Information Society Theory and the Developing World

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Guest Lecture

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Information Society Theory

- Webster five types of theories
  - technology, economy, occupation, culture, spatial
  - in recent years most common theories start from technology, i.e. from developments in ICTs
    - new possibilities in transmission and storage of information
    - lead to new possibilities in all sectors of society
    - often very positive about influence on society

- Critique
  - one category of leftist writers strongly criticize this view
    - Webster, Robins and Webster, Garnham, etc.
  - another takes technology change as the starting point of a critical theory of the information society
    - Melody, Mansell, Freeman, Soete, Castells, Antonelli, etc.

- In this session we focus on the second category
  - authors starting from technology change
  - embedding it in broader economic and social processes
  - from a critical (neo-marxian and neo-schumpeterian) view
    - Marx: economy central determinant in social structuring
    - Schumpeter: technological innovation central for increasing productivity (and thus for growth of economies and competition between economies)

- Why focus?
  - a more correct interpretation of what is really happening
  - sheds more sobering light on possibilities of developing countries to leap-frog (to jump stages of development)

Problem of theories

- Rather complex, dense and confusing
  - see ICTs as all-pervasive, changing all sectors
  - do not distinguish between changes in specific sectors, at economic levels or at level of social institutions and structures
- Goal of this session (and article)
  - rephrase theories according to level of argumentation
  - look at implications for developing countries
    - all too often theories of the information society are seen as universally valid
    - critical authors much more cautious

Levels of analysis and conceptualization

- The information industry
- The micro-economic level
- The meso-economic level
- The macro-economic level
- The social level

- Division is somewhat artificial
  - Most authors combine different levels
  - can be very useful as a tool to better understand theory

The Information Industry

- Mix of factors has fundamentally changed the industry
  - technological: convergence through digitalization
    - convergence of telecommunications, media and computing into one sector
  - political: new international regulatory frameworks
    - liberalization of markets as result of GATS negotiations
    - especially in finance, services, telecommunications and electronics
  - economical: globalization of financial and other markets

- Why information industry of utmost importance?
  - Information industry one of few growing sectors in West
    - in many traditional sectors delocalization of production
    - hope that employment in information industry (services) will balance the loss
  - Information industry the underlying industry of information society
    - produce the technology and services, used and consumed in IS
    - countries (or blocks) want to harbor new industrial champions
    - IPR (commodification of information) important

- What is the position of the developing countries
- Technologically two options
  - try to become part of information industry
    - enormous investment and capacity needed
    - road might be long and many losers
  - import technologies to support economies in other areas
    - paradox
    - imports risk to remain high:
      - ICTs and renewal remain expensive
    - exports risk to remain low:
      - higher production in already overcrowded markets
      - import barriers in the West so far remain intact

- Culturally
  - risk of being swamped with Western content and services
  - interactivity of new technologies potentially provides a channel back (e.g. Internet)
  - structural imbalance will remain high

The Micro-economic level

- Level of individual firm
  - knowledge most important factor in production
    - R&D driving force of innovation
    - Marketing driving force of distribution
    - ICTs the underlying infrastructure
    - e.g. Cellphone and Medicine
  - also more and more the case in services
    - knowledge driven production makes innovation cyclus very fast
      - Cellphones: huge, sexy, color, tunes, MMS, gaming

- What does that mean for policy?
  - *Knowledge Society* in the West supported by complex web of public and private institutions that support education, research and innovation
  - life long learning
  - flexibelization of employement
- What does it mean for developing countries
  - information society is a knowledge society
  - not only question of access to information
  - question of education, industrial development, etc.

The Meso-economic level

- Focus on the level of interaction between firms
  - classical theories of economy: market place
- new theories of economy: network economy
  - firms work in close networks
    - rely on each others R&D and knowledge
    - are strongly interdependent
    - e.g. car production (doors)
- two consequences
  - high performance ICT networks important for communication
  - geographic proximity highly important

- What does that mean for policy?
  - in West stimulation of technology valleys
    - Silicon Valley, Munich Area, Paris Area, etc.
    - invest in high performance ICT and transport infrastructure
- What does that mean for developing countries?
  - very difficult to become part of the *industrial network*
  - invest in ICT infrastructure and skilled labour
    - Malaysia: MultiMediaCorridor
    - South Africa: plans to develop Jo'burg-Pretoria ax
  - make investment attractive through tax-exemptions, etc.
    - contradictory

The Macro-economic level

- Focus on economic structures of countries
- Globalization of central economic activity
  - liberalization of most markets (since 1980s)
  - ICTs makes it possible to integrate segments of markets worldwide

- Shift in balance between states and capital (firms)
  - powerless states
    - states have to compete against each other for companies and economic activity
  - creation of a *global network economy*
    - only those places interesting for the *global network economy* are connected
    - large parts of the developing countries and disadvantaged regions in the West disconnected
      - Where does it leave Africa?

- What is the role of policy in the powerless state?
  - Create an enabling environment for investment
    - High skilled (low wage) workers
      - Good educational system
      - Pleasant environment to live
    - High quality infrastructures
      - ICTs and telecommunications
      - Transport
    - Low-taxes both on employment and companies
- What does it mean for developing countries
  - Exactly the same

The Social level

- Globally two types of labour
  - self-programmable labour:
    - highly educated and flexible workers
    - flexible in terms of learning and relearning
    - allowed to move globally
      - e.g. Indian Engineers and Informatics specialists
  - generic labour:
    - non skilled workers
    - easily replaceble by either technology or delocalization of production
    - not allowed to move globlly
      - e.g. economic asylum seekers in the West

- What does it mean for society
  - rebalancing of wages ⇒ growing inequality
  - together with pressure on taxes to keep economic activity within countries
    - in the West pressure on the Welfare state

Don’t want to end negative

- Is this a gloomy picture on the future?
  - Yes it is.
- Is there hope?
  - Yes there is.
  - Counter-reaction
    - Developing countries starting to question global economic structures (Cancun)
    - In the West *movement for an alternative globalisation*