THE INTERNET AND POLITICAL ECONOMY

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Contents

Summary

The Internet is a revolutionary medium but it has been introduced into a world with profound and growing inequalities. It is a potentially global information *and* communication medium but deep digital divides exist, between North and South, literate and illiterate. It is dominated by the English language, which is spoken by less than 1 in 10 people worldwide.

As the latest stage in globalization, the spread of the online community and e-commerce is fueling economic growth in the North, and offering important new opportunities for market involvement by the South. The Internet is a focus of innovation in economic, political, social, and cultural terms. Nongovernmental organizations (NGOs) have been at the forefront of the development of transnational community building, campaigning and activism, via the Internet. These and other processes are helping to create new forms of North–South linkages and alliances.

The cross-border qualities of the Internet are influencing the changing nature of state/market relations, and the social engagements and affiliations of a growing number of citizens, producers, and consumers. The challenges that the Internet offers can only be negotiated in full recognition of the historical patterns that have shaped the global political economy. These include the technological dominance of North over South and the vested interests this situation has produced. The Internet is an empowering medium, but it has been characterized by more outsiders than insiders. Democratic approaches to its future will need to actively take account of such issues, as well as of the multiplicity of views on what the Internet's future should be.

1. Introduction

The Internet is one of the most powerful transformative forces in contemporary human history for a series of complex reasons that will be set out in this contribution. While this medium is seen as revolutionary, and its advent points to immense future possibilities for connecting people and societies around the world, it is also facilitating critical endeavors that are as much about the past as contemporary and future social trajectories (see Chapter *Navigating Globalization through Info-design, an Alternative Approach to Understanding Cyberculture*) Rather than being technologically deterministic in an unquestioned celebration of this development, this discussion aims to adopt subtle perspectives, which stress the need for the following:

- An approach to the Internet that is historically and culturally sensitive.
- Emphasis on the range of considerations relating to power and the Internet.
- Attention to the varieties of communicative and informative connections which the Internet facilitates.
- Recognition of the importance of integrated views of virtual and other forms of social space.

As is often the case in social analysis, initial debates about the Internet at many levels of policy, theory, and practice have tended too often to fall into the dualistic trap of treating it as *either* primarily positive or negative. This is a key point and will probably

remain so for some time to come. The assessment that follows attempts to avoid this trap by noting the contrasting social patterns related to both existing power structures and new forms of empowerment. The arrival of the Internet while, to some extent, further entrenching the technological dominance of the North, has also helped to open and speed up new or enhanced forms of communication both within North and South, and, importantly, across North/South boundaries. There are distinctive qualities which the Internet features as an information *and* communication medium that can be regarded as truly historic in the context of community-building across traditional boundaries of politics and economics, and across geopolitical power lines of North and South.

2. The Nature of Virtual Space

The Internet is a new kind of social space. Its nature as a technology, but also the ways in which that contributes to shaping both actual and potential interactions between people, is a key part of this picture. This concerns the forms of communications that are possible, as well as their geographical and social scope, and also their content, speed, and availability. The power of the Internet, in technological terms, rests at least in part in the ways that it fuses a number of information and communication capacities. It is this fusing that could be considered revolutionary. In comparison to the fax machine, for example, which was the last invention that could transmit information instantaneously across the world in hard form, the development of the Internet represents a dramatic step forward for diverse reasons. The amount of information that it allows to be sent directly is incomparably larger and in more convenient digital form. Systems such as e-mail also emphasize the 24-hour convenience of the Internet that allows for sending and receiving to be done at times convenient to the particular location. The World Wide Web is a dynamic round-the-clock interactive environment where organizations, businesses, and individuals can develop a presence that links them to their publics and consumers, allows access to vast quantities of information and archives, purchases and feedback.

All these factors and many more make up the "virtual" characteristics of the Internet. They are about providing new and diverse forms of communication and "presence" on transnational bases, as well as opening up new channels for the exchange of information, new sources for information, and new opportunities for combining different sources of information. To think through in detail the existing and potential social and transnational roles of the Internet, the extent of its information and communication capacities should be explored. Their social, political, and economic implications are varied and, in many ways, link to the broader story of globalization. The Internet is, in certain respects, a motif for this story because it has enabled and further embedded many processes of globalization. Information and communication technologies (ICTs) have played a major role in facilitating the geographically extended management, production, outsourcing, and marketing command structures of the multinational corporations. They have been integral to the development of network systems that characterize the contemporary global economy.

But these same ICTs have also been used to communicate critical political reactions to, and protests against, the negative and undemocratic effects of globalization. Study of activity on the Internet as a new social space in fact helps us to understand a great deal

about globalization, and the ways in which its effects are being contested. On the Internet a whole host of different websites, listserves, and cybercampaigns have exposed, debated, and struggled against the contradictory patterns of globalization. These include the social and environmental side-effects of the geographical spread of "modernization," and growing concentrations of wealth in the hands of fewer and fewer individuals and corporations, with widening income inequalities both within and across countries.

3. Horizontal versus Vertical Structures

The Internet has engendered new focus on power and communications because of its revolutionary forms and instantaneous character. The most common way of beginning to address this point is to think in terms of horizontal versus vertical structures of communication. This contrasts the Internet with traditional political and economic communications environments. The predominant context for "information" for people prior to the Internet was the nation-state and national media. As we entered the twenty-first century this was still the case for the vast majority of the world. The United Nations Development Program (UNDP) *Human Development Report 1999* explained that only 2% of the world's population were "online" with almost 80% of websites in English, a language spoken by less than 1 in 10 people. Despite the rapid spread of connectivity it remained heavily concentrated in the North, with the US at the forefront in terms of lead-time and usage. According to figures from Nua Internet surveys quoted in the US government's *Digital Economy 2000* report, worldwide Internet access grew by 78% between March 1999 and March 2000, from 171 million to 304 million.

All regions showed significant growth, with Africa being in second position in these terms with a 136% rise from 1.1 to 2.6 million people online. But this share was still minimal compared to the domination of the US and Canada (136.9 million), Europe (83.4 million) and Asia/Pacific (68.9 million). South America had 10.7 million and the Middle East 1.9 million. The driving edge of Internet development was elitist in terms of its concentration in the North, and the heavy bias towards highly formally educated individuals among its users across North and South.

The term "digital divide" became a byword not only of some activists and NGOs preoccupied with ICT inequalities, but also of leading statesmen, for example at the G8 summit in Japan in the summer of 2000, keen to incorporate the South into the wired world. Some critics of the North's drive to make the Internet revolution truly global argued that this was less altruistic than a hunt for new markets via this medium. Such a stance focused on the domination of corporations from the North in the global economy, including in both the ownership and applications of ICTs, notably by giants like Microsoft and major media and information service players like Reuters. While the nature of the Internet cut across traditional national informational boundaries of government and media, it also, in its market orientation, offered new global scope for the advertising and sales of both the service and general commercial sectors. By the closing stages of the twentieth century, ICTs had already been instrumental in revolutionizing the financial sector. They had helped to speed up and intensify the international flows of money and goods, as well as creating new investment opportunities and stimulation for economic growth. The growing importance of

designated stock markets in the sector, especially NASDAQ in the US, clearly demonstrated this development.

ICTs began to figure strongly in the structural trends for even greater concentration of wealth. Mergers like AOL (America Online) with Time Warner signaled a new age of the multimedia megacorporation, joining media content and production with digital delivery and service structures. So while the cross-border, cross-community potential for communication was a characteristic of the Internet, it soon became clear that the existing powerful players in the global political economy, states, and corporations would be best placed to take advantage of spreading their vertical (top-down) power.

NGOs provided some of the strongest examples of attempts to use the horizontal communicative potential of the Internet to strengthen civil society causes transnationally, and input into international decision-making processes. These activities included coordination of activism of various kinds, sometimes involving major protests. The first to hit the international headlines dramatically were the disruptions and demonstrations at the 1999 World Trade Organization (WTO) meeting in Seattle. The successes of cyberactivism indicated the potentially influential role of multiple and expanding information sources on political economy for new forms of political agency, cutting across traditional vertical and narrower national informational structures.

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Biographical Sketch

Gillian Youngs Ph.D. is an international political economist with a university teaching background in the UK and Hong Kong. She currently lectures at The Centre for Mass Communication Research, University of Leicester, UK. Her publications include *International Relations in a Global Age: A Conceptual Challenge* (Cambridge: Polity Press, 1999) and the edited collection *Political Economy, Power and the Body: Global Perspectives* (London: Macmillan, 2000). She has published a range of articles and chapters on critical approaches to globalization in areas such as inequality, information society, gender, and spatiality, and coedited with Eleonore Kofman *Globalization: Theory and Practice* (London: Pinter, 1996). Her work has focused extensively on the limitations of state-centered theories in the contemporary analysis of international politics and international political economy. Her research interests include women and the theory and practice of the Internet and she has been a member of the UNESCO/Society for International Development Women on the Net project since its establishment in 1997. She is also coeditor of *International Feminist Journal of Politics*.