Public Dimension of Technological Change: Impact on the Media, the Citizenry, and Governments–A Canadian Perspective, The

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I am going to focus on democracy and the interaction between democracy and technology. We all know technology is important, and especially technologies such as the information and communications technologies that we see at work today. They have profound effects that go far beyond the economy. They affect the structure of families, family values, and political and other institutions. In fact, while you need institutional changes and changes in the incentive system to influence and shape technological change, technological change, in turn, forces institutional change. Globalization has been very much enabled by technological change. And globalization, in turn, has brought about great institutional changes in the way the world economy works.

One sign of the importance of technological change is, in fact, the focus of this conference, especially on the brain drain, new technologies, and intellectual property. Another sign is the importance of intellectual property in international trade negotiations and the importance attached to the enforcement of intellectual property agreements. Countries jealously guard their intellectual property that their own corporations develop and today are even trying to make it more difficult for people from other countries to access basic research and development by closing academic and scholarly conferences to non-residents. We also see the increasing value of intellectual property to corporate valuations and competitive advantage. Another sign of the importance of technology is the extent to which governments are investing in technology for competitive advantage. A good example is the partnership between government and the automotive industry for a new generation of vehicles in the United States; the government so far has invested close to a billion dollars, and the program is only halfway through its life. It is clear that in the knowledge-based economy, where ideas and innovation are the driving forces and basically constitute what we call technology, technology is not just a product, but can also be a new way of doing things.

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You could argue that Wal-Mart brought a technological revolution to retailing because it had a different set of ideas on how to organize retailing. I think when you talk about technology in economics, you have to include those kinds of ideas, as well as hard science, and you must include structural changes to the way things are done. I think it is recognized that technology, widely defined, expressed through ideas and innovation, is the key source not only of economic growth and good jobs, but also productivity gains and a non-inflationary improvement in living standards. All of our modern societies have a great stake in facilitating expansion of what we call a knowledge-based economy (KBE), if you look at the good jobs, new values, new investments, and growth in the economy today versus that of twenty-five years ago. The growth is in personal computers, software, videos, robotics, electronic commerce, genetically modified foods, the use of genetics in medicine, and all those kinds of products and services that scarcely existed twenty-five years ago. In a sense, the advanced economies are forced to pursue these developments as the emerging economies become more and more proficient in doing the things we used to do. But, we must also recognize that there is a saturation point in how many old things we want to accumulate. We can only use so many chairs and tables in our homes, and so our economy depends on constantly generating new goods and services.

When we look at new technology today and the profound changes it is bringing, people argue we are living through a new industrial revolution, and in many respects that is true. But it is also important to retain some humility and to learn from the past because this is not the first time, by any means, that humankind has gone through massive change. Peter Drucker reminds us of this, just in the information revolution, that we have gone through many profound changes. Some of those in the past may have been more profound in their time than the Internet-related changes we are going through today.

You can think back to the invention of writing five or six thousand years ago in Mesopotamia. It spread to China, and then to Central America, and to the rest of civilization. Just think of the implications of being able to write things down and of having a written language. Look at the invention of the written book, again, first in China, about 130 B.C., then about 800 years later in Greece. Gutenberg’s invention of the printing press and movable type in the middle part of the fifteenth century led to the mass production of cheap books. Where would Luther’s Reformation and the Renaissance that followed have been without Gutenberg’s technology? Look at the changes that were brought about for humankind by that revolution. Now, of course, we

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1 See generally Peter F. Drucker, Frontiers of Management (1999).
have the information technology revolution with the Internet, E-commerce, and wireless communications.

In addition to having a bit of humility about what we are accomplishing today and the context of the past, it is also important for us to keep technology in its place. As I mentioned earlier, the world we live in is undergoing a process of transformation leading to a new global economy and a process of globalization whose impact goes far beyond economic consequences.

Technology has provided the essential means for globalization and will continue to do so, but in looking at this there are questions that people raise about what extent all of this access to new information really has on the fundamental decisions that we make. Does more information necessarily help make decisions on whether or not to proceed with surgery or to pursue certain projects? There are limits to how much raw information we can access through the Internet that helps improve many of the decisions we make in society. We also have to concern ourselves with the social and political consequences of this sweeping technological change. My focus later on will be mainly on its interaction with democracy.

Let us look at globalization, which has brought the world many advantages. It has also brought some significant new risks. For example, the world is much more vulnerable to the nanosecond speculation of global finance, since more than one trillion dollars a day is traded in currency markets alone. That is made possible by new technology. Canadians, in fact, are now accustomed, when they get up in the morning, to checking the newspaper and the foreign exchange tables to see how much their net worth has increased or declined relative to the U.S. dollar while they were sleeping. It is a result of currency speculation.

On a more serious note, the spread of the recent financial crisis to much of the rest of Asia after it broke out in Thailand showed the kind of vulnerability to which we are exposed. That contagion wiped out much of the middle class of that part of the world, just as the 1930s depression did in the United States and Canada. The contagion effect (the "Asian flu") spread in Russia and then to Latin America, plunging the entire world economy into the threat of depression at one point. I was at the world meetings of the International Monetary Fund in Washington last fall. I have never seen a more worried group of people because they really did not know what was going to happen.

You could argue that deregulation, which technology forced, was at least partly to blame for the aggressive effort by the G-7 countries to force

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emerging market economies to liberalize their financial markets long before they were ready. That is not the only factor in the crisis, of course. Many of the emerging market economies pursued the wrong policies, but there was this great effort to force these countries to change before they were ready. This was a result of an excessive enthusiasm about what financial markets could accomplish in this new technological era, and the consequence was the greatest risk to the global economy in more than fifty years.

Likewise, new technology and information communications technology now provide terrorist groups with the opportunity to try to disable societies through computer hacking or to develop frightening new chemical and biological weapons. The new technologies also provide organized crime and drug cartels with new opportunities to launder their enormous cash flow. The Internet also raises the possibility of new forms of stock market fraud and consumer fraud. This is not an argument against new technologies and globalization, far from it. But the importance of recognizing that there are real risks that exist has to be addressed. These cannot be adequately addressed simply by looking to policies of industry self-policing and industry self-regulation. It is important to have coherent public policies as well. There has to be a trade-off between privacy as public security.

I want to go now to the issue of democracy and cultural diversity in the world. I see two or three risks to democracy in our current environment. The first is the claim that, as a result of technology and globalization, governments have become irrelevant and that market forces will address our problems. This is often put forward by business groups, except when they get into trouble. The steel industry has suddenly discovered the importance of government now that it wants protection against legitimate competition from other parts of the world. You hear a lot from the business community about the fact that governments are increasingly irrelevant. If people come to accept the idea that governments are powerless and irrelevant, why should they bother to pay attention to politics and public policy at all? Why should they even bother to vote? There is a risk, which we have seen in the recent election campaigns, of declining voter turnout, and our whole society will suffer if democratic function and the role of citizenship is diminished and declines. The other problem is that, when large numbers of people cease to vote, you leave the field open to special interests. Whether these are special interests like big tobacco or narrow interests like the Christian Right, democracy becomes corrupted.

Another threat to democracy is the growing power of money and monied interests to influence public policy. Elections are increasingly expensive, and politicians in both the United States and Canada are forced to spend more and more of their time fund-raising. Most of the money that they raise
comes from special interests. So we are developing, I think, an insidious and potentially quite corrupt connection between the lobbyists, and to some extent the big law firm community, and our politicians. One reason I mentioned law firms is that they are often the intermediaries who raise the money for the politicians.

You can see in many areas of significant public policy importance where the public interest is threatened. Tobacco is one I mentioned earlier. Other examples include the way in which the automobile industry has been able to push into the market sports utility vehicles, which are enormous energy consumers and contribute to the problems of climate change without their vehicles being subject to gas guzzler taxes or fuel efficiency standards. There are the problems with privacy protection, and the enormous opposition that developed from the health insurance industry as soon as the Clinton administration suggested any kind of health-care reform which might have some greater public involvement.

I remember flying to Washington the day after Clinton announced his health care plan. I was in a taxicab going from Washington National Airport to my hotel, and I heard a radio commercial sponsored by something called Citizens for a Fair Health System or some name like that. I immediately knew that there were special commercial interests involved. I have never heard such a succession of lies and misrepresentations about what Clinton had proposed, and yet here were the health insurance industry and other groups using their financial power to influence public opinion in a totally dishonest way. In fact, you could compare the threats to the health needs of ordinary people that the lobbyists said would result from health care reform with the HMO system that now exists. The HMO system contains many more restrictions than would have resulted from the Clinton health bill.

There is another threat to democracy that can come through the Internet, although the Internet works both ways. You could argue that the campaign against the Multilateral Agreement on Investment was a grass-roots political exercise that challenged what was supposed to be a quietly done negotiation in which business interests and people in government were represented to the exclusion of the public.\(^3\) By getting that onto the Internet and getting all of these groups going on the Internet, the process was slowed down so that the public could deal with this issue. This prevented what we call the democratic deficit, where the interested public is often left out of the negotiations process until it is too late.

\(^3\) For an example of the Internet based grass-roots campaign against the Multilateral Agreement on Investment (MAI), see Public Citizen, *Global Trade Watch: MAI* (visited on June 24, 1999) <http://www.citizen.org/pctrade/mai/maihome.html>.
The damaging side of this is that you can also get a lot of very negative targeted campaigns on the Internet that go after particular politicians in quite an irresponsible way. The opposition to former Speaker of the House Tom Foley was generated by someone on the Internet who decided Foley was too liberal. Anyway, he built this whole campaign on the Internet against Foley, which was not a totally honest campaign, if I can put it that way. The point I want to make here is the most insidious threats to our democratic system and how we make decisions do not really come from technology itself. They come from a political system; how a political system is funded; and the role of propaganda.

Because the word media was used, I should just say something about the media. I believe we can and do contribute to the problem. We are too distracted by personalities, scandals, and what we might call the sports approach to political reporting, which is to report elections and activities in terms of who is winning each day rather than what the parties or the candidates are talking about. If you watch television news, in particular, especially during an election campaign, the coverage is all about who moved ahead of whom in that day’s campaigning. It is really not about what they talked about or what the issues were or how they challenged each other’s ideas or anything like that. It is like a baseball game or something.

The media has a responsibility to do a much better job of providing people with information on the substance of issues; what is at stake, what the arguments are on the different sides, what the implications are with these policies, and what choices people have. In my experience, there is a large sector of the public that still wants to be responsible citizens and understand what is happening in their society and still has what people might call old-fashioned ideas about voting intelligently and making the right choices in election campaigns and in understanding issues. Whether it is the future of nuclear power; what we should do about genetically modified foods; what the right approach is on climate change; or any of those kinds of issues, I do not feel that we in the media are doing enough to help people try to understand these issues. In fact, with the way many of these things are reported, we are making it easier for politicians to engage in their sound bytes and for special interests to distort the debate.

I have read many stories on the Canadian health care system in U.S. publications. I cannot believe the distortions, misrepresentations, and inaccuracies, all seemingly designed to show that government should not be involved

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in health care. Some of these things would make an old-style Pravda correspondent quite proud; in the old days of the Cold War, Soviet Union correspondents would report to their readers that Canadians and Americans were still living in 1930s Depression-level conditions. I mean, some of the misrepresentations that you see really are terrible. It is as if the editors have sent the reporters out to show that the Canadian system does not work, rather than reporting on how it is working. These are two different questions.

One of the things that should concern us all is the inordinate power of money in public life today, as well as the way in which the power of money distorts public policy decisions. You can see this in the way lobbyists are fighting measures to protect privacy on the Internet. I am very much concerned about the issue of privacy on the Internet. There is this whole idea that government should not be allowed anywhere near the Internet, and that it should all be left to the private sector. It seems to me that every citizen should have the right to privacy. If the majority decides that they do not care, then that is their business, but access to information about themselves should be something that they have to offer. In fact, they may want to sell their privacy to somebody. Companies may say, I will pay you if you let me track you on the Internet. But people should have a fundamental right to privacy, and when that right to privacy is invaded, there should be both criminal and civil penalties imposed on people who invade that right. That should be a fundamental right of the people.

It was shocking when it was disclosed that Intel’s new Pentium III microprocessor included the ability to track what people were doing on the Internet. It is shocking to discover the way in which these trails can be created, and the way in which money and ingenuity will be spent to try to find ways to invade the privacy of individuals by looking at what books they buy, what trips they take, which chat groups they visit on the Internet, and sell that information to other people. If somebody decides that they do not mind, that is fine, but there should be strict laws.

In Canada, we do have legislation before our Parliament to provide some privacy protections. We are closer to the European Union on this, and we

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7 See Bill C-54, An Act to support and promote electronic commerce by protecting personal information that is collected, used, or disclosed in certain circumstances, by providing for the use of electronic means to communicate or record information or transactions and by
agree with the Europeans in many ways on the importance of a fundamental right to privacy. We are disappointed that the United States so far has chosen not to go in this direction and hope that saner heads will prevail at some point on this because it is a very important issue. But again, you have all these lobbyists and company contributors spending a lot of money to persuade the U.S. Congress that it should just keep its hands off and to persuade the White House that it should do so, too.

Another area where the power of money can distort sound public policy is with the whole issue of climate change. This is a technological issue. There is sufficient evidence that man-made sources of greenhouse gasses are contributing to climate change. There is also sufficient evidence to justify measures, based on the precautionary principle, to curb the emission of greenhouse gasses. I would suggest that many ordinary citizens would support the idea that we have a moral obligation to leave as healthy an environment as we can to the next generation. But, as you have seen since the Kyoto agreement, all the lobbyists are out there supporting these moneyed interests; the oil industry, the automotive industry, the chemical industry, the electric industry that uses coal; all of these people are fighting against the public interest and future of our planet. Again, this is where it is not a matter of technology, but where in our political process we have allowed the power of money to have excessive influence in public policy.

Because of time, I will not discuss the issue of genetically modified food, although my own inclination is that this is probably safe technology. But the public is entitled to have sound scientific evidence that it is safe. The Europeans are demanding that, and they are now accused of being protectionists. I was over in Europe a few weeks ago, and I saw enormous grass roots concern on the part of ordinary consumers about this. They feel they are entitled to have food labeled where it can be labelled. But here again, powerful corporate interests are working hard to push sales before the public has the information it needs to feel comfortable with this new technology. In this era of profound technological change, it is more important than ever that we strengthen our democratic system so that our elected representatives can once again pursue the public interest rather than corporate interests. But for this to happen we need real campaign finance reform, not new technology, especially in the United States.
