the reaction of readers be positive or negative? Would your parents, friends, and children be proud of your decision?

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Privacy and Information Rights

WHAT IS PRIVACY?

- **Privacy** is the moral right of individuals to be left alone, free from surveillance or interference from other individuals or organizations, including the state.
- Privacy is one girder supporting freedom. Without the privacy required to think, write, plan, and associate independently and without fear, social and political freedom, particularly freedom of expression, is weakened—and perhaps destroyed.



Privacy and Information Rights

WHAT IS PRIVACY?

- **Information privacy** is a subset of privacy that rests on four central premises.
- **First**, individuals have a moral right to be able to control the use of whatever information is collected about them, whether or not they consented to the gathering of that information in the first place. Individuals should be able to edit, delete, and shape the use of their online personal information by governments and business firms. In this view, individuals even have the “right to be forgotten”.

Privacy and Information Rights

WHAT IS PRIVACY?

- **Second**, individuals have a moral right to know when information is being collected about them and must give their consent prior to the collection of their personal information. This is the principle of “informed consent.”
- **Third**, individuals have a right to personal information due process. The process of collecting, sharing, and disseminating personal information must be “fair” and transparent to everyone. Systems of personal information—whether public or private—must be publicly known (no secret systems), must operate according to a published set of rules (terms of use policies) that describe how governments and firms will use personal information, and must define ways in which people can edit, correct, and shape their personal information in a system of records.

Privacy and Information Rights

- **Fourth**, individuals have a right to have their personal information stored in a secure manner. Personal record systems must have procedures in place to protect personal information from intrusion, hacking, and unauthorized uses. It is important to note that although privacy and security are not the same, they are linked. Without security of personal information, there obviously cannot be privacy.

Privacy and Information Rights

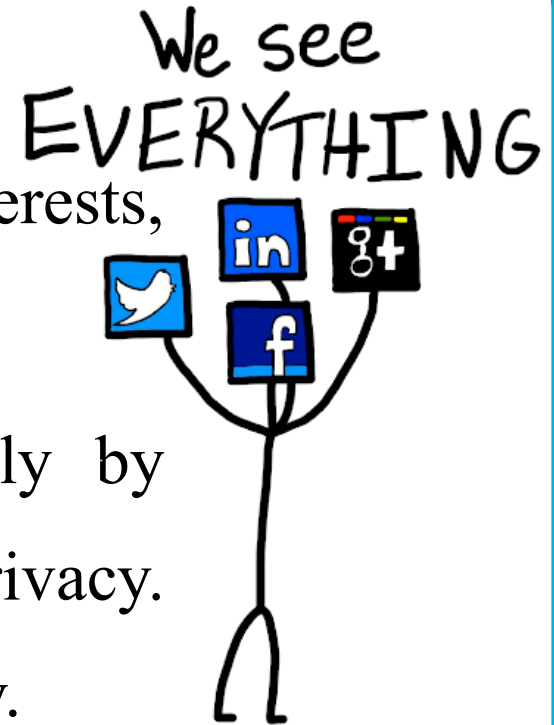
Information Collected by E-commerce Companies

- Historically, public markets lacked consumer privacy protections.
- Merchants traditionally gathered personal data to “know their customer.”
- Modern e-commerce giants (Amazon, Google, Meta) collect vast digital data.
- Over 85% of consumers are concerned about online privacy.
- Key concerns: profiling, targeted ads, social media data, mobile device tracking.

Privacy and Information Rights

Social Networks: Privacy and Self Revelation

- Social networks encourage users to share personal details (e.g., interests, photos, videos) in exchange for free services.
- This has led to vast databases of user information, especially by companies like Meta. While it may seem users willingly give up privacy. Users feel ownership over their content, even when shared publicly.
- Public posts may reduce privacy expectations, but users still value the right to manage their personal information.



Privacy and Information Rights

Privacy and Terms of Use Policies

- Most websites have privacy policies, but they are often long, complex, and hard to understand.
- Studies show it can take up to 8 hours to read a single policy, and many are described as “incomprehensible disasters.”
- There’s a lack of tools to compare privacy policies across companies or track how they change over time.
- Researchers have developed a 10-point evaluation framework to measure the clarity and strength of privacy policies.
- This framework helps assess whether companies are improving or weakening their privacy practices over time.



Privacy and Information Rights

TABLE 8.8 CRITERIA TO USE WHEN EXAMINING PRIVACY POLICIES

Can the privacy policy be easily found, reviewed, and understood by users?

Does the privacy policy fully disclose how personal information will and will not be used by the organization? Is information about users ever shared or sold without users' explicit permission?

Can users decide whether they want to allow their data to be collected and used?

Can users decide and actively indicate that they agree to be profiled, tracked, or targeted?

Can users decide how and whether their sensitive information is shared?

Are users able to change any information that they input about themselves?

Can users decide who can access their information?

Are users notified promptly if their information is lost, stolen, or improperly accessed?

Can users easily report concerns and get answers?

Do users receive a copy of all disclosures of their information?

Privacy and Information Rights

Technological Solutions

- Cross-site tracking uses various types of cookies to track users across the Web
- cross-device tracking uses cellphone login and other user-supplied data, combined with cross-site tracking data, to develop a comprehensive picture of user behavior across all devices
- device fingerprinting collects unique information from a user's browser or smartphone that can be combined with other data files to identify specific devices and users

Privacy and Information Rights

- Table 8.9 lists some common tools for reducing or eliminating online tracking and other online and mobile privacy threats.

TECHNOLOGY	PRODUCTS	PROTECTION
Apple Intelligent Tracking Prevention	Apple Safari web browser	Monitors and disables cross-site tracking cookies and blocks trackers' ability to identify users by IP address
Google Privacy Sandbox	FLEDGE API; Topics API 	Tools now being tested by Google to replace cookie-based, targeted advertising in the Google Chrome web browser
Apple App Tracking Transparency	Apple iOS 	Requires any app that wants to track user activity and share it with other apps or websites to ask user for permission
Privacy default browsers	Epic, Brave, DuckDuckGo	Eliminates tracking cookies and prevents IP tracking
Message encryption apps/services/software	Signal, Gdata Secure Chat, Telegram, Ceerus	Apps that encrypt text and other data that is transferred using smartphones
Spyware blockers	Bitdefender, Avast One, Spybot	Detects and removes spyware, adware, keyloggers, and other malware
Anonymous surfing	Most browsers (i.e., Chrome Incognito; Safari Private Browsing), Tor Browser 	Enhanced privacy protection for web browsing
Public key encryption	Symantec Encryption Desktop	Program that encrypts your mail and documents

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Intellectual Property Rights

- **Intellectual property** refers to creations of the human mind, like websites, music, books, and software.
- Traditionally, creators own their IP and control its use—but the **Internet challenges this model**.
- **Digital content is easy to copy, share, and alter**, making enforcement of IP rights difficult.
- The Internet allows **mass distribution of perfect digital copies** at almost no cost.
- Entrepreneurs often overlook IP laws, such as **patents and trademarks**, in the fast-paced online world.
- Key ethical and social questions arise:
 - Should society still protect IP in the digital age?
 - Does protecting IP limit innovation or benefit society?
 - Should technology be restricted to protect IP owners?
- Politically, the challenge is to **balance IP protection with the growth of e-commerce and the open Internet**.

Intellectual Property Rights

Types of Intellectual Property Protection

- There are **four main types** of IP protection:

❖ Copyright



❖ Patent



❖ Trademark



❖ Trade Secrets.



- The Goal is to balance:
 - **Public interest:** Encouraging creativity and access to ideas.
 - **Private interest:** Rewarding creators for their work.

Intellectual Property Rights

- However, **new technologies constantly disrupt this balance**. Over the past century, innovations like radio, television, CDs, DVDs, and especially the Internet have made it easier to copy and distribute content, often without permission. This weakens the effectiveness of traditional Intellectual Property protections.
- After 2005, with the rise of platforms like the **iTunes Store**, smartphones, and tablets, the balance began to shift back toward **content owners**. These platforms rely on high-quality, legally obtained content to attract users. At the same time, **lawsuits and legal pressure** increased the cost of ignoring IP laws, forcing internet companies to take IP protection more seriously.
- In short, while technology initially weakened IP protections, the growing importance of digital content and legal enforcement has helped restore some balance in favor of creators and rights holders.



What Is Copyright?

Intellectual Property Rights

COPYRIGHT



- **What is protected?**

❑ Copyright protects **original creative works**—like books, music, software, photos, and videos. It doesn't protect the **idea itself**, but rather **how that idea is expressed** (e.g., the actual text, code, or image).

- **Why does this matter?**

❑ In the digital world, it's very easy to **copy and share** content. For example, someone can view the HTML code of a website, but they **can't legally copy and reuse it** to build a similar commercial site.

Intellectual Property Rights

- **What's not protected?**

- ❑ The **concept or technique** behind a work isn't protected. So, someone can study how a website works and then use the same **methods or logic** to build a different site—as long as they don't copy the actual code or design.

- **Real-world example:**

- ❑ Imagine you design a unique website layout. Others can't copy your exact layout or code, but they can be inspired by your design and create something similar using their own code.

- **Why it's important:**

- ❑ Copyright encourages creativity by giving creators control over their work. But it also allows others to **learn from existing work** and build something new—as long as they don't copy it directly.

Intellectual Property Rights

PATENTS

- A **patent** is a legal right that gives an inventor **exclusive control** over how their invention is used, made, or sold for a limited time—usually **20 years**. It's like a temporary monopoly that rewards innovation.
- **What Does a Patent Protect?**
 - ❑ Unlike copyright (which protects the *expression* of an idea), a patent protects the **idea itself**—but only if it meets certain conditions. The invention must be:
 - **New**: It hasn't been done before.
 - **Original**: It's the inventor's own work.
 - **Non-obvious**: It's not something any expert could easily think of.
 - **Useful**: It must have a practical application.



Intellectual Property Rights

PATENTS

- **What Can Be Patented?**

☐ Patents apply to:

- ❖ **Machines** (e.g., engines, tools)
- ❖ **Man-made products** (e.g., electronics, gadgets)
- ❖ **Chemical compositions** (e.g., medicines, materials)
- ❖ **Processes or methods** (e.g., manufacturing techniques, software algorithms)

Intellectual Property Rights

Why Are Patents Important?

- They **encourage innovation** by giving inventors a chance to profit from their ideas.
- They also **promote knowledge sharing**—because to get a patent, inventors must publish detailed information about how their invention works.
- Others can study these patents and create **alternative solutions** that achieve the same result in a different way.

Potential Downsides

- Patents can **limit competition**: New companies may have to pay licensing fees or avoid certain technologies.
- This can **slow down innovation** if too many barriers are created.
- Some companies use patents **strategically**, not just to protect inventions, but to block competitors or demand settlements.

What is Trademarks



Intellectual Property Rights

Trademarks

- A **trademark** is a symbol, word, phrase, design, or even a color or shape used to **identify and distinguish products or services** from others in the market. It helps consumers recognize the source of goods and ensures brand consistency.
- **Why Trademarks Matter**
 - ❖ **For consumers:** Trademarks help people know they're buying from a trusted source.
 - ❖ **For businesses:** They protect the brand from imitation and misuse, preserving reputation and market value.

Intellectual Property Rights

- **What Can Be Trademarked?**



- Words (e.g., “Nike”) - Logos (e.g., Apple’s logo) - Packaging styles - Colors (e.g., Tiffany blue) - Sounds (e.g., Intel’s chime)
- Generic or descriptive terms (like “clock”) usually **cannot** be trademarked.
-  **Trademark Abuse and Online Risks**
- **Cyber squatting:** Registering domain names similar to famous brands to mislead users or profit unfairly.
- **Typo squatting:** Using misspelled versions of popular domains to trick users.
- These tactics can lead users to malicious or inappropriate websites and are often used for phishing or spreading malware.

Intellectual Property Rights

- **Digital Trademark Challenges:**

- ❖ **Metatags misuse:** Using famous brand names in website metadata to attract search traffic. This is allowed only if it doesn't mislead users.
- ❖ **Domain name conflicts:** With the rise of new domain extensions (like .shop, .tech), trademark owners face more risks of brand misuse.

- **How Trademarks Are Protected Online**

- Organizations like **WIPO** handle domain disputes and help transfer misused domains back to rightful owners.
- Systems like **URS** (Uniform Rapid Suspension) allow quick action against trademark violations in new domain spaces.

Intellectual Property Rights

Trade secrets

- **Trade secrets** are a type of intellectual property that includes **confidential business information**—such as formulas, processes, methods, or strategies—that give a company a **competitive advantage** and are **not publicly disclosed**.
- **Key Characteristics of Trade Secrets**
 - ❖ To qualify as a trade secret, the information must:
 - ❖ Be **secret** (not generally known).
 - ❖ Have **commercial value** because it is secret.
 - ❖ Be **actively protected** by the company (e.g., through security measures or confidentiality agreements).



Intellectual Property Rights

- **Examples of Trade Secrets**

- ❖ Coca-Cola's formula
- ❖ Manufacturing techniques for jet engine parts
- ❖ Proprietary algorithms or internal business processes

- **Why Trade Secrets Matter**

- ❖ They often represent **a company's most valuable assets**.
- ❖ Unlike patents, trade secrets **don't require public disclosure** and can last indefinitely—as long as they remain secret.
- ❖ In the digital age, trade secrets are more vulnerable to **cyber theft** and **economic espionage**, especially by hackers or foreign entities.

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- **Governance involves social control:**
 - ❖ Who will control the Internet?
 - ❖ Who will control the processes, the content, and the activities of e-commerce?
 - ❖ What elements will be controlled, and how will the controls be implemented?
- A natural question arises and needs to be answered:
- Why do we as a society need to “control” e-commerce? Because e-commerce and the Internet are so closely intertwined (although not identical), controlling e-commerce also involves regulating the Internet.

Can the Internet Be Controlled?

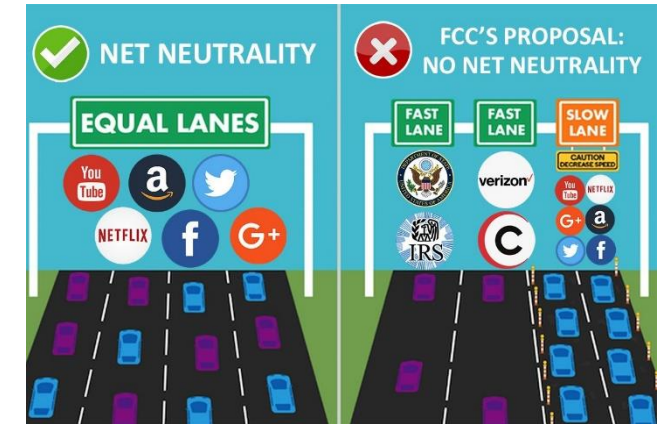
- **Early belief:** The Internet was thought to be uncontrollable due to its **decentralized design, borderless nature, and packet-switching technology**.
- **Reality today:** The Internet **can be monitored and controlled**, especially through:
 - **Network access points**
 - **Centralized routers**
 - **Internet Service Providers (ISPs)**

Governance

- **Examples of control:**
 - ❖ Countries like **China, Iran,etc.** use national firewalls and government-owned infrastructure to filter and block content.
 - ❖ In the **U.S.**, ISPs can be forced to remove content, and agencies like the **NSA** can monitor traffic with court approval.
- **Corporate control:** Many companies restrict employee access to certain websites at work.
- **Tension with free speech:** In democratic societies, especially the U.S., efforts to regulate online content often clash with **freedom of expression**.
- **Modern challenges:** The rise of **online bullying, fake news, and hate speech** has reignited debates about how much control is necessary—and who should have it.

Governance

- **Net neutrality** means all internet data should be treated equally by service providers—no favoritism, blocking, or slowing down based on content or usage.
- Without net neutrality, ISPs can:
 - ❖ **Throttle** heavy users (e.g., streaming or torrenting).
 - ❖ **Charge extra** for faster access to certain services.
 - ❖ **Prioritize** some platforms over others.
- ISPs argue that managing bandwidth is necessary to maintain network performance and that heavy users should pay more.
- Critics of non-neutral practices warn that this could:
 - ❖ **Limit access** to certain content.
 - ❖ **Hurt competition** by favoring large companies.
 - ❖ **Reduce innovation** by making it harder for smaller platforms to compete.
- The debate continues as **governments, companies, and users** try to balance open access with infrastructure demands.



Antitrust, Monopoly, and Market Competition in the Internet Era

- Major tech firms like **Google (Alphabet), Amazon, and Meta** have grown so large that many believe they are **limiting competition**.
- These companies often **acquire smaller rivals**, increasing their dominance and reducing innovation from startups.
- Critics argue that Big Tech:
 - **Invades user privacy**
 - **Fails to protect personal data**
 - **Spreads misinformation**
 - **Drives small businesses out of the market**
 - **Uses financial power to block regulation**
- There's growing concern that these firms are **too powerful**, not just economically but also socially and politically.
- The central question: **Are these companies harming the public good by concentrating too much control over digital life and commerce?**

Chapter 8:

Ethical, social, and political issues in e-commerce

Understanding Ethical, Social, and Political Issues in E-commerce

Privacy and Information Rights

Intellectual Property Rights

Governance

Public Safety and Welfare

A Model for Organizing the Issues

Responsibility, Accountability, Liability, and Due Process

Analyzing Ethical Dilemmas

Ethical Principles

What Is Privacy?

Information Collected by E-commerce Companies

Social Networks: Privacy and Self Revelation

Privacy and Terms of Use Policies

Technological Solutions

Copyright

Patents

Trademarks

Trade Secrets

Can the Internet Be Controlled?

Net Neutrality

Antitrust, Monopoly, and Market Competition

Protecting Children

Cigarettes, Drugs, and Gambling: Is the Web Really Borderless?

Public Safety and Welfare

Protecting Children

Exposure to Harmful Content: Children are at risk of encountering obscene or inappropriate material online. Efforts have been made to limit their exposure through content filtering and platform moderation.

Content Moderation Challenges: Online platforms struggle to accurately detect and remove harmful content. Even advanced systems often misclassify content, sometimes removing legitimate educational or artistic material.

Mental Health Concerns: Digital media use can negatively impact children's mental well-being. Common issues include:

- Cyberbullying and toxic online interactions
- Feelings of exclusion and harmful social comparisons
- Disrupted sleep and reduced physical activity
- Risk of excessive screen time and digital addiction

Public Safety and Welfare

Protecting Children

- **Platform-Specific Effects:** Some platforms, like Instagram, have been linked to negative effects on self-esteem, especially among teenage girls.
- **Designing for Child Well-being:** There is growing emphasis on designing digital services that prioritize children's physical and mental health. This includes age-appropriate interfaces, privacy protections, and features that reduce harm.
- **Emerging Digital Environments:** New technologies like the metaverse raise fresh concerns about children's safety and psychological impact in immersive spaces.

Public Safety and Welfare

Cigarettes, Drugs, and Gambling: Is the Web Really Borderless?

- **Online Access to Restricted Products:** Products like cigarettes, drugs, and gambling services are often tightly controlled offline but can still be found online, sometimes through offshore websites.
- **Cigarette Sales Online:**
 - Authorities have been effective in reducing online sales of untaxed cigarettes by pressuring payment processors and shipping companies to stop supporting these transactions.
 - Major tobacco companies have also taken steps to avoid supplying resellers involved in illegal online sales.
 - Some offshore websites still operate using checks, money orders, and postal services, but consumer use has dropped due to fear of tax enforcement.
- **E-Cigarettes and Vaping:**
 - Growing health concerns have led to increased restrictions on the online sale of e-cigarettes and vaping products.
 - These restrictions are being implemented at both local and national levels.



Public Safety and Welfare

Cigarettes, Drugs, and Gambling: Is the Web Really Borderless?

- Most online pharmacies operate without requiring prescriptions and may sell dangerous or counterfeit drugs.
- Some fake medications contain harmful substances instead of the intended treatment.
- Many people are drawn to online pharmacies for lower prices, especially from countries with cheaper drug markets.
- Offshore operations make regulation and enforcement difficult.
- The **darknet** is a major hub for anonymous drug sales, using special software and cryptocurrencies.

Public Safety and Welfare

Cigarettes, Drugs, and Gambling: Is the Web Really Borderless?

- **Jurisdictional Tensions:** Online gambling challenges traditional legal boundaries, as websites can operate across borders and outside local control.
- **Industry Adaptation:** Many gambling companies and U.S. states now support online gambling due to its potential for generating significant revenue.
- **Use of Cryptocurrencies:** Online gambling platforms often adopt cryptocurrencies to bypass traditional financial systems and enhance user anonymity.
- **Enforcement and Evasion:** While authorities have attempted to restrict access to offshore gambling sites, these platforms adapt quickly, often shifting to alternative payment methods and jurisdictions.

Review

Understand why e-commerce raises ethical, social, and political issues.

- The major issues raised by e-commerce can be loosely categorized into four major dimensions:
- ***Information rights***—What rights do individuals have to control their own personal information when Internet technologies make information collection so pervasive and efficient?
- ***Property rights***—How can traditional intellectual property rights be enforced when perfect copies of protected works can be made and easily distributed worldwide via the Internet?
- ***Governance***—Should the Internet and e-commerce be subject to public laws?
- ***Public safety and welfare***—What efforts should be undertaken to ensure equitable access to the Internet and e-commerce channels? Do certain online content and activities pose a threat to public safety and welfare?

Review

Understand why e-commerce raises ethical, social, and political issues.

- Ethical, social, and political controversies usually present themselves as dilemmas. Ethical dilemmas can be analyzed via the following process:
- Identify and clearly describe the facts.
- Define the conflict or dilemma and identify the higher-order values involved.
- Identify the stakeholders.
- Identify the options that you can reasonably take.
- Identify the potential consequences of your options.
- Refer to well-established ethical principles, such as the Golden Rule, Universalism, the Slippery Slope, the Collective Utilitarian Principle, Risk Aversion, the No Free Lunch Rule, the *New York Times* Test, and the Social Contract Rule, to help you decide the best actions to take regarding the matter.

Review

Understand basic concepts related to privacy and information rights, the practices of e-commerce companies that threaten privacy, and the different methods that can be used to protect online privacy.

- To understand the issues concerning online privacy, you must first understand some basic concepts:
- ***Privacy*** is the moral right of individuals to be left alone, free from surveillance by or interference from others.
- ***Information privacy*** includes the right to control personal information and to know what information is being collected, the right to due process, and the right to have personal information stored securely.
- ***Due process*** as embodied by the FTC's Fair Information Practices principles, informed consent, and opt-in/ opt-out policies also plays an important role in privacy.

Review

Understand the various forms of intellectual property and the challenges involved in protecting it.

- ***Copyright law*** protects original forms of expression such as writings, drawings, and computer programs from being copied by others for a certain period of time. It does not protect ideas—just their expression in a tangible medium.
- Copyrights, like all rights, are not absolute. The doctrine of fair use permits certain parties under certain circumstances to use copyrighted material without permission.
- ***Patent law*** grants the owner of a patent an exclusive monopoly to the ideas behind an invention for a certain period of time, typically 20 years. Patents are very different from copyrights in that patents protect the ideas themselves and not merely the expression of the ideas. There are four types of inventions for which patents are granted under patent law: machines, man-made products, compositions of matter, and processing methods. In order to be granted a patent, the applicant must show that the invention is new, original, novel, nonobvious, and not evident in prior arts and practices

Review

Understand the various forms of intellectual property and the challenges involved in protecting it.

- ***Trademark law*** protects the public in the marketplace by ensuring that the public gets what it pays for and wants to receive and also protects the owner, who has spent time, money, and energy bringing the product to market against piracy and misappropriation. Trademarks are granted for a period of 10 years and can be renewed indefinitely. Use of a trademark that creates confusion with existing trademarks, causes consumers to make market mistakes, or misrepresents the origins of goods is an infringement. In addition, the intentional misuse of words and symbols in the marketplace to extort revenue from legitimate trademark owners (“bad faith”) is proscribed.
- ***Trade secret laws*** protect intellectual property that involves business procedures, processes, formulas, and methods of manufacture.

Review

Understand how the Internet is governed, and identify major governance issues raised by the Internet and e-commerce.

- Governance involves social control: who will control e-commerce, what elements will be controlled, and how those controls will be implemented.
- E-commerce raises the issue of how—and whether—to tax remote sales.
- Net neutrality refers to the idea that ISPs, including cable Internet, and wireless carriers, should treat all data on the Internet in the same manner and not discriminate or price differentially by content, protocol, platform, hardware, or application.

Identify major public safety and welfare issues raised by e-commerce.

- Critical public safety and welfare issues in e-commerce include:
 - ❖ The protection of children and strong sentiments against pornography.
 - ❖ Efforts to restrict sales of cigarettes and drugs and to control gambling. In the United States, cigarettes, gambling, medical drugs, and addictive recreational drugs are either banned or tightly regulated by federal and state laws. Many offshore sites for these products and services have been shut down following government pressure. Online gambling is growing but is doing so more slowly than anticipated.

Reference

