

**Transcript of a speech given at the conference
“The Impact of the Internet on Communications Policy”**

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Thank you Dr. Mathiasen. Good afternoon ladies and gentlemen.

I wrote an essay on the impact of the Internet on International Trade Policy which speculated about some of the forces that will be at work during the next round of the GATS that will start in the year 2000. I concluded that Internet telephony will most likely be settled within a traditional WTO setting given that it embodies the larger trend of voice moving into data and as such, the linkages for a multilateral agreement already exist. On the other hand, IP broadcast and multicast are so tied up in culture that it will be a three ring circus unless negotiators can link liberalization agreements with sectors outside of traditional media. This will be beneficial eventually because it will force nations to choose just what the Internet means for the national interest because they will have to give up something in order to get something else. I invite you to read the paper once it goes up on the Web.

For the rest of my time, however, I feel that a complementary presentation is in order because let's be honest; during this conference we've tiptoed around the issue of political power and how it is wielded in the context of the Internet. Unless we face this fundamental issue directly, many of the excellent observations and policy recommendations will not survive outside of this room. So I propose to explore how the Internet influences power in terms of how it is organized, legitimized and brought to bear.

And I might as well declare my bias from the beginning. I am skeptical that the Internet will make our world better; but I am supremely confident that the Internet will make life different---very different indeed.

Why different? Because a new way to organize consent over the wide area based on the convergence of telecoms, computing, multimedia and transport has the potential to shift the terms, actors and goals of the body politic. But I want to emphasize the word “potential” because unless the Internet social model is seen as rational---that is, unless citizens are able to see a relationship between their work and individual purposes with the purpose and pattern of the so-called “Information Age”, it is can expected that the logical policies and arguments presented here will be sacrificed on the altar of politics.

The politics of which I speak results not from the actions of political parties or the specific issues of the day. Rather, I refer to consent to a new social contract that attempts to organize productive and public life around digital information as the fundamental unit for creating and channeling wealth and power.

That consent may be voluntary as it probably is for this audience. Consent may be unconscious given that today's children are growing up with interactive technologies like that most of us grew up with television. Or consent may be involuntary for those who are forced to learn a new literacy lest they live on the margins of society.

Now, I would like to take you back a year ago to the abortive political uprising by Pat Buchanan. Buchanan knew that if he could fuse white collar angst over downsizing with blue collar memories of layoffs right as Wall Street announced record profits, the ensuing political cocktail would have the mainstream politicians running for cover. And for a few weeks, the leading candidates were forced to "feel the pain" of Buchanan's pitchfork wielding masses until, like most peasant rebellions, it dissolved.

But if someone like Pat Buchanan can come perilously close to legitimizing an extremist political message---even for a few weeks---then perhaps something profound is afoot. What Buchanan understood and what the other candidates couldn't say was that the social contract founded upon the Industrial Age has collapsed, while the social contract of the Information Age remains a work in progress. This split between the historical epochs is expressed through widespread feelings of insecurity even though the macro-economic numbers look pretty good.

But security isn't really about good numbers, yes? It is about feeling secure. Therefore, when historical and/or technological change suddenly confronts people with a new set of citizenship choices to which they must consent---or dissent---they become acutely aware of that to which they have invested their trust all along. And a typical reaction was noted by Richard Nixon who said that there was nothing more dangerous than an American voter who has just discovered he's been fucked with.

Now the decision to trust is decisively influenced by perception: in Samuel Coleridge's phrase, "the outward beholding"---our ways of pre-configuring and thus, intuiting what we experience. Basically, it is how we look things over and size things up. In the public sphere, perception *is* reality because it shapes what is legitimate or illegitimate debate according to criteria that are often so deeply embedded that people are not aware when they quote from scripts written decades, or even centuries ago.

These shared public scripts, ("we hold these truths to be self-evident...") not only influence social and individual reality, they create the subliminal borders in national experience that are later invoked by historians as defining a country, region or culture. When people feel that they are participating in drafting the national story; in other words, when what's going on seems rational to them, then one can say that they are enjoying sovereignty in its most basic form.

But should that script change abruptly then perceptions change. There are new realities.

And the new reality is that the creation of wealth and power is shifting toward applying intellect, technology, and economies of scope to the problem of production and exchange as opposed to energy, labor, and economies of scale. No longer is the individual firm the fundamental economic unit but networks of firms where the integration of knowledge is superceding the division of labor to define an economic system.

Is this a new economy as trumpeted by the media? Perhaps, though the data is very incomplete at this point. But one thing is clear. We are witnessing the early days of a struggle between intellectual property and classic financial markets to define capitalism's center of gravity. We can expect a wild ride for the next few years as Wall Street tries to value intangible digital assets with intangible digital securities. They'll eventually get the trick right but history suggests that more fortunes will be lost than won before the dust settles and we have a new set of values.

Moreover, it is apparent that the Internet is playing a critical role in this struggle because it is becoming the main institution for circulating and adding value to intellectual assets or claims on those assets in the same fashion that the banking system circulated financial assets and claims upon them. This is changing the way that credit is created, bought, and sold and therefore, the way in which the use of capital is determined, and how people are organized for work.

And those individuals or organizations that internalize this distinction and improve upon the process will control significant wealth and power in the 21st century.

In 1928, at the peak of the economic boom following World War I, Henry Ford proclaimed a new millennium based upon mass-production in an article entitled, "Machinery, the New Messiah". This article and Fordism received an enthusiastic reception by those convinced that its ethic and organizing principles embodied the promises of the Industrial Age. The assembly line was seen as the primary institution of mass-production and the physical expression of Fordism. No less than Vladimir Lenin invoked technology as a social driver when he defined communism as "socialism plus electrification".

So it's arguable that when we meet here some eighty years later to discuss impending societal change brought about by the Internet, we hear Lenin being updated----perhaps as "liberalism plus broadband" to describe what many hope to achieve with national information projects. Not surprisingly, there is a massive exercise under way to convince the public to consent to an Internet-centric future with their dollars, their mindshare, and the way they organize their lives.

At the same time, the citizen realizes that moving toward this grand vision of the future entails changes in economic, political and social life that, for the most part, are little known, but are being presented as both desirable and unstoppable.

And the need for their consent is ill-served by those who, when pressed to explain just how this beneficial revolution will shift power and redirect human relations, choose instead to proffer tepid platitudes about tele-medicine or distance education rather than face issues of human power head-on.

Granted that we do not know exactly how telecoms competition, the Internet, electronic commerce, or information warfare will shape our lives in the next millennium, we do know the basic questions and sidestep them at our peril.

Fundamentally speaking, *cui bono*? Who benefits and who pays? Who gets the opportunities to acquire wealth, power, security, and freedom under the new order? And who has legitimized that process as well as imposing the risks of being denied those things? How do market mechanisms combined with rapid technical advance change authority and what is the role of such changed authorities on markets and the operators in them?

In other words, what is the consent being sought to organize public and productive life around digital information and what kind of benefit is being promised in return? Neither of the last two points has been addressed with any courage or insight by government, industry, or the media. While the majority of the public believes that the Internet should create more jobs than it destroys, that tacit acceptance is based more on general principle than hard fact. And it is balanced by the reality that the promise of greater abundance in ten years is a poor substitute for unemployment today.

So we had better start defining what the Internet means in some very stark, messy, political terms.

If we don't, then policies attempting to organize national life around the Internet run the risk of being understood only by political, corporate, academic, and especially media elites who have lost touch with a citizenry that, more often than not, is confused about the consent it is being asked to give. Confused, that is, until a demagogue like Pat Buchanan uses the medium to communicate simple and deadly answers.

But just because we don't yet have answers is no reason to be pessimistic. Our task is to attempt to resolve the uncomfortable questions to suck the oxygen from the extremist argument. We can expect mess upon mess until something workable emerges.

Yet, I remain optimistic because human beings are uniquely endowed to simultaneously process multiple and absurd epistemologies. Modern society would have never survived otherwise.

So if we're able to focus policy discussions surrounding the Internet in the context of timeless human struggles as opposed to investing a technical feature set with the power to grant freedom and justice, I hazard that the resulting policies stand a better chance of gaining the vital consent that makes democracy work.

Should such a dialectic transpire, it just may be possible to realize parts of Francis Fukuyama's thesis on the end of history; not because the Internet becomes the vehicle through which Western liberal democracy and capitalist markets become the last best model for organizing human society, but because the Internet allows *everyone* to make history---personal or otherwise.

More than anything else, that would constitute the end of history as written by a well ensconced elite legitimized by the power of guns, gold, or some august institutional brand. And that, my friends, would be a solid first step towards building a true Information Society.

Thank you.