

POLITICAL ECONOMY OF THE INFORMATION SOCIETY: A SOUTHERN VIEW

Anita Gurumurthy and Parminder Jeet Singh

“Neo-liberalism is principally a political project of embedding market values and structures not just within economic, but also within social and political life. Its objective is a reshaping of power relations.”¹

Introduction

Throughout the 1990s the neo-liberal project has successfully pushed the traditional development agenda away from global policies and, increasingly, for many countries, from national policies as well. At the turn of the century it achieved a major strategic advantage by grasping the theoretical space of information society (IS) developments in the South, constructing it to its own advantage. In this respect, the neo-liberal agenda was helped enormously by three factors: first, the Southern governments took the new information and communication technologies (ICTs) primarily as an economic opportunity - for exports and job creation; second, the private sector - mainly multinational corporations (MNCs) - was taken as the natural leader not only in providing technology solutions but also in interpreting the new technology paradigms to public policy makers, which gave them enormous clout in public policy making; and third, the traditional development sector,² long suspicious of globalization designs inherent in global communication technologies, took a somewhat adversarial - or at least a non-engaging - attitude to the new possibilities opened by ICTs for development.

The origins of ICTD theory

At the global level, the early techno-centralism of “global information infrastructure” (GII) - a concept put forward by the United States (US) in 1993 - was moderated towards greater social acceptability in the notion of an “information society” - a notion proposed by the European Union (EU) in 1995. The North also sought to occupy the theoretical space with regard to the implications of the emerging IS for the global South. Such a theory began taking shape in OECD and G-8 meetings, and in quick succession the DOT Force³ initiative and then the DOI⁴ report, authored by a private consulting firm, along with a North-based Foundation and the United Nations Development Programme (UNDP), laid the framework of what was to be uncritically accepted as the mainstream “ICT for development” (ICTD) theory. This policy framework valorized the concept of business model in the development arena while providing conceptual

¹ Rodan, Garry (2004), *Neoliberalism and Transparency: Political Versus Economic Liberalism*, Working Paper No. 112, September 2004, Murdoch University, wwwarc.murdoch.edu.au/wp/wp112.pdf

² Used here to refer to actors involved in diverse development sectors - health, education, food security and sustainable development. The term is used to distinguish these actors from the new community of ‘ICTD’ actors.

³ Digital Opportunity Task Force (DOT Force), created by the G8 Heads of State at the Kyushu-Okinawa Summit in July 2000.

⁴ Digital Opportunity Initiative, www.opt-init.org/

categories quite alien to traditional development practice (some of these categories are analyzed later in this paper). It also sat well with the IT and telecom ministries in developing countries, who were also in charge of ICTD. These ministries or departments were preoccupied mainly with promoting the IT industry and hence also quite comfortable with the lingua of the IT and telecom MNCs, with whom they had to transact intensively. Even in developing policies for ICTD, the private sector, mostly dominated by MNCs from the North, remained the principal advisor of these governmental agencies.

Therefore, in the given context of extraneously developed theory, ICTD practice in the local contexts of Southern countries has not delivered much more than piecemeal results. ICTD has taken a typical applications-based, quick-fix approach, without a blueprint for systemic change. As more actors in developing countries have begun to understand the extent and significance of IS changes, and its implications for re-shaping development, there is a growing dissatisfaction with the neo-liberal ICTD frameworks. While multi-lateral agencies have made some progressive adjustments in their ICTD vision, incorporating some new paradigms that have become too forceful to ignore - open source and open telecom access being two principal examples - an essentially reactive orientation of ICTD to the dominant neo-liberal paradigm has meant that the unprecedented opportunity for development in using the new ICTs continues to be wasted.

The real issues involved in a systemic approach to ICTD lie in the realm of political economy: of ICT infrastructure as crucial social and development infrastructure, which needs to be a public provision; of ensuring rapid diffusion of technology innovation in an equitable manner; and of making needed investments in transformation of institutions and organizations engaged in development activities. These issues may not be amenable to the simple logic of economics by which neo-liberals like to run the world. It is necessary to see the emerging IS in a political economy framework from the point of view of developing countries. And the starting point for this exercise is to develop a new theory of ICTD, or an IS for the South,⁵ that gives the historical, the social and the political sufficient space alongside the economic.

A recent report from the UN ICT Task Force identifies a failure of current frameworks, flagging the depoliticized context of ICTD: “However, rather than taking the approach to systematically ‘problematize’ ICT in development policy and programs, there has been a tendency among practitioners to depict ICT almost as a ‘black-box’ solution, and a solution situated within a ‘win-win’ world of common interests between developed and developing countries.”⁶

In fact, the closing phase of the World Summit on the Information Society (WSIS) has represented a complete breakdown of the engagement of the South and civil society (CS) with the dominant discourse of the IS, determined largely by the governments and the MNCs of the North. The extreme posturing by the North, especially the US, in the WSIS, with respect to all substantive issues that matter to the South, is tantamount to questioning the very rationale of the WSIS itself. The emerging context is one where development actors from the South need to make a clean break from the existing paradigms of the IS largely determined by the North, and begin a process of articulating a new paradigm of the IS that serves the development interests of the South best. This exercise needs to begin with problematizing the existing concepts of ICTD, and their re-articulation in the WSIS process, through an analysis of their political economy.

⁵ The concept for an “IS for the South” captures systemic issues of institutional and societal changes better than ICTD.

⁶ Gilhooly, Denis, “Innovation and Investment: Information and Communication Technologies and the Millennium Development Goals”, report prepared for the UN ICT Task Force in support of the Science, Technology & Innovation Task Force of the UN Millennium Project, www.unmillenniumproject.org/documents/Innovation%20and%20Investment%20Master.pdf

The political economy of WSIS

The WSIS opened with a very political mandate to “build a people-centred, inclusive and development-oriented Information Society”.⁷ However any possibility of achieving these egalitarian socio-political objectives has been completely defeated by a strong assertion by Northern governments of neo-liberal ideology that is averse to public policy interventions required to achieve them. This political stance shows strongly in all the three main issues taken up in the Tunis phase of the Summit.

Financing ICTD

Infrastructural and other financing needs for ICTD have been undermined at the WSIS by the refusal on the part of developed countries to commit any additional resources. Any new financial assistance is to be in the form of volunteerism, a neo-liberal formulation often used to plug issues of ethical consideration. The underlying belief is that ICTs and IS are foremost an economic arena, best served if left to market and private sector leadership. The social and development aspects of IS, which obviously are important areas for public policy intervention, and crucial on the South’s agenda, have been jettisoned.

Internet governance

On Internet governance, the US government’s show of power and unilateralism is quite brazen. The operating principle in the US stance is the neo-liberal formulation of TINA, the Thatcherite acronym for ‘there is no alternative’. How US objections stopped the designation of .xxx domain, for instance, while similar objections by other governments were not of any avail, has serious implications for a fair and equitable global governance of the Internet. The issues at the core of the emerging IS urgently need clear and specific global policy responses that cannot be addressed with protracted stand-offs that have characterized global policy engagements in the pre-IS era.

WSIS follow-up

It is quite obvious that an important imperative of a global IS is greater global policy dialogue and stronger global governance mechanisms. However, Northern governments, chiefly the US, have taken a clear stance that there need be no continued policy dialogue or engagement on IS issues beyond WSIS. The message from the North is clear: the IS does not require strong policy intervention and markets can be trusted to deliver an inclusive IS. Unfortunately, most developing countries have not been able to anchor a strong response against this, and have by default submitted to the neo-liberal paradigm of the IS.

Unpacking ICTD

It is useful to re-visit the main concepts of the dominant paradigm of ICTD and analyze them under a political economy lens. This re-conceptualization must then be tied into a viable theory of a development-oriented IS for the South.

ICTD policy

⁷ WSIS Declaration of Principles: *Building the Information Society: a global challenge in the new Millennium*, Geneva, December 2003, www.itu.int/wsis/docs/geneva/official/dop.html

ICTD policy in most developing countries is the domain of IT and telecom departments. These departments focus more on business and technology issues related to ICTs and in many countries carry a strong pro-market bias.⁸ As a result, ICTD policies are excessively pro-market, and not sufficiently development oriented. The development departments in these countries do not have a good ICTD orientation, and even if they do have it, they are handicapped by the lack of important ICTD policy instruments in their hands. ICTD implicates important issues of convergence, both in the areas of policy and practice, from infrastructure to common service outlets, and these are still often in the domain of IT departments. However, the situation is changing as the ICTD opportunity is getting more widely understood, and the core development departments are coming up with more development-oriented models.

Capacity building

Capacity building, another important concept in ICTD, has also taken specific political economy hues. The dominant paradigm interprets institutional capacity building as training regulators for a pro-market telecom policy, and individual capacity building as training “knowledge workers” to fit into global ICT value chains. There are much greater, and often more crucial, capacity requirements both at institutional/organizational and individual/community levels for shaping the IS opportunity for development, but these are greatly under-theorized.

Multi-stakeholder partnerships (MSPs)

MSPs have figured centrally in the ICTD discourse. While it is true that actors outside of governments have received some toehold in policy spaces owing to such an approach, the context of MSPs in ICTD needs to be examined more closely. The background of the MSP approach in ICTD is that the private sector (usually MNCs) was seen as having the necessary expertise - in ICT applications and paradigms, and therefore their advice was considered important in making ICTD policy. Civil society has mostly been co-opted into such structures, to keep the pretence of fair representation and has had little influence on shaping ICTD models. Such MSPs have only helped propagate the dominant ICTD model, seldom engaging with them critically. With the emergence of many more idea leaders in local governments and civil society, especially in the traditional development sector, the situation is certainly better poised today to build MSPs where the locus of control lies with public bodies, representative of public interest, and not with the private sector partners.⁹

ICT infrastructure

The fact that mobile telephony has seen an exponential growth over the last few years in practically every country and this has followed telecom privatization in most countries has been used as an illustration of the triumph of neo-liberalism in the ICT arena. An article by *The Economist*¹⁰ has used the argument of private sector led mobile telephony revolution to question donor supported ICTD initiatives employing computers and telecentres in villages. The essence of the article is that telephones, especially mobile telephones, are useful for the poor, judging from their huge demand, and that computers and the Internet are of no use. The article thus implies that the South should be content with mobile phones and also be reassured that the

⁸ This assertion comes from the experience in South Asian countries, where the IT industry focus of governments is especially strong. It may or may not be as true to the same extent for all developing countries.

⁹ For issues related to the ‘locus of control’ in MSPs in ICTD, see “Pro-Poor Access to ICTs - Exploring Appropriate Ownership Models for ICTD initiatives”. Three case studies carried out by IT for Change for UNDP, interventions, www.itforchange.net/projects/#pro-poor

¹⁰ “The real digital divide”, *The Economist*, 10 March 2005, www.economist.com/printedition/displaystory.cfm?Story_ID=3742817

market would not fail to respond to demand, if at all there was any real need for computers and the Internet. The World Bank has also repeatedly celebrated the mobile telephony phenomenon in a similar manner, using it as the proof that markets will mostly be able to lead the IS transformations in the South.¹¹

From a development view point, it is important to understand that the IS is not about telephony but, by its very definition, about the far reaching transformation in societal institutions that the Internet and its associated technologies make possible. In the North, ICTs themselves grew out of a dialectic between institutions and the market. And therefore, a certain maturity of markets to respond to the needs of institutional developments that constitute an emerging IS can be expected. However, in most developing countries, the new technologies represent new institutional and organizational opportunities that have to be realized mostly by conscious design. ICT infrastructure, ICT hardware and software and ICT capacities are the starting point for such institutional/organizational transformation that contains the promise of a paradigm shift in achieving development goals. It cannot be expected that markets by themselves will fulfil any of these crucial needs. Strong policy interventions and substantial public investments are certainly needed for this purpose.

The ICT architecture needed for making the transition to a comprehensive ICT based development strategy requires a countrywide ICT infrastructure - which includes connectivity, access, hardware and software as well as capacities at individual, community and institutional/organizational levels. As a starting point, it is important that the policy imperative of providing connectivity as a public provision is explored, as the very basic platform on which other requirements may be provided. A good example of such provisioning is the rural broadband model taken up by the Government of Andhra Pradesh in India,¹² where the government has fixed the price of 2 MBPS connectivity to be provided in every village in the state at USD 2.3 per month per connection, and has invited tenders for such provisioning. The Government has promised to buy connectivity for its 40,000 offices in the state as well as for citizen service centres in each village (22,000 of them). A private sector led consortium has taken the contract and one district has already been wired completely.

The lead by the public sector in developing conditions for capitalizing on the ICTD opportunity is almost always necessary. Apart from connectivity, access infrastructure - as well as availability of cheap and appropriate hardware and software - is also often linked to policy and investment interventions by public bodies.

Global public goods argument - the last bastion of engagement with the dominant ICTD paradigm

Frustrated with Northern governments for doing little to address the new development needs of the South in the face of the IS opportunities, civil society at the WSIS employed the “global public goods” argument in justification of a global tax for financing ICTs in the least developed countries. Northern countries however have paid no heed. While useful as a tactical argument to obtain financial commitments from richer nations, the GPG proposition has obvious limitations. At one level, arguing from within the economic paradigm, the problem with conceptualizing ICTs even as an “impure GPG” is that this implies an *a priori* acceptance of knowledge as a GPG. However, the new economy is based on the principle of pricing knowledge, as the most

¹¹ “Financing Information and Communication Infrastructure Needs in the Developing World: Public and Private Roles”, draft for discussion.

[http://lnweb18.worldbank.org/ict/resources.nsf/a693f575e01ba5f385256b500062af05/04c3ce1b933921a585256fb60051b8f5/\\$FILE/financingICT_Draft.pdf](http://lnweb18.worldbank.org/ict/resources.nsf/a693f575e01ba5f385256b500062af05/04c3ce1b933921a585256fb60051b8f5/$FILE/financingICT_Draft.pdf)

¹² www.freepress.net/news/6124 and <http://apts.gov.in/apbroadbandnetwork.html>

valuable resource, and therefore, in the present circumstances, the North is unlikely to be persuaded by the argument that knowledge is a GPG. The argument for financing ICTD built on externalities of ICTs is also self-defeating since in any case government and MNC actors in the ICT arena always seek to internalize these externalities by “targeted” initiatives. Examples of this are the Digital Freedom Initiative¹³ of the US government, which is directly linked to expanding market opportunities for US companies, and MNC projects of building ICT capacities of school teachers in developing countries on proprietary platforms.

The GPG argument engages the neo-liberals in their own language, that of self-interest. However, such re-interpretations of development imperatives can be taken to illogical limits, whereby the Millennium Development Goals and even equity and social justice among the people of the world are considered GPGs. Such interpretations of development issues by placing them in an “obvious win-win” situation de-politicize the issue of development itself. They weaken and distract the required policy orientation for planning and making systemic development interventions, which, as argued earlier here, are especially required in the ICTD arena.

It will serve the interests of developing countries better to conceptualize ICTD and IS for development outside economics in socio-political frameworks. As argued above, basic ICT infrastructure, spoken of here in its broadest meaning, must be seen as a social responsibility of the State and provided as a public service, in the same way as basic education is seen today. While education is mostly about building knowledge and capacities, the new ICT infrastructure is geared to providing not only these but also institutional and organizational linkages and frameworks to maximize “opportunity” for every individual and every community.

Towards a new theory and practice of IS for the South

At the level of the broadest plan, investing in and evolving an ICT based development strategy will involve simultaneous work at two levels. One level is the “ICT based development grid” - which will include connectivity, access, capacity and new institutional/organizational arrangements. At the other end is an organic engagement of communities with ICTs in a localized and contextualized manner, whereby they plug into the “grid” for and in pursuance of their self-determined ends.

At the community end, effort and investment need to go into enabling people to “own” the technology and its processes and thereby to make the best through linkages to the “grid”. And in developing this “grid”, a lot of planning and investment has to go into the use of ICTs for transformation of institutions and organizations involved with development activity.

Two broad policy imperatives for achieving the above at national and global levels are as follows:

At national and sub-national levels

A clear distinction needs to be made between the economic growth aspect of ICTs and its use to build a new development infrastructure. Many requirements of a policy and enabling environment to achieve best results on the two fronts are common. However, there can often be a policy trade-off and this needs to be negotiated politically. In India, for example, the interests of the domestic IT sector and the urban middle class - which have high stakes in India’s position in the global value chain in the IT and ITES industry - may often be in conflict with subsidized

¹³ Digital Freedom Initiative, www.dfi.gov/

telephony for rural areas, policy support for open source software, more open regimes for knowledge and content sharing on digital platforms, etc. The most important imperative at national and sub-national levels is to see the core ICTD opportunity and activity-space as distinct from that of ICT for markets and economic growth. The locus of development of policy and action for ICTD needs to go out of the IT and telecom ministries into core development sectors. A new focal point within governments is an important and urgent requirement for most developing countries. This focal point must be oriented exclusively to the development aspects of ICTs and geared to developing an ICT based development infrastructure in collaboration with other departments.

At the global level

In engagement with the donor community and International Financial Institutions, a good case needs to be articulated for investing in such an ICT based development infrastructure, which is conceptualized as distinct from economic infrastructure. On development aid, the donor and lending community seems to operate from a dilemma of whether more resources need to be pumped into developing countries' existing development activities or to invest in institutional mechanisms that make for more efficient use of existing resources. Advocates of neo-liberalism have used the latter line of argument to cut down direct investments into development, and instead divert it to supporting market based structures with minimum public intervention, with an implied assertion that markets ensure the best utilization of resources, even in the scenario of development needs. Infrastructural and institutional investments in ICT based development gives a *via media* between these two donor approaches. Investments in ICTD are not direct development investments, but they go into making development activity much more effective and efficient. Developing countries need to develop a good case for such "efficiency-inducing" investments that are not necessarily linked to the supremacy of a certain set of institutions - the markets, and concomitant institutions that prop up the markets - in inducing efficiencies. Efficiencies of development investment today are best achieved by developing an ICT based development infrastructure as described earlier.

However, agreements about efficiencies are premised upon agreements about the objectives of development. And here, the neo-liberal agenda may differ in significant ways from traditional development thought built on the canons of equity and social justice. It is important therefore that powerful South-South alliances are built, with participation from across sub-national and local governments as well as traditional civil society and grassroots organizations, for evolving a new paradigm of a development-oriented IS for the South.