



Phoenix Rising: **Opportunities and Challenges of the Global Information Age**

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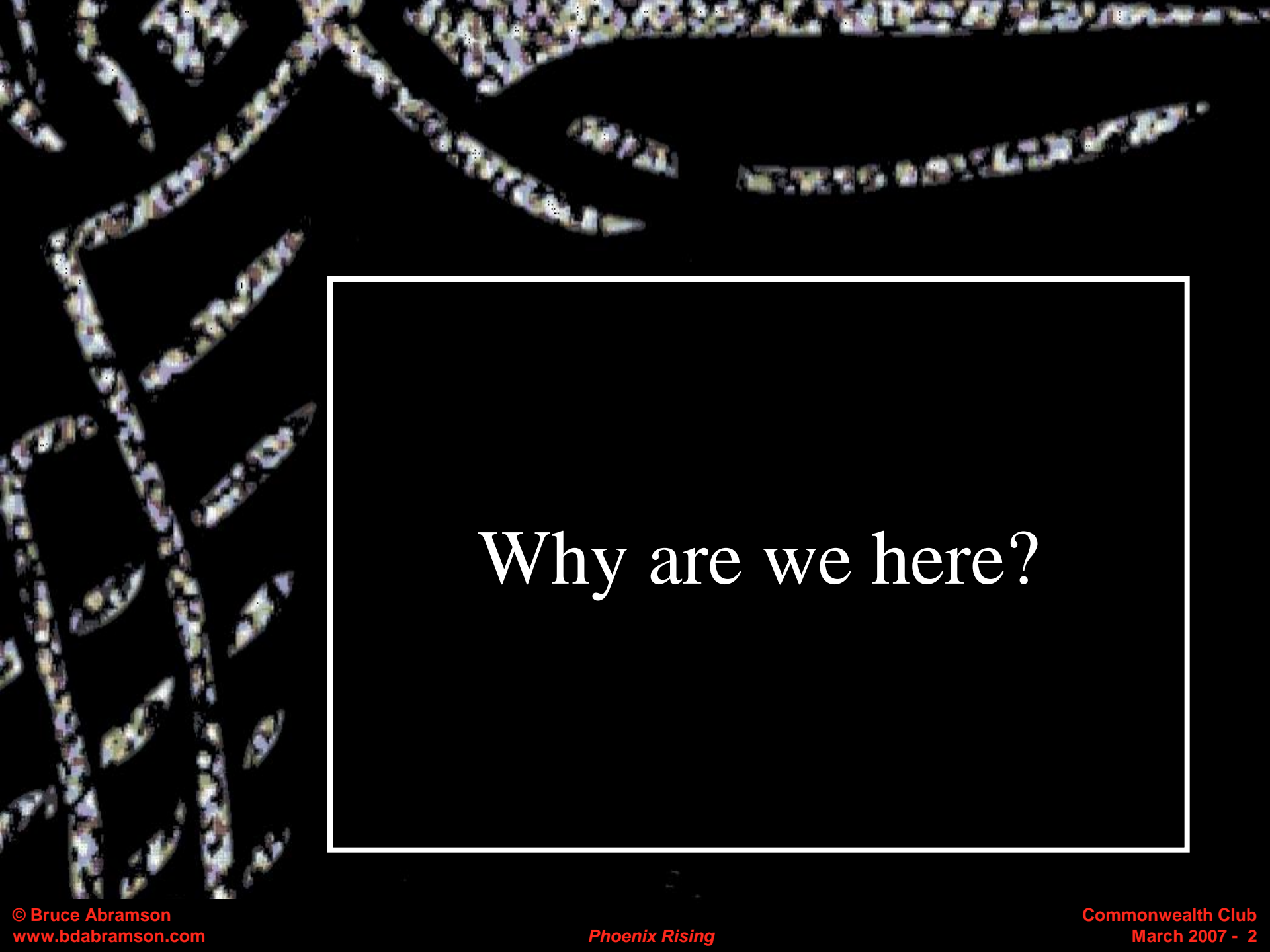
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Informationism, Inc.

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Why are we here?

Goals

- To understand the pattern of challenges and opportunities in the world today.
- To apply that pattern to:
 - Spot business and investment opportunities. (Get rich).
 - Build robust careers. (Get independent).
 - Understand global politics. (Get safe).

Informationism

Liberalism is applied economics; it is social and political policy based on a scientific foundation.

- Ludwig von Mises, *Liberalism* (1927)

Informationism is applied information science; it is social and political policy based on a scientific foundation.

-Abramson, *Why "The Informationist?"* (2005)

Applied Information Science?

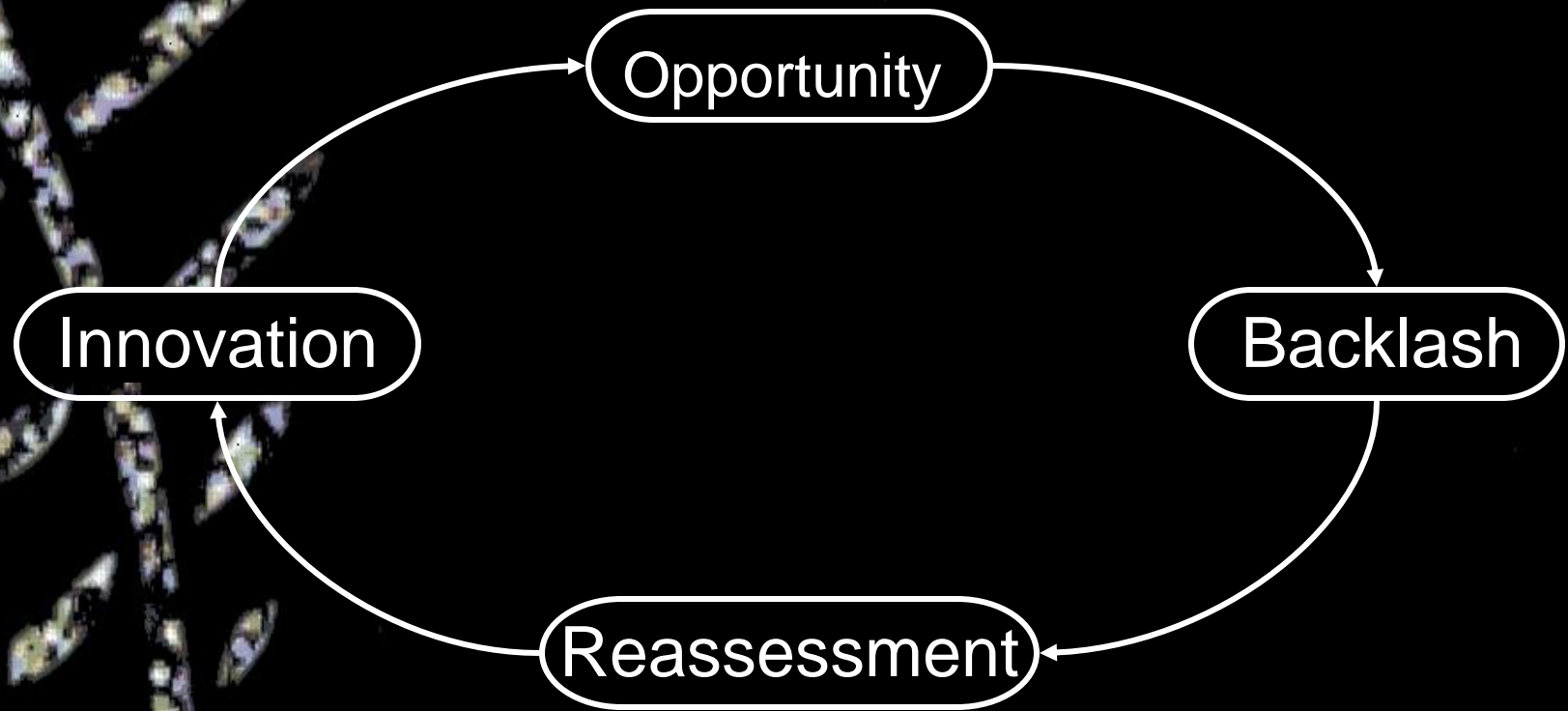
- Q: Sounds very technical. Do I need math?
- A: No, just a bit of discipline.

- Q: But *isn't* it highly technical?
- A: Yes, but the world is an informal place. Apply the technical ideas informally.

Informal Technical Ideas

- Many seemingly different challenges follow a common structure or pattern.
- Rules or algorithms can capture that pattern.
- Fact-specific inputs generate fact-specific outputs.

The Pattern



The Rules

- New technologies empower consumers.
- Clever providers arise to serve those consumers.
- New providers threaten incumbents.
- Incumbents label new threats “undesirable.”
- Conflict arises between incumbents and entrants.
- Consumers reassess the new technologies.
- Clever providers respond to the consumer shift.
- The process repeats itself.

The Good

- Technology creates opportunities.
- Economics dictates which opportunities we develop.
- Policy labels some new opportunities undesirable.
- Law makes the “undesirable” expensive.
- The economic calculus changes accordingly.
- Technology responds to the economic changes.
- The process repeats itself. . .

The Bad

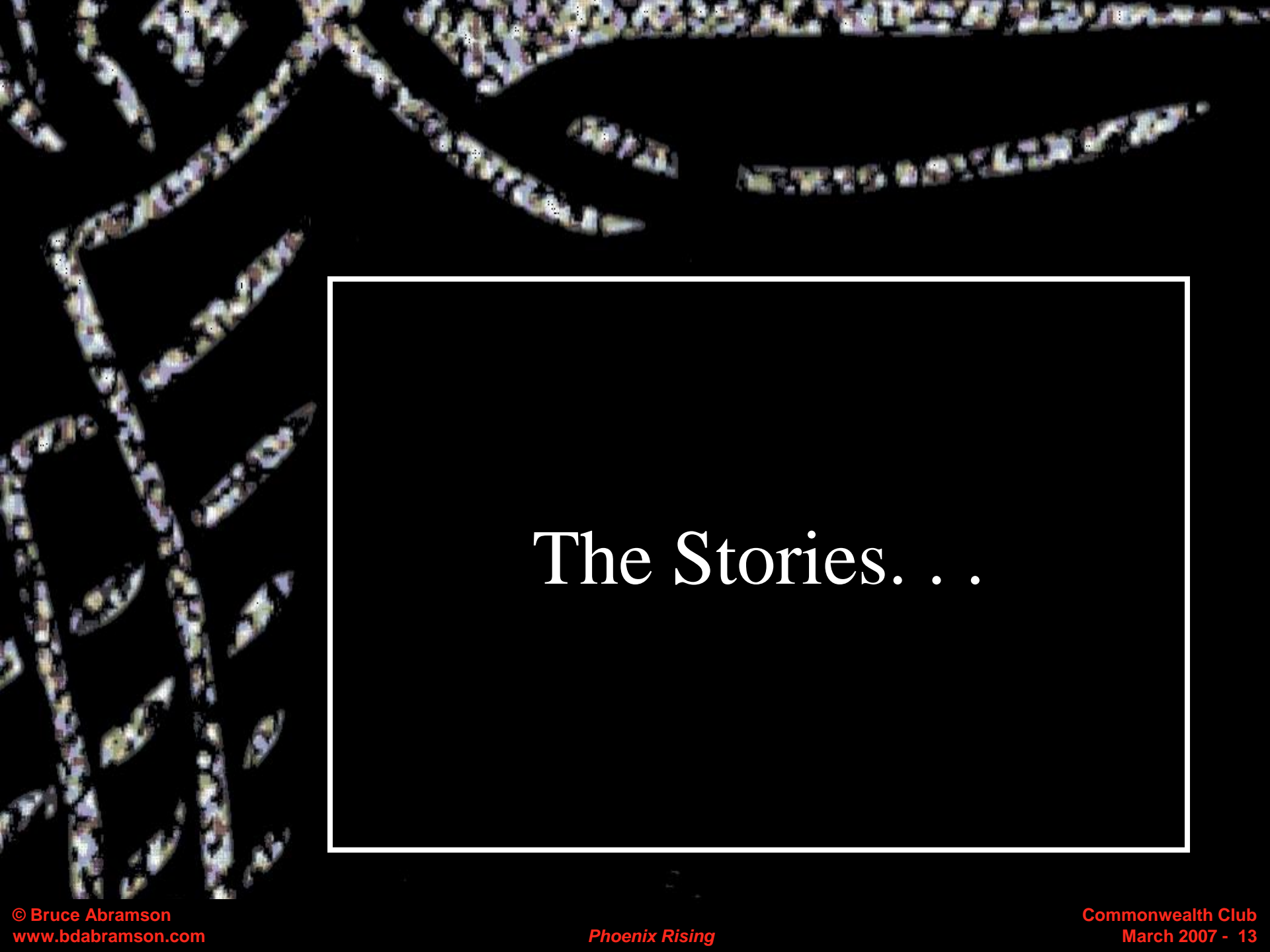
- Technology creates opportunities.
- Economics dictates which opportunities we develop.
- Authoritarians decree that some new opportunities are undesirable.
- Violence makes the “undesirable” expensive.
- The economic calculus changes accordingly.
- Technology responds to the economic changes.
- The process repeats itself. . .

The Ugly

- The bad can get pretty ugly.

Put up or Shut up

- What's so magical about that pattern? How does it explain anything?
- Why don't I feel richer, more independent, or safer than I did five minutes ago?
- Can "informationism" make "a phoenix" rise?
- Someone advertised storytelling:
 - Napster
 - Offshoring
 - Islamofascism



The Stories. . .

Entertainment: The Facts

- Prelude: Record companies push us to replace vinyl LPs with CDs.
- We build huge digital music libraries in our homes.
- Hard drives let us copy music.
- The Internet lets us communicate.
- A networked society of music fans arises.

Entertainment: Opportunity

- Consumers win: Internet reduces cost of copying and distributing digital files.
- Clever producers: Napster eliminates the middleman from music distribution.

Entertainment: Incumbents Arrive

- Policy: Copyright law provides exclusive rights to control distribution. Technology and economics rendered that right unenforceable.
- Policy: Copyright law motivates investment in copying and distribution. Technology and economics eliminated the need for such investment.

Entertainment: The Battles Rage

- Copyright law made Napster expensive.
- Napster died. Grokster was born.
- Incumbents sued kids. Consumers found “free” downloads expensive.
- Apple was a clever provider. Consumers found “expensive” iTunes cheaper than “free” Grokster.
- Copyright law made Grokster expensive. Grokster died.
- The process is repeating itself as we speak. . .

Offshoring: Facts

- Free trade leads to general prosperity.
- Comparative advantage long applied primarily to goods.
- Trade has grown progressively freer since WW II.
- The Internet created a global communication network.
- Many service-sector jobs are communication jobs.

Offshoring: Opportunity

- People in developing countries possess communication skills.
- People in developing countries need jobs.
- People in developing countries draw low salaries.
- Clever providers use technology to offshore jobs.

Offshoring: Incumbents Arrive

- White-collar workers in the developed world don't like losing their jobs.
- Much of the developed world is democratic.
- Democracies are sensitive to worker fears.
- Policy: Corporations, workers, unions, and lobbies push for protectionist measures.

Offshoring: Battles Rage

- Protectionists seek to protect incumbent jobs by making offshoring expensive.
- Workers in the developing world lose jobs.
- Consumers and clever providers in the developed world face fewer opportunities and higher cost.
- Technology improves, jobs move anyway, fewer retraining opportunities exist.
- The process repeats itself. . .

Islamofascism: The Facts

- Authoritarians control political and religious information across the Arab/Islamic world. In a word: “Tradition!”
- Modern communication technology connected individual Arabs to the West.
- Reduced trade barriers increased cross-border businesses.

Islamofascism: Opportunity

- Consumers win: Individuals gain access to Western products, technologies, entertainment, and ideas.
- Clever producers: Western businesses find new markets; local businesses find Western partners.
- Western governments push policies to open the Arab world to commerce and communication.

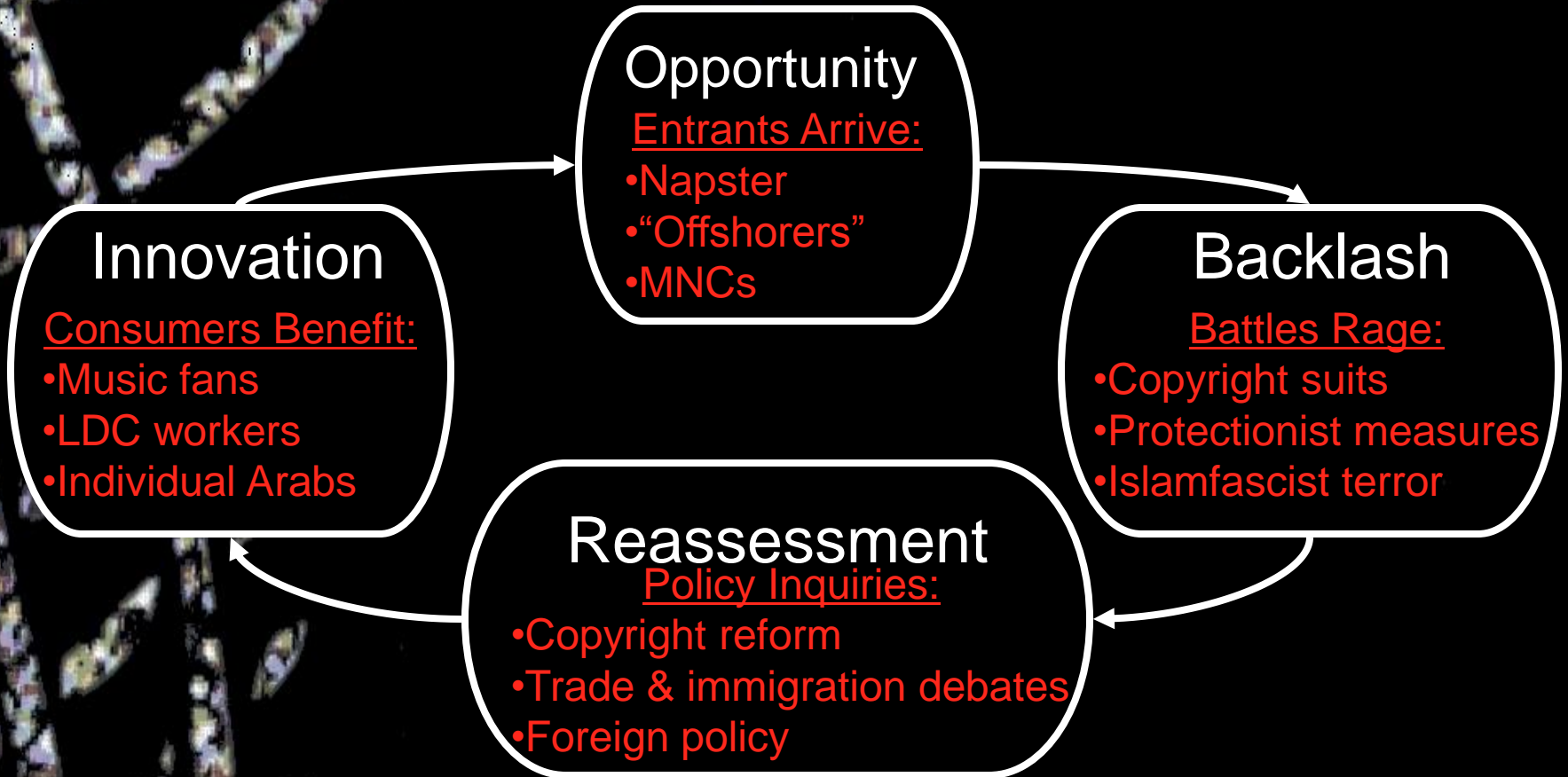
Islamofascism: Incumbents Arrive

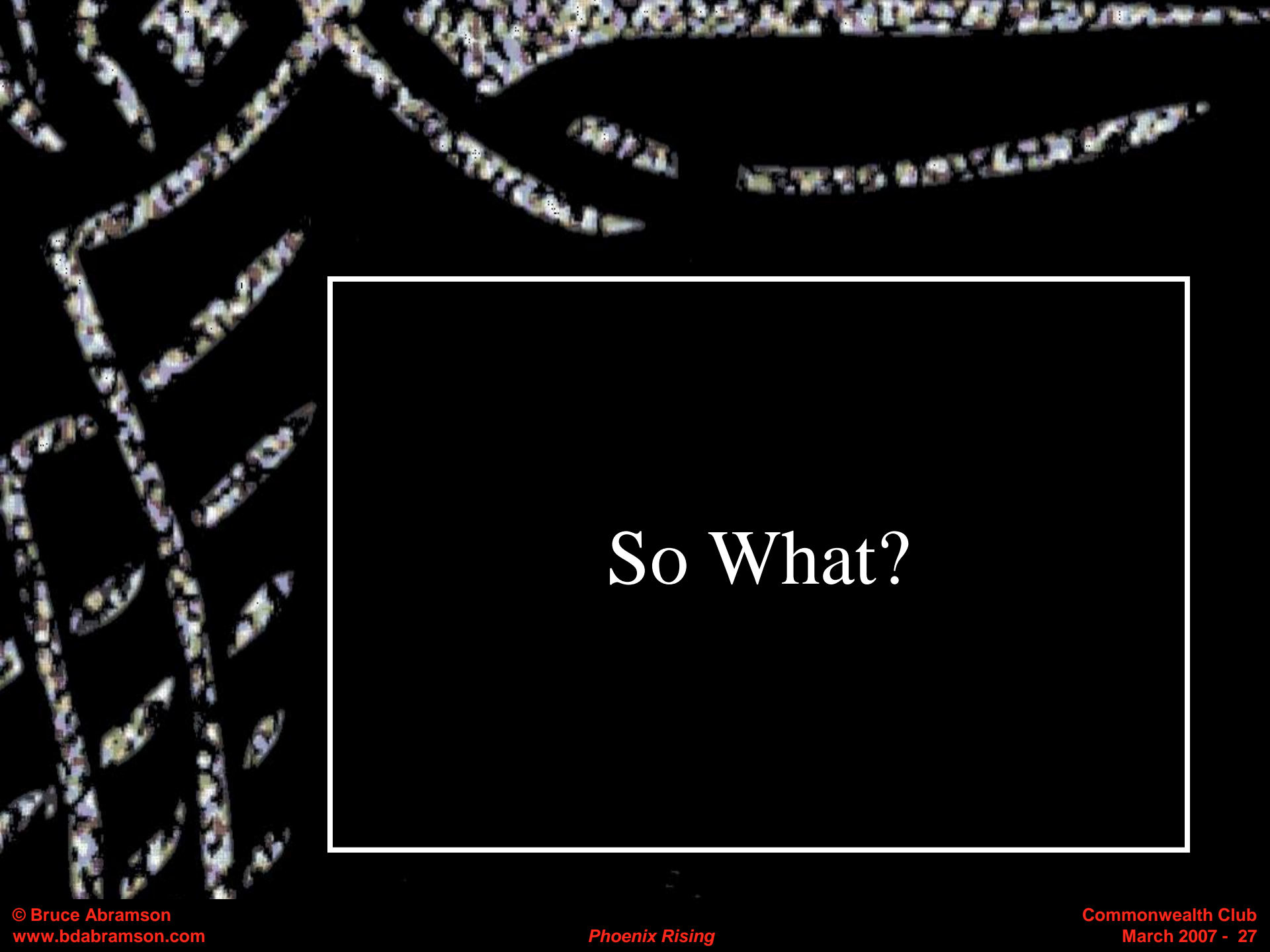
- Self-styled “traditionalists” decry the contamination of Western products & ideas.
- They combine radical ideologies, appeals to Islam, technology, and tactical terror.
- They employ violence and threats to end the opportunities empowering individual Arabs.

Islamofascism: The Battles Rage

- Terrorism increases cost of commerce.
- Terrorism increases cost of individual empowerment.
- Arab “consumers” reassess benefits of individualism and empowerment.
- Westerners debate appropriate responses.
- The process repeats itself again and again. . .

That Pattern Again





So What?

Lessons

- We are transitioning from industrial age to information age.
- We can collect and manipulate large quantities of information at very low cost.
- That change will transform our lives and the world.
- The economy will lead the transition; all else will follow.
- Things won't settle down until the backlash is absorbed or defeated. (Just ask Hegel).
- The means of communication will determine the structure of society. (Just ask Marx).

Get Rich

- Start by thinking like a consumer:
 - What new type of information might I value?
- Now *become* the clever provider:
 - Where does this information reside?
 - How will the consumer use it?
 - Which transactions will it change?
 - Which industries rely on these transactions?
 - How can a new entrant compete in these industries?
- *Anticipate* the inevitable backlash.
- Prepare for the reassessment.

Get Independent

- Start by thinking like a clever provider (of labor):
 - When do I require immediate physical fulfillment? *Everything else* will become an information job.
 - What sorts of information interest me?
 - How can I build expertise with this information?
- Identify likely consumers:
 - Who needs such information? When do they need it?
 - How can I contact the people who might be willing to pay for the sorts of information I can provide?
- *Anticipate* the inevitable backlash.
 - Many people won't appreciate the value that you can provide.
 - Competition will drive down the prices you can charge.
- Prepare for the reassessment.

Get Safe

- Recognize that we are witnessing a backlash.
 - Who did we try to empower?
 - How have losing incumbents leveraged tradition, familiarity, and proximity to counter individual empowerment?
- Reassess what we offer.
 - Do individuals appreciate the empowerment we offer?
 - Are they truly free to avail themselves of it?
- Think like these consumers:
 - How can I reconcile empowerment with tradition?
- Become the clever provider:
 - What combination of military force, diplomacy, and commerce might make individual empowerment a reality?
 - Which political leaders understand the questions?

Digital Phoenix Q&A

- Q: Aren't I supposed to be promoting my book?
- A: Yes. How am I doing so far?

- Q: Does *Digital Phoenix* explain "Informationism?"
- A: No. The word doesn't appear in the book.

- Q: So what's the connection?
- A: *Digital Phoenix illustrates* informationism.

Informationism Illustrated

- *Digital Phoenix* draws lessons from:
 - CS & AI to explain information *products*.
 - IO and Network Economics to explain information *businesses*.
 - Antitrust and IP Law to explain information *regulation*.
- *Digital Phoenix* retells the Internet Bubble, the Microsoft Trial, the Music Wars, & Open Source
- *Digital Phoenix* shows how the digital economy is leading a transformation that will shape the future.
- *Digital Phoenix* projects these trends beyond the economy into broader social and political realms.

Conclusion

The world is changing.

It takes discipline to understand the changes, but those who spend the time will spot the opportunities and anticipate the backlashes.

What we do with that knowledge is up to us.

Closing Poem

*If we use that knowledge wisely,
A phoenix will emerge
From industrial-age embers,
Sowing empowerment
And widespread opportunity,
Riches, independence,
And safety to the world's people,
As it soars through the skies
Of our young information age.*

For More Information

- Read *Digital Phoenix: Why the Information Economy Collapsed and How it will Rise Again* (MIT Press, 2005).
- Visit: www.bdabramson.com
- Read: *The Secret Circuit: The Little-Known Court where the Rules of the Information Age Unfold* (Rowman & Littlefield, 2007).
- Inquire about my consulting services or invite me to a dinner party: bdabramson@gmail.com.