

Political Economy of the Information Society – a Southern View¹

*Briefing paper prepared for the WSIS Papers Series of
Instituto del Tercer Mundo (ITeM)*

“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.”²

Throughout the 90s, the neo-liberal project has successfully pushed traditional development agenda away from global policy spaces, and increasingly from national policy levels as well for many countries. At the turn of the century, it achieved a major strategic advantage by grasping the theoretical space of information society developments in the South, and constructing it to its own advantage. In this respect, the neo-liberal agenda was helped enormously by three factors in the South – first, the governments of the South took the new ICTs as primarily an economic opportunity – for exports and creating jobs; second, the private sector, mainly 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 sector³, 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-centricism of “global information infrastructure” – a concept put forwards by the US (in 1993) - was moderated towards greater social acceptability in the notion of an Information Society – a notion proposed by the EU (in 1995). The North also sought to occupy the theoretical space with regard to the implications of the emerging information society (IS) for the global South. Such a theory began taking shape in OECD and G-8 meetings, and in quick succession the DOT Force initiative and then the DOI report, authored by a private consulting firm, along with a North based Foundation and UNDP, laid the framework of what was to be uncritically accepted as the mainstream ICTD theory. Such a policy framework, that valorized the concept of business model in development arena while providing conceptual categories quite alien to traditional development practice (some of these categories are analyzed later in this paper), 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

¹ Anita Gurumurthy and Parminder Jeet Singh, IT for Change.

² Garry Rodan, Neoliberalism and Transparency: Political Versus Economic Liberalism, Working Paper No. 112, September 2004, Murdoch University, <http://www.warc.murdoch.edu.au/wp/wp112.pdf>

³ Used here to refer to actors involved in diverse development sectors – from health, to education, food security and sustainable development. The term is used to distinguish these actors from the new community of ‘ICTD’ actors.

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 in countries of the South 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 the 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 - 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 - all lie in the realm of political economy. These 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 South⁴, that gives the historical, the social and the political sufficient space alongside the economic.

A recent report from the UN ICT Task Force⁵ 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.”

In fact, the closing phase of the WSIS represents a complete breakdown of the engagement of the South and Civil Society 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

⁴ The concept for an IS for the South captures systemic issues of institutional and societal changes better than ICTD.

⁵ “Innovation and Investment: Information and Communication Technologies and the Millennium Development Goals” - Report Prepared for the United Nations ICT Task Force in Support of the Science, Technology & Innovation Task Force of the United Nations Millennium Project.
www.unmillenniumproject.org/documents/Innovation%20and%20Investment%20Master.pdf

issues that matter to the South, is tantamount to questioning the very rationale of 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 through an analysis of their political economy.

Unpacking ICTD

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

- **ICTD policy** – 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 bias⁶. 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.
- **MSPs** - Multi-stakeholder partnerships 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 pretense 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

⁶ 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.

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 partners⁷.

- **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. A recent article by The Economist⁸ 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 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 South⁹.

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 fulfill 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 country wide 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

⁷ 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. <http://www.itforchange.net/projects/#pro-poor>

⁸ http://www.economist.com/printedition/displaystory.cfm?Story_ID=3742817,

“The real digital divide”, The Economist, Mar 10th 2005

⁹ “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)

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 India¹⁰, 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 centers 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 infrastructure¹¹ as well as availability of cheap and appropriate hardware and software are 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 the governments of the North 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 or voluntary contributions for financing ICTs in the LDCs. The countries of the North 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 valuable resource, and therefore, in the present circumstances, the North is unlikely to be persuaded by the argument that knowledge is a GPG. And the argument for financing ICTD built on externalities of ICTs is also self defeating since the government and MNC actors in the ICT arena in any case always seek to internalize these externalities by ‘targeted’ initiatives like the Digital Freedom Initiative¹² 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 all MDGs 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

¹⁰ <http://www.freepress.net/news/6124> and <http://apts.gov.in/apbroadbandnetwork.html>

¹¹ Community access points

¹² “Digital Freedom Initiative”: <http://www.dfi.gov/>.

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 was 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 Information Society 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 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 that is oriented exclusively to the development aspects of ICTs and geared to developing an ICT based development infrastructure in collaboration with other departments is an important and urgent requirement for most developing countries.

- At the global level, in engagement with the donor community and IFIs, 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. The 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.