

Civil Society and the New Economy

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INTRODUCTION

Is Civil Society Ready for the New Economy?

During 1990s, the transformations that took place in the world economy, focused mainly on information and communication technology (ICT), were expected to mark the beginning of an era in which recessions would only be a memory of the past. This transformation principally driven by the capacity of ICT was called the new economy (NE). At the early stages of the 21st century, it is increasingly evident that the NE did not accomplish all the marvels that were expected from it. However, Stiglitz (2003) stated that even if it was the basis for a short-term boom and for a recession that overcame even the postwar period rate, the basis for the NE is real. The Internet, technological advances, and the new ways to produce and make business are genuine. "If the 18th and 19th Centuries marked the passage from agricultural economy to the industrial economy, and most of the 20th Century witnessed the change from an industry-based economy to a services-based economy, the last decade of the 20th Century signaled the change to a weightless economy, the knowledge economy" (Stiglitz, 2003, p. 228). In such a situation, information management (Talero & Gaudette, 1996) becomes a window to opportunity.

Many developed countries, and a few emerging countries, such as Brazil, India, China, and South Africa, have adopted national strategies aimed at increasing the innovative capacity of their industries. As Gurstein stated:

Among the common elements of these strategies is a focus on scientific research and development, the training of highly qualified personnel, the creation of an environment of incentives to support the creation and growth of knowledge/research intensive enterprises, the re-orientation of the educational systems towards science and mathematics and the creation of an element of the national culture which is supportive of these areas and so on. (Gurstein, 2003, p. 3)

He is firm on the principle that the real opportunity for innovation and for having major impacts as a result of an innovation strategy is in enabling the development of a leap-frogging capacity directly into a knowledge-based

economy from a more traditional economic base. *This then begs the question of what could be the relationships between civil society and the new economy that is understood to be a part of the development process both in the developed and the developing countries?* Is civil society ready to be a proactive agent in this process? What specific lines of action should be undertaken by civil society to enable the integration into the new economy to become a motor for development, as well as to diminish its negative impacts on fragile economies, and on vulnerable social groups? The impact of civil society on this process will depend largely on citizen's e-readiness. *Citizen e-readiness describes the readiness of a nation's citizens to make purposeful use of Internet technologies* (IAP, 2002); it covers many facets in such use, but particularly, equality of access opportunities, training, knowledge, and social appropriation of ICT. Specifically, in the environment of the NE, citizen e-readiness also defines the ability of individuals, communities, and civil society to participate as proactive agents in the different sectors and levels of the NE.

THE CONTEXT

Dimensions of the New Economy

According to Joseph Stiglitz (2003), the NE has meant a vital change in displacement from the production of goods to the production of ideas, which supports the treatment, not of staff or stocks, but of information. IAP (2002,) defines the NE as "...the dynamic system of interactions between a nation's citizens, the business and government that capitalize upon technology to achieve a social or economic good" (p. 4). IAP assesses three major stakeholder groups: citizens, business, and government. However, in my view, a fourth important actor is a determining factor in the NE: the science and technology sector, without which technological innovation and knowledge would not exist or evolve.

The Wired's *Encyclopedia of New Economy* (2004) adds other viewpoints: "When we talk about the new economy, we're talking about a world in which people work with their brains instead of their hands. (...) A world in which innovation is more important than mass production. A world in which investment buys new concepts

or the means to create them, rather than new machines. A world in which rapid change is a constant. A world at least as different from what came before it as the industrial age was from its agricultural predecessor.” Kelly (1997) prefers the term “network economy,” because *information* is not enough to explain the discontinuities we are witnessing. This author suggests that an ever-increasing volume of information was produced in the 19th and the 20th centuries, and that many knowledge enterprises have been built on information capital, but only in the 1990s was there a total reconfiguration of information that shifted the whole economy.

Finally, Castells (2000), summarized by Obendorf (2000), stated that the new economy is not based just on knowledge. It has three key features, all of which are based in microtechnology:

- Information productivity, based on ICT;
- Real-time: global connectivity of capital flows, productivity, and management, which is only possible due to the technology infrastructure (the Internet);
- Networking: it is based on the Internet, which is more than just a technology, it is the basis for social and economic organization.

The new economy forces civil society organizations to face new risks, challenges, and rewards, as explained in the following points.

The Challenges

Castells, in Obendorf (2000), pointed out a number of new challenges imposed by the NE, including:

- The truism that winners entails losers—the move away from traditional employment patterns brings with it a disassociation from work, of social protections provided by welfare, insurance, etc.
- An increase in multicultural societies and decrease in homogeneous societies. National and transnational migrations augment following work opportunities.
- Innovative education: the NE drives a need for new forms of education, based on information research, and for processing this into knowledge.
- Inclusion of all the regions in the world, not just of the developed countries or the most developed regions in emerging countries.

The Risks

ICT can and should play a key role in social and economic development in developing countries (DC), but under the current circumstances of globalization, it is a

reduced role in many cases. Castells (2000b) stated that, because present information capacity is concentrated in certain countries and social sectors within countries, educational inequality is translated into social exclusion. *Information capacity is not limited to connectivity and adequate education, which should be extended through reinforcement of the information society paradigm: the production of knowledge is applied in technological innovation, which, in turn, facilitates the creation of new knowledge* (Tapper, 2004).

Obviously, there is a need for civil society to connect its technological capabilities and societal ethics in meeting the challenges and demands of the NE that influence our lives, economically, socially, culturally, and politically. We will first analyze the impacts of the NE on citizens (Finquelievich, 2003):

- ICT contributes to the economic development of nations but also tends to deepen inequalities; the impact on the economies of the developing countries will be different than that experienced in the economies of the developed countries.
- ICT impacts new labor flexibility, and hence, new labor insecurity, particularly in developing countries. There are several reasons for this:
 1. The initial innovators—in many cases, U.S.-owned companies—are the ones that benefit most.
 2. ICT infrastructure is more profitable and easier to develop in urban areas, which accentuates inequalities with regard to regional and rural areas.
 3. ICT-related employment requires specialized labor and is managed through flexible labor policies. Unlike developed countries, most developing countries do not have social security systems backed by adequate and structured public policies that help mitigate the effects of the transition from the economy of the industrial society and that of the knowledge society (Proenza, 2002).
 4. As Castells (2002a) pointed out, winners imply losers, and the move away from traditional employment patterns also implies social unprotection.
- The increases in multicultural societies, as well as labor flexibility, which are frequently linked to employment changes, imply the need for adaptability to fast cultural and geographic changes.
- The NE urges a need for more innovative education, but not all the citizens can afford to send their children to innovative educational institutions, which are often privately run. As a result, an aggra-

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