

Title:

The Solow Paradox

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Summary:

Named after the Nobel laureate in economics, it was stated by him thus: "You can see the compu

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On March 21, 2005, Germany's prestigious Ifo Institute at the University of Munich published a

It is a prime demonstration of the Solow Paradox.

Named after the Nobel laureate in economics, it was stated by him thus: "You can see the compu

"...the productivity performance of the manufacturing sector of the United States economy since

What should be held true - the hype or the dismal statistics? The answer to this question is o

The notion that IT retards growth is counter-intuitive. It would seem that, at the very least,

Two elements are often neglected in considering the beneficial effects of IT.

First, the concept of information technology comprises two very distinct economic entities: an

Massive, double digit increases in productivity are feasible in the manufacturing of computer

But for this increased productivity to trickle down to the rest of the economy a few condition

The transition from old technologies rendered obsolete by computing to new ones must not invol

Hence the crux of the debate. Is IT more expensive to introduce, run and maintain than the tec

Moreover, is IT an evolution or a veritable revolution? Does it merely allow us to do more of

Hitherto, IT did not succeed to do to human endeavour what electricity, the internal combusti

The penetration of both IT and the medium it gave rise to (the internet) is not globally unif

In hindsight, 20 years hence, we might come to understand that computers improved our capacity

Historical Note - The Evolutionary Cycle of New Media

The Internet is cast by its proponents as the great white hope of many a developing and poor c

The internet runs on computers but it is related to them in the same way that a TV show is rel

Moreover, different countries and regions are caught in different parts of the cycle. Central

So, what should developing and poor countries expect to happen to the internet globally and, l

It is clear by now that the internet is a medium and, as such, is subject to the evolutionary

The internet is simply the latest in a series of networks which revolutionized our lives. A ce

Every new medium starts with Anarchy - or The Public Phase.

At this stage, the medium and the resources attached to it are very cheap, accessible, and und

The Internet was not exempt from this phase which is at its death throes. It was born into utt

Non commercial entities jumped on the bandwagon and started sewing and patching these computer

The Internet (with a different name) became public property - but with access granted only to

Radio took precisely this course. Radio transmissions started in the USA in 1920. Those were a

The anarchic phase is followed by a commercial one.

When the users (e.g., listeners in the case of the radio, or owners of PCs and modems in the r

In its attempt to take over the new medium, Big Business pull at the heartstrings of modern fr

The end result is the same: the private sector takes over the medium from "below" (makes offer

Every privatization - especially that of a medium - provokes public opposition. There are (usu

Again, consider the precedent of the public airwaves.

A new Communications Act was legislated in the USA in 1934. It was meant to transform radio fr

From the radio to the Internet:

The American administration withdrew from its last major involvement in the Internet in April

The Communications Act of 1996 envisaged a form of "organized anarchy". It allowed media opera

Phone companies were allowed to transmit video and cable companies were allowed to transmit te

Merely "voluntary censorship", to be sure and coupled with toothless standardization and enfor

The third phase is Institutionalization.

It is characterized by enhanced legislation. Legislators, on all levels, discover the medium a

It is conceivable that certain parts of the Internet will be "nationalized" (for instance, in

No medium in the USA (or elsewhere) has eschewed such legislation. There are sure to be demand

All this is bound to lead to a monopolization of hosts and servers. The important broadcast ch

The last, determining, phase is The Bloodbath.

This is the phase of consolidation. The number of players is severely reduced. The number of b

50 companies ruled the greater part of the media markets in the USA in 1983. The number in 199

This is the stage when companies - fighting for financial survival - strive to acquire as many

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