

The Potential Risks of the Local in the Global Information Society

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1. The Local and the Global

Globalization has become a concept for describing the changes taking place in the global economy. These changes are worldwide in capital and financial systems and in prices of raw materials, food, goods, and services. These changes are increasingly unpredictable and affect strongly the local and national economies. They are almost without exception discussed in the framework of the global economy, leaving the local economy and society almost no space. Globalization is seen as a process integrating local economies into the world economy. It seems to refer to a space where the global and the local interact, and the means of interaction is information and communication technology (ICT). Is globalization a process without an end, and how is it taking place? What kind of space is the global village as an economic space, referring to Marshall McLuhan's popular term (McLuhan and Powers, 1989)?

In the following, I will discuss the role of the local in globalization and particularly the role of ICT in this process: what are the spaces and flows that have the most significance in integrating the local culture and economy into the global flows and what are the possibilities and risks of this economic integration to the local economy and society? It seems when discussing the role of ICT in development of economies and societies, an important domain is often excluded: the local culture. Further, according to Manuel Castells and other social scientists, the construction of (individual) identity in this process is important. Castells uses the Net as a representation of the global, and the self, the people we are as individuals, as a representation of the culture, the local.

The current term for postindustrial economies is "knowledge-intensive economy" or "knowledge-based economy." This (a "knowledge-intensive economy") refers to the central role of information and knowledge, often education, research and development (R&D) and expert knowledge, in the economy. In the production process this means a change from the Fordist model of mass production to flexible production. It also means increasingly customized production. This knowledge-based economy suggests that in any economic activity, the role of information and knowledge has increased: the production processes are increasingly based on high technology, on skilled labor, on new forms of organizing work (networked organizations, teams) and extensive knowledge of the institutional environment, locally and globally.

ICT has enhanced the growth of the knowledge-based economy. The emphasis in this new paradigm is the difference between the role of *hardware* and *wetware*. The hardware, the technology, has been dominating development, but the wetware (see Wolfe, 1999)—knowing about the culture and society—is becoming more important. *Codified knowledge* has been the dominant mode of knowledge in education, economy, and science. However, *tacit knowledge*, knowing about the culture in society, is becoming important in understanding societies and organizations.

Economic globalization has produced debates on the organization of information industries, particularly telecommunications. One debate surrounds the need for strategic multinational alliances. At the same time, the local alliances of the public and private organizations also play an important role. Further, there is a dispute as to whether globalization is limited to financing, production, and sales: does it also extend to internationalization of research and development? There is evidence that the local and regional differences of culture play a central role in innovative activities of firms.

Globalization takes place, but does it replace the national economy as a milieu for economic activities? There is a common belief that ICTs promote the integration of the local economies to the global economy. This idea is challenged in the geography of production in this new economy by “a paradoxical consequence of globalization”: that is, the growing importance of the locality as a site of innovation (Wolfe, 1999, 4). Innovation capacities are dependent on regional communities that share a common base of knowledge, says Wolfe.

2. The Role of the State

The nation-state had an important role in modern society as an environment for citizens in society. The nation-state approached the citizens as active members of society: citizens were expected to vote in elections, pay taxes, and make a commitment to be responsible citizens in society (see Beck, 1994). On return the state (as welfare state) would provide social services, education, and security for citizens. As Bauman (1998) points out, there was the promise of security and continuity in society. The nervousness of postmodernity, as Bauman calls it, has brought chaos, which seems to be characterizing the present society. Continuous individuation in society, a lessening need to make a commitment to something, and the diminishing role of the state characterize postmodern information society.

One can take the role of the postmodern information society to the extreme and say that the state needs order to maintain basic services, such as protection of citizens from crime, and therefore the state will emphasize control over citizens. Such control is implemented through calls for citizens to participate actively in elections, local politics, and local social activities. The state itself has given away its political and economic power through privatization and deregulation of economy. It has also called for civil society and people’s participation in the functions of society, such as social work, social activities (*Reich*: the third sector) and active participation in local

politics. Maybe the civil society is a solution for the nation-state in a situation where economic and political power have become marketed goods.

In that situation today, the state has taken on the role of a coordinator or provider of an environment for competition in neoliberal economies. The integration of international economy, through either regional economic integration (European Union, North American Free Trade Agreement, Pacific Rim Area) or international corporations, is less dependent on national environment and nation-state. In the 1990s, deregulated financial and capital markets have increased the integration of the global economy. In the global economy the major players are now financial agencies, venture capital, and large investment banks. The irony of the deregulated financial global economy is that financial and capital flows move globally in a fraction of a second and leave national economies powerless. This development has been made possible through information and telecommunication technology and liberalizing financial markets. At the same time ICT has been promoted as a leading technology for economic growth and development in national or regional economies.

Now, the same technology that has been promoted as an engine of development produces economic crises unexpectedly in both economic centers and peripheries. Currency and interest rates and stock markets have become the major domains of economic activity. As actors in the global economy, companies and states are employing strategies in which employment and the welfare state are regarded as less important than creating an attractive deregulated economic environment for foreign stockholders to invest in a company. They may change a country's or region's economy unexpectedly and produce political and social crisis. Increasingly, there are examples of this: Japan, Indonesia, Mexico. Capital, labor, products and services markets are increasingly global, and local enterprises operate in that global environment. The time span in such an economy is short, and that makes it risky for organizations and finally labor to operate in the increasingly uncertain environment that results. Both the individual and the organizational time span is shortening.

To overcome this problem of chaos or nervousness of society, as Bauman calls it, the postmodern information society calls for flexibility, lifelong education, flexible organizational structures, and increasing dependency on experts, whether financial, legal, technological, medical, or psychological. Contradicting the liberalization of economy, there are also a growing number of voices calling for reempowering the state and for regulation of financial markets by international financial and economic organizations.

My critical questions are: can and should global financial markets be regulated, and is it possible to return the power to the state? Has the neoliberal economy and increased individuation reached such momentum that the state is needed only to maintain the security of society and basic social services? The question is: what are the functions of the state in the postmodern global economy? They are to maintain the security and basic services in society but at the same time to provide an environment for individuals.

These functions of the state are partially contradictory. On one hand they assume citizens' willingness to support the state, through taxpaying, voting, and following the legal system of society. On the other hand, citizens are encouraged to take individual responsibility for their lives. This means less need to make a commitment to society and more options for individual choice. The lack of need to belong to society, that is, individuation, enhances chaos out of order, and therefore the state may be called for again. The question is: what is the momentum in society when the state is needed to maintain order in society? Will there be an empowered state?

The fragmentation of society may encourage the need of belonging to a community in postmodern societies. Community in this context may range from a family to a network. The need for such belonging to may increase in the near future.

The developing countries are calling for the empowered state, as for them it often means a less chaotic future. The same kind of voices can be heard from postindustrial information societies. The role of the nation-state has decreased in the course of the regional economic and political integration and is being renegotiated. Economic power has been moved outside the boundaries of the nation-state, and the nation-state needs to negotiate its power again.

3. The State and the Strategy: The Case of Finland

Finland produced its first national information society strategy in the early 1990s as a nation-oriented strategy in which the role of the state was seen as essential to promoting the national interests: to create the leading information society in the world, to increase the competitiveness of the country, and to increase employment. The first national strategy approached the citizen as a member of a nation, and therefore the country as a nation should be a model information society.

The state produced this national strategy through the Ministry of Finance. The idea behind the first national strategy was that the public sector—the ministries and other public administration organizations—should be linked through an effective telecommunications network, and the plan was to computerize the whole country.

The first national strategy, called *Finland's Way to Information Society*, was published in 1994. Its main goals are (1) to make Finland a leading information society globally, (2) to increase employment, and (3) to make Finnish industries (particularly ICT) competitive globally. The goals are economic and technological ones. In the early 1990s Finland suffered from severe economic recession, and new strategies were necessary to overcome the crisis. Also, the industrial economy had suffered a major recession in the early 1990s, industries moved out of the country as industrial labor was less expensive outside the country, the export of industrial products to Russia had suffered from the political uncertainty in Russia, and the financial economy was in crisis. The financial crisis was mainly a result of opening capital markets for individuals in the mid-1980s, excessive lending of money by banks to industry and individuals, and inflated property values. Also, the

recession of the world economy added to the national crisis. This situation needed a solution, and information and telecommunications industry provided a potential area for economic growth. Information and communication technology became the leading technology in Finland, and the emphasis was to make Finnish ICT industries leading industries globally by the mid-1990s.

Finland's telecommunications structure and its history supported the development of this economic domain. Finland historically had both private and public telecommunications operators. The division of markets was as follows: local telephony services were provided mainly by local telephone operators and long-distance and foreign telephone (voice) services by the state Post and Telecommunications Office (PTT). The country had the principle of universal access and universal service. The PTT covered the remote rural areas, whereas the private operators covered the cities and regions around them.

In the early 1990s the telecommunications markets were opened for competition. Local private operators, which were the dominant operators until the early 1990s, were required to allow other operators, first the PTT and later foreign operators, to enter into the local markets. The local operators, in turn, were allowed to operate in long-distance services. The new services, like GSM and the Internet, have brought more operators to the markets. The market has been strongly deregulated and privatized. This development has provided a test case for whether competition and its effects can lower the prices of telecommunication services. It has also produced a test bed for new technologies and the growth of telecommunications services.

The information technology and telecommunications industry has benefited from the emphasis on ICT development, as R&D investment has increased through the 1990s and the state money has supported this activity. Also, education in the ICT area has increased, and there is a high demand for professionals in this field. R&D work has produced innovations as well. The state has been active in this development by promoting the industry through direct funding of R&D and subsidizing new high-technology industries.

Schools and educational institutions have been computerized, and ICT education is now a part of school and university curriculum. Virtual classrooms are reality today. Public libraries provide Internet access and other information services through the Net to their customers, free of charge.

These are examples of ICT penetration as a result of public funding in ICT. This first strategy has involved a state-centered approach to development of society, to different organizations and citizens. The second national strategy focused on citizens, know-how, and quality of life. The center in the second national information society strategy (*Quality of Life, Knowledge and Competitiveness*, 1998) was the citizen and know-how and sustainable development. Economic growth is proposed to take place in a sustainable way. How the citizens are approached in this strategy, as individuals and as members of society, I will present in the following section.

4. The Articulation of the State

What are the main goals in the second national strategy for Finnish society? First, society is approached as a collective entity: we are building Finland as a technologically developed high-technology society, the model of an information society. This is a shared national project. Further, the national strategy is to build a bridge across the structural change in the economy from an industrial society to an information society.

What is different in this approach compared to that of the modern society? This time the changes in society are taking place in a global environment. Globalization is seen as an economic and financial change, but it is also a cultural and technological change. The division into local and global changes the society and culture in a fundamental way, and that change is a result of free financial and investment flows (Bauman, 1998, 11). Global financiers enter the local economy and invest when it is profitable and also disappear from the local economy at the same rapid speed.

The difference between the local and the global is time and space orientation. The local space remains local: work, environment, communication and everyday life. The global space enters the local, not only as financial investments and capital, but also through information flows. Therefore, the local remains local but the global expands into local through communication and media. For Bauman (1998, 179), the state remains between the global and local in this process.

For the first time in human history, as Bauman says, cyberspace, the World Wide Web, simultaneously and without limits of time and space enters into every corner of the world. People may communicate without physically changing place and create new communities. The access and availability of that form of communication means that communication operates increasingly in a global space but is used and interpreted locally.

Globalization requires increasingly mobility (see Bauman, 1998, 9); one is required to be mobile and flexible, since the economy and financial system may require one to move constantly from one place to another because of one's work. On the other hand, those who have access to information technology become free from time and space; they can work wherever they want to, and they can live where they want to. Those who are not part of that group globally remain local and pay the price of being local. They are often marginal groups or outsiders to the information society, whereas the global nomads and experts are free from the limitations of place and time.

Globally, this process means that capital as well as information changes place at a speeding velocity. The local economy remains powerless, and the state will be the last guardian for nation-states and their existence. Bauman's prediction in this process is that elites will become global with power and the rest of the world will pay the price for this global economy.

Now, who are the power elites of the world? They are increasingly those with financial power and access to capital flows. Information technology has become a major agent of that free flow of capital. There are voices raised to control the free flow of financial investments, simply because there is increasing evidence of problems at the local level: unemployment,

economic unpredictability and social problems. These issues or risks are left, however, in the hands of local national governments, when the international capital has escaped from a country.

The recent demonstrations in Seattle against the meeting of the WTO were an example of an attempt to fight back against the free flow of capital and investments. Particularly, developing countries fear that the foreign investors would come to their countries and invest (without responsibility?), requiring the same conditions for their investments as is given to the local investors. The problem is, when the investors leave the country again, how can the local economy recover from the potential problems?

5. The Citizen

Globalization is a challenge to continuous economic growth. This requires growing interest in the role of the citizen and the kind of citizenship the information society seems to propose and promote. The characteristics of that kind of citizenship are flexibility, adaptivity to continuous and quick changes, lifelong learning, and quickly changing social relationships and short-term employment contracts. Finally, the ability to move from one place to another is required for employment. How do citizens and globalization interact? A starting point for analysis could be the concept of global village, where information and ICT are the agents of integration to globalization.

Marshall McLuhan's popular term "global village" (McLuhan and Powers, 1989) is frequently used to describe the integration of the worldwide media and communication flows. "Media as extensions of human beings integrate individuals and cultures into the global village" and "medium is the message" are the famous statements by McLuhan. However, the concept in itself carries a contradiction: the scope of the media is global but events and individuals are local, and the culture we live in is local. It seems that the global village is a space where the global and the local interact. The global village also invites us to a nostalgic vision of the local, the real, the personal, the human interaction of a village. Is cyberspace for us the global village? And what does it mean to be an individual living in that village?

Today's media environment has become a space for growing information flows where time and space are compressed and interrelated. The real virtuality (see Castells, 1996) or life on the screen (Turkle, 1996) are metaphors describing the changes in our media environments. The reality of society and everyday life is constructed in the media in a number of ways, and as individuals we use the media for communication and construction of our realities in more and more differentiated ways, but always locally. This media environment is not only the Net, but also the multiplicity of the information and media flows, the way they challenge and have an impact on us as individuals.

Media researchers have for decades been occupied with questions like: What do we do with the media and what does the media do for us? Why are these issues still relevant today?

As individuals we live in information environments where the various media flows produce expanding flows of information and images. This milieu or environment is increasingly a space for competition of ideas and images. The global flows of information are transmitted to us through national media in national media landscapes. We are not only members of local media audiences but also, we are sitting in the global living room as a media audience. On one hand we are customers of global media but we also communicate through the Net with the world. We are receivers, decoders of messages but we are also communicators, actors in the global media space.

There are several studies supporting the idea that individuals construct their realities based on their culture and experience, not to mention knowledge of the media, the media experience. How strong is the impact of the local culture in decoding messages? Lull, Ang, and others support in their studies the relevance, the importance of the local culture, the community, in the construction of meanings of media messages. As individuals we are members of a culture, a community with its values, norms, and traditions. The meanings of global messages are translated into local meanings, and we are the translators. However, the global media have an effect on us in the manner of genres, narratives, and texts telling us about priorities, values, events, and people. At the same time there is a silence of issues, events, and people. The contradiction is that we are faced with exponentially growing information and media flows and excluded from the majority of the world's information.

As individuals we live in societies that are increasingly in transition, in the process of globalization. The changes in society are speeding up, and these changes challenge us as individuals continuously. The media are an accelerator of these changes and demand that we as individuals be dynamic, mobile, and active. Lifelong learning and the constant necessity of being a global nomad, using Bauman's words, are central values in today's information societies. There is a contradiction in individual thinking, however, between belonging to something that could be called village or community and yet being constantly at any moment ready to join the group of global nomads. The former refers to a stagnant concept of time, the latter to a compressed and accelerating nature of time.

The global village also challenges the local community, the need to belong to something. The concepts of trust and commitment follow from the need and willingness to belong to something, whether community, family, or organization. Commitment and trust require individual willingness to invest skills, emotions, knowledge (symbolic capital), responsibility, tradition, and experience in a common goal. However, individuals expect also response, a return on their investment. That return in traditional communities has been security, trust, fulfillment, and continuity. Today, security has often turned into a growing number of risks, trust into "everything is for sale," fulfillment into competition, and continuity into compressed, instant, at-this-moment experiences.

But globalization is generally seen as an optimistic option, a utopia for the future. Everything becomes accessible instantly. The global nomad seems to be the popular model for individuals. Finally, as Beck says,

individuals are free from society, the welfare state, free to make choices (see Beck, 1992, 1998). Freedom of choice is possible for everyone in this utopia. The state remains as an environment for free choices and action. This is still a utopia for the majority of people in the world. My argument is that in late modern societies, the community, the belonging to, is important for constructing individual identity, the self, in society.

6. Compressed Time

The compression of time and space has become an element of the global media environment. Not only are time and space compressed in the news media, but time is also compressed into a flow of separate events, whether in the news or in soap operas and sitcoms. The argument is that as the amount of information and the supply of events are growing, the time and space in the media need to be compressed. Also, the time span of media consumption is getting shorter for individuals.

Manuel Castells has introduced the concept of "timeless time," by which he means time without natural phases or time without natural intervals. The media and particularly the Net become an accelerator of that more rapid nature of communication. Everything becomes outdated at a more rapid rate.

The media have been considered to be a public forum in which to discuss the issues of society. This forum has been understood as a space for public discourse in society, a space for democratic participation. It is a space for power. The fragmentation of the uses of media, the disappearance of the public space, is one of the critical issues of today's society. Do we as citizens have a shared understanding of society, or is it more fragmented today? Power in society is mediated through the media; the media are owned by a fewer number of companies with more outflow of messages, and the markets are the major determining agents of media landscapes.

The counterargument is that the Net, the new medium, allows us as citizens to participate in decision making, and the new medium is more democratic or allows more democratic participation. The Net makes everything transparent and presents issues and events in real time. It allows us to participate in events in real time. On one hand the Net needs to be made accessible to everyone, and on the other hand it is a means to enhance democracy. If there is no access to the medium, there is less access to participate.

7. Space of Globalization

Manuel Castells discusses globalization in terms of time and space; for him the new spatial logic is the space of flows. These flows are capital, information, organizational interaction, images, sounds, symbols, and technological flows. For network society, the organization of these flows is essential. The opposite is the space of places, which he calls our historical common experience (Castells, 1996, 378).

The space of flows is essential for organization of the information society, the network society. According to Castells, three layers are necessary for organization of the space of flows. First, the technological infrastructure, the electronic impulses, is the material support of space of flows. This means telecommunications infrastructure and networks and broadcasting, among others, for the flow of communication. In this information technology network, no place exists by itself, since the positions are defined by flows (Castells, 1996, 412).

Further, these spaces are constructed on hubs and nodes through which the financial, technological, and information flows flow. These hubs and nodes in the network can be major cities or capital or communication locations, whether cities or other regions (like Silicon Valley). It is important, however, that the elites, the dominant managerial-technological-financial elites, occupy the key positions in societies globally, says Castells. These elites control our societies. The dominant elites have the organizational capacity in society to require material and other support for their activity. They have the capacity to disorganize the majority of people and their interests, and this majority often sees its interests fulfilled in the framework of the dominant elites (Castells, 1996, 415). Castells's theory of space of flows seems relevant in the analysis of the global and the local. The cosmopolitan elites are global, and most of us, the people, are local: the local culture, tradition, and people are central in the global. The same kind of analysis of globalization is presented by Arjun Appadurai (1990) when he discusses financial scapes, ethnoscares, technological scapes, and ideoscares.

8. Return to the Village?

The local culture and economy interact in multiple ways with global information, financial, and technological flows, and ICT enhances that interaction. But the local culture and economy is the space for the global village, and it is mediated and constructed in cyberspace.

The global village is a space for dominant elites and the people. Tradition, community, and continuity have characterized the local. Change, compressed space and time, cyberspace, and present and future orientation characterize the global. There is a nostalgia for the village and yet, at the same time, an accelerating speed to reach the future now, at this moment, and reach the world. The media and information and communication technologies play an important role in this process, creating the space for communication and flows of information, finance, images, and sounds from around the world. Yet the individual and identity, life in the real reality, is the foundation for communities and societies.

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