

Katalin Szabó – Balázs Hámori

Information economy

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Karl Marx writes somewhere that a society can be grasped and summarised theoretically only when it has developed into a “social body” already. It is impossible to do so as long as it is still a “social cell”. This is obviously the continuation of *Hegel's* thought according to which Minerva's owl, too, begins its flight only in the dusk. In their huge and imposing book, *Katalin Szabó* and *Balázs Hámori* present to us an interesting experiment: they describe the phenomena of the economic structures and processes of a not yet established but already unfolding, new form of economy, the information society, i.e. the “information economy”. It must be said to their credit that they, too, are aware that Minerva's owl has not begun its flight yet. It is still testing its wings and having test flights for the time being. The situation has thus not matured yet for the complete theoretical mapping of the information society or the information economy. The subject examined is still in a

“cell form” rather than in the state of a fully developed “social body”. The authors have thus no intention to create a unified and comprehensive theory but demonstrate that classic (modern) industrial capitalism – “chimney capitalism”, if you like – is giving way to economic structures that can be referred to as information economy already and which will prevail as a main rule in future. *Manuel Castells* has probably been the only person so far to attempt to draw up also the theoretical contours of information society. Although his venture was a major one, it was probably not meant to be a real success, due to its prematurity.

Katalin Szabó and Balázs Hámori have been thus more modest in setting their goal, with a good sense and taste. They wish to thoroughly examine the phenomenon of the information economy, while describing in all sectors of economic life how the classic, modern industrial capitalism gradually develops into a post-mod-

ern information economy. Despite the excellence of the venture, there is certain information that I miss in the introduction and description of the theoretical historical antecedents. It would have been interesting to read about the birth of the concept of postindustrialism (Coomaraswamy, 1913) and about the lifework of *Fritz Machlup* (1962) who – within the concept of the “knowledge industry” – suggested numeralising information production and dissemination activities. *Marc Porat's* series of research (1977), the aim of which was to define and measure information economy, could have also been mentioned. In 1979, Porat – commissioned by OECD – worked out a model in which the progress of various countries on the road towards information society could be marked on a scale. There are significant theoretical antecedents regarding the conceptual clarification of communication theory, information, erudition, knowledge, culture, etc. (Wiener, 1948; Shannon, 1949; Ellul, 1954; Braudel, 1958; McLuhan, 1964; Lefebvre, 1967; Mumford, 1970; Morin, 1974; Stiegler, 1991). Special mention is due to *Daniel Bell's* postindustrial society concept (1960), which has since then, so to speak, become the paradigm of any effort in the field of social and economic development induced by the new (infocommunication) technologies. It was probably in Japan (1971) that this paradigm was first raised to the national target level. The Nora-Minc-report (1978) on the French conditions formulated a crisis philosophy already. The FAST-programme (Forecasting and Assessment in the Field of Science and Technology) of OECD, the information highway programmes of the USA (1993), the Bangemann-report (1984) in the EU were all important milestones while, since the year 2000, they have talked about “the Europe of Knowledge” already (British Labour Party, Lisbon Resolution of the EU). Strong critical trends have also appeared, at the same time.

Representatives of this have been *Amitai Etzioni* (1968) and *Lyotard* (1979), who have rather accentuated the crisis phenomena within the paradigm of postmodern society. Yet, it is the cheapest of all reviews, I believe, if the reviewer dwells on what is missing from the book and what else could have been discussed. These missing details in the theoretical history are therefore mentioned here not as mistakes; I just wish to draw attention to the fact that even a most excellent and comprehensive book may leave room for further study.

■ Let us rather turn our attention to what the authors have presented the readers with. Their studies written in a captivating style most enjoyable to read, inform us incredibly exhaustively on the current state and expected development trends of the information economy. The first paragraph of the book (the upbeat) is a great start already, calling attention to the problems discussed. The reader learns that the first high-speed optic data transmission network was established during the Trojan War, in 1184 B.C. When *Agamemnon* was to leave for the war, he agreed with his wife *Klutaimnestra* that he would indicate the occupation of Troy by a light signal. The light, which travelled approximately 375 miles (600 km) through the islands of the Aegean Sea, came from the flames of torches. The news of the Greek victory was passed by messengers from one island to the other until it reached the queen in Mukene.

One thousand years after the Trojan War, the Greek further developed high-speed optic data transmission. The key was the Greek alphabet, the 24 letters of which were grouped into 5 clusters, with 5 letters belonging to each cluster, in an alphabetical order. After the messengers flashing the torches signalled “message starts here”, they transmitted the news letter by letter. It was the torches flashed on the left that indicated which of the 5 clusters of the alphabet was meant, while the flash

of the torches on the right indicated the chosen letter within the cluster. This was the SMS of the time, which was a huge advance compared to the “yes-no” type 1 bit message of Agamemnon.

In our age, in turn, the computer has been born.

In the first two paragraphs, the authors present examples from a period of 3191 years. Is there a person who would not be keen to go on reading after such a beginning?

■ The monograph also has a crystal clear structure. The chapters of the book are divided into four parts: 1 System, 2 Product, 3 Transactions, 4 Actors.

Introduced to the concept of globalisation, the reader is informed on the consequences of this comprehensive phenomenon:

- information technologies are disseminated,
- computer networks rapidly grow,
- the multi-level corporate hierarchy that used to characterise the structure of industrial organisations is significantly reduced,
- downsizings laden with political tension take place,
- places of employment are closed.

The authors view information economy as a comprehensive system. They do not restrict themselves to the market system and they do not regard it as the totality of social system, either, but discuss it as an economic system, a “transitional economy”. They demonstrate how the rules of economic life change.

The authors raise the question what system this is all about. Is it a new type of capitalist market economy? Or some kind of a third way?

The essence of their message is (which I consider a significant theoretical achievement) that they describe the system as a transition economy between the capitalist industrial system and the unfolding information economy. There are significant changes in employment relations and the financial sector, they point out. In

trade, however, new relations forge ahead with more difficulty. In the actual economy, the old and the new, upcoming structures are certainly both present at the same time.

We live in an age when

- action patterns and algorithms (electronic auctions, new types of employment) spread faster,
- new institutions are established faster and more easily,
- you discuss everything with your computer first,
- the “mass production” of institutions and the planning of mechanisms have been made possible,
- new institutional economics to deal with micro-analyses is developed,
- the place and the time co-ordinates of economic behaviour shrink. What the authors mean by the latter is that economic cycles slip into one another, time accelerates, the economic space gets virtualised and processes are decreasingly bound to places. An important concept throughout the book is blurring, when both products and services slip into one another,
- the buyer often takes over the function of the seller. It is often the buyers that recruit new buyers for the product over the Internet. The borders of technologies, sciences, corporations and branches become permeable.

The monograph consists of 17 chapters altogether. Some of these were co-written by the authors, others were written by either of them. Yet the style of the book is welcomingly uniform and well-harmonised, whichever chapter you read. Both authors are excellent writers and analysts and know very well how to hold the readers' attention. It should be mentioned here that *Áron Négyesi* is the co-author of one of the chapters and he, too, deserves praise.

► In the 'System' part, the authors describe the tendency leading from industrial capitalism

towards information economy and outline the changes in the system logic.

► In the cross-section of 'Products', products as services are examined. Immaterial products and the economy of attention are also discussed.

► The chapter of 'Transactions' discusses the World Wide Web as a market place. Important things like trust, reputation and identity at the electronic markets come up here. Issues like e-marketing, the digitalisation of product and cash flows, anomalies in value production, dynamic pricing, digital monopoly or the global bazaar are also presented here, still in an exciting manner.

► In the closing part of 'Actors', the problems of intangible capital, authorised employees, teams and networks are discussed. Also in the same part, there is a chapter I found especially captivating, entitled 'From the static corporate concept to the evolutionist view'. The closing chapters of the book focus on employees in the information economy and changes in consumer behaviour.

At the end of the volume, you can find a rich appendix, references, an excellent glossary as well as a name and subject index. It is obvious that Katalin Szabó and Balázs Hámori know everything about the subject examined; they have read everything relevant, with nothing important escaping their attention. In my opinion, they have performed at the level of the best

British and American university course books and hand books. It would be no surprise if the work was published in foreign languages (in English by all means). It would arouse great attention also in the international scientific world, I believe. It is probably only the description of the situation of informatics in Hungary (i.e. reports by the Central Statistical Office, TÁRKI Social Research Institute, the Information Society and Trend Research Institute and other reports), Hungary's position compared to other countries in the world, inserted into the discussion on world trends, that have insufficient coverage. In the second part of the book, however, I was happy to discover information, interview extracts and other material included from Hungary.

'Change' is probably the most important inviting word in the book. It includes the description and analysis of changes from the transformation of economic processes to those penetrating down to the very personality. The authors could not have chosen a better motto than the following thought of *Péter Esterházy*:

“It is really a different world that starts here. 'Yes' is different, 'no' is different, 'never' is different, 'forever' is different, 'endless' is different, and therefore geometry is different, honour is different and the word of honour is also different ... what you mean by rights and obligations is different.”

János Farkas