Chapter 3

The Anonymity of the Internet:
A Problem for E-Commerce and a "Modified" Hobbesian Solution

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ABSTRACT

Commerce performed electronically using the Internet (e-commerce) faces a unique and difficult problem, the anonymity of the Internet. Because the parties are not in physical proximity to one another, there are limited avenues for trust to arise between them, and this leads to the fear of cheating and promise-breaking. To resolve this problem, I explore solutions that are based on Thomas Hobbes's solutions to the problem of the free rider and apply them to e-commerce.

TRUST AND THE INTERNET

A firm handshake and a face-to-face meeting over dinner and drinks used to be the model for business transactions. Buyers and sellers met face-to-face in stores, restaurants, board rooms, and even on front porches to arrange transactions, and it would have seemed bizarre to buy anything 'sight unseen,' much less to buy from a person you couldn't see or hear. But the Internet has changed the face of the world, and commerce is no exception: transactions occur between parties who have never met, will never meet, and do not ever need to speak to each other using anything more than a keyboard. These new, electronic, possibilities for business and commerce are great, but they can also come at a significant cost: a sense of trust that is (for some) generated in a person-to-person (rather than a machine-to-machine) transaction. In this paper, I will argue that the perceived anonymity of the Internet raises problems for traditional models of commerce, but that the problem can be resolved in a Hobbesian fashion by creating an appropriately authoritative framework under which e-commerce can operate, and by having avenues for recourse should a transaction be unsatisfactory to either (or both) parties. I will attempt to shine a light on a more broadly philosophical problem (the problem of the 'free rider') by looking at the hazards of e-commerce, and I will argue that Hobbes' recognition of this problem,

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and his solutions to it, are useful for steering us clear of these hazards. My primary concern here is philosophical: I offer advice to participants in e-business using Hobbesian precepts without an in-depth analysis of how the business end of the advice might be cashed out. But I think it is clear that business can learn much from philosophy, and vice versa.

We would be wise to begin by noting some of the essential differences that make the problems facing e-commerce different from those that plague standard versions of commercial interaction. To begin with, I should clarify a crucial point: in this paper, I focus on the issues that plague e-commerce and not with the more broad category of e-business (which includes e-commerce but also includes electronic facets of the internal operation of a business) itself. I include all forms of electronic commerce under the broad heading of e-commerce, including sales from vendor to vendor, vendor to consumer, and consumer to consumer. I also include both fixed price sites and auction sites, and third-party hosted transactions. This means that my argument applies equally when ACME Widgets sells parts to General Industrial Incorporated, or when Annie sells Bill a hand-made scarf or a used copy of *London Calling* on Ebay or Amazon's Marketplace. I realize that the scope of the transactions is greatly different, but I do not think the principles that ground them should be.

The thrust of my argument here is that there is a philosophically interesting problem that faces e-commerce, and that this problem is based on the distinct environment of e-commerce: the distance and anonymity of the Internet. The problem is not completely unique to e-commerce, of course, because it would plague any form of mail-order sales and even, to a lesser degree, sales by phone and television. It is amplified in e-commerce, however, because there is rarely any contact with another human being, person-to-person, apart from email. When a customer buys a product from a vendor in a traditional setting, there are certainly going to be concerns about the transaction, but I argue that concerns are greatly increased in an e-commerce setting for a number of reasons. These reasons include, but are not limited to, the following:

1. The lack of face-to-face connection with another person.
2. The lack of familiarity with the seller and her business practices.
3. The lack of repeat transactions with the same seller.
4. The reputed anonymity of the Internet.
5. The lack of a personal filter on conversations that take place over the Internet.

The lack of face-to-face, interpersonal interaction may impact the feelings of trust that each member of the transaction will have. According to recent psychological research (and echoing common folk psychological attributions) there is something important about having a 'trustworthy face', and visual perception of facial cues works to reinforce or create attributions of traits like 'trustworthy' or 'confident' or 'aggressive' in stranger (Oosterhof & Todorov, 2008, p. 126). The inability to examine a face, according to some views of this work, might impede the ability to trust, or at least cause the trust to develop more slowly than it would under face-to-face conditions (Wilson, Straus, & McEvily, 2006).

Secondly, there is the lack of familiarity with the seller. Being unfamiliar with a seller is not a situation limited to e-commerce: it would, presumably, apply to every first-time pair of transactors. But combining this with the 'lack of face' makes it more problematic: not only do parties not see their partner, but they also know little more than what each party posts on its website. In most cases, without doing much digging, it would be hard to ascertain which online sellers are reliable and which are scam artists.

This leads us to the third problem, where buyers may find themselves moving from seller to seller to get the best price (instead of simply committing to one location as central) and, ultimately, may not

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