Opening presentation by Fabio Colasanti

Global Forum 2011, Session "*A vision for the digital future*"

This session is about the "vision".   We have heard and we will hear very useful and interesting contributions.

I would like to use this occasion, however, to dwell a second on the difficulties that we encounter in implementing this vision.

I am convinced that the various policy initiatives that all countries have launched have not been very effective, the take of ICTs that we have seen is essentially due to technological developments and market forces and that we should become better aware of the obstacles that stand in the way of a faster take up of information and communication technologies.

◆ ◆ ◆

I'll start from three facts.

1. Beyond the differences in the "vision" that will appear in this session, there a ***very large consensus on*** the benefits that the use of ICT scan deliver:

    a) they deliver very large benefits in terms of growth of productivity and therefore in terms of wealth and job creation.

    b) But they deliver also huge improvements in our quality of life (better health care, more secure transport, higher energy efficiency, better access to information and education, etc.).

    Both these aspects are particularly important in the European context where we see very low growth and an ageing population.   So one would expect Europe to be particularly committed to accelerating the take up of ICTs.

2. ***ICTs are been taken up very fast***.   Various statistics show how the take up of mobile telephony, computers, broadband is taking place much faster than for any other new products or services in the fast.   But there are very large differences in the take up between countries and regions

3. Practically ***all countries have launched significant ICT policy initiatives***: "broadband plans", "Digital agendas", and the like.

◆ ◆ ◆

As I have said, ICT are being taken up very fast. When we look at the number of computers in use in the world, at the number of tablets, at the number of smart telephones, at the number of telephones, and at many other similar examples we have to conclude that ICTs is one of the technologies that is being taken up very, very fast.

This makes it a bit risky to say that the various plans have not been very effective. Yet this is a judgement that is often shared by the specialist even if no one is able to produce hard evidence for it. It is more of a general feeling. I share it. What probably comes nearer to constituting a proof of the fact that the take up of ICTs has been driven essentially by technology and by the market are the differences in take up between countries. The technology is available to everybody; yet the differences in take up are enormous. The differences in actual take up are bigger than the differences in publicly announced goals and plans.

If government policies were really making a difference we should be seeing e-government, the use of ICTs in the public sector leading the way. This is not the case; just look at our classrooms.

But on this I have to repeat that it is a conclusion for which I have no hard evidence. But it is a view that I know is shared by many professionals with whom I have spoken.

ICT policy initiatives are not able significantly to compensate for the weakness of market forces nor able to overcome the more pronounced resistances that exist in some countries.

<p style="text-align:center">◆ ◆ ◆</p>

What are the difficulties that one encounters in promoting ICTs?

1. The first one is that it ***is difficult to engage in a debate about ICTs and their take up***. Everybody agrees. The benefits of ICTs are usually discussed among the converts in conferences like this one. No one is against ICTs. No one takes to the street to protest against the plans to deploy broadband or to use more computers.

    This means that the level of the debate remains rather shallow. The greatest difficulty people developing ICT strategies are confronted with is "re-branding" their product. How to wrap up the message, that substantially remains the same, in a different way that will make public opinion and politicians think that something needs to be done.

    The evidence about the positive effects of ICTs is now piling up. We have studies upon studies – of different value, interest and accuracy – but all point in the same direction: we would all be better off if we used ICT more. Paradoxically we had more interest for ICTs just over ten years ago – at the time of the Lisbon European Council of March 2000 – that some dubbed the "dot.com Summit" – than now.

And yet at the time we had precious little evidence of the positive effects of ICTs on productivity growth, wealth and jobs.

2. The second one is linked to the way in which ICTs produce their positive effects, especially the economic ones. ICTs offer great benefits but have their own constraints. The available evidence has shown that firms and organizations derive *the greatest benefits from ICTs when they are able to re-organise their processes in way that take the best advantage of the possibilities offered by ICTs*.

    In 2000, at the time of the March Lisbon European Summit, part of the support for a faster take up of ICTs was due to a misunderstanding: that ICTs would give greater dynamism to the economies as they were and that this would have reduced the pressure for structural reforms.

    The evidence that has become available since 2002/2003 has shown that ICTs are not an alternative to structural reforms. On the contrary, ICTs amplify the effects of structural reforms, ICTs produce their strongest effects in dynamic and flexible economies.

3. Another difficulty is linked to the *characteristics of the public decision making process* in all countries. ICTs are a pervasive technology, they are used in all areas of the economy and of society. The decisions on many processes, especially in the public sector or in legislation are taken by people who do not have a great understanding of the possibilities offered by ICTs.

    ICT may be used in the financial services, in health, in education and in many other areas. For obvious reasons, the decisions in these areas will be taken by financial experts, by health experts, by education experts and so on. This leads often to suboptimal outcomes as those who take the final decision are not always aware of the possibilities that ICTs offer and of the benefits of different choices. Too often there is a tendency to apply to the digital world the same rules that have applied to the world we grew up in.

4. Another obvious source of resistance is *cultural*. Some of us are more open to experimenting with new service and products, other are less. There may also be a generation issue. But there is hard evidence for differences which may have to do with purely cultural attitudes. In 2007 a study of multinational businesses operating in the UK between 1985 and 2003[1] suggested that US-owned firms' ICT efforts result in greater productivity than non-US owned firms. The authors of the study also observed that firms acquired by US multinationals increase the productivity of their ICT, whereas identical firms taken over by non-US multinationals do not. One explanation for these patterns is that US firms are organised in a way that allows them to use new technologies more efficiently.

    There are countries where the dominating culture values tradition and the old way of doing things more than in others.

---

[1] "Americans do I.T. better", NBER May 2007

More than a general source of resistance, this is perhaps a factor that plays a great role in explaining the differences in take up between countries. A simple trip as a tourist to the USA or Southern Europe is very illustrative of the differences. Certainly the income gap is probably the most important factor explaining the differences, but cultural differences are clearly at play. It does not cost much to offer free Wi-Fi in the coffee shops, restaurants or even laundromats.

5. A final obstacle may be due to *legislation*. Inappropriate legislation may seriously curtail the take up of ICTs and reduce the benefits that one can get out of them. A particular concern being expressed these days concerns the risk of fragmentation of the internet ecosystem derived from rules designed to address a number of legitimate policy concerns: data protection, privacy, cyber security and so on. Their always a trade-off between the ambitions to address the public policy goals jus mentioned and reaping the benefits of ICTs. Many societies are likely to attach a very high value to these goals and therefore choose a more "costly" trade-off point.

◆ ◆ ◆

Where do these difficulties leave us? If ICTs policy initiative have a limited effect what are the consequences? The policy problem that I see resulting from this situation that of a growing digital divide.

If the policy initiatives have a limited effect, what will drive the take up of ICTs will be market forces and cultural elements. Both are stronger in the countries that are already at the forefront of the use of ICTs.

We see already that the countries that use ICTs to a greater extent spend more public money on it and develop their policy initiative with greater determination.

Eventually there should be a certain amount of catching up, but this might become the dominant factor in many, many years.

◆ ◆ ◆

I look forward to your comments and suggestions.

Fabio Colasanti - 7.11.2011