Explaining G8 Effectiveness:
Governing Cyberspace

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Abstract

The G-8 countries have discussed a number of issues related to the governance of cyberspace during the past decade. These issues include the regulation and taxation of e-commerce, the protection of individual privacy, digital authentication, and the promotion of broadband infrastructure. While some of these discussions were initiated by the U.S. government, they moved over time in a direction not anticipated by any of the G-8

governments. This paper tracks the evolution of those discussions and attempts to

explain G-8 policies in this area.

Introduction

The representatives of the major economic powers that comprised the Group of Eight (G8) began to address the problems of coordinating policies regarding the governance of cyberspace in the early 1990s.[1] The governance issues they addressed included initially, among others, the establishment of norms, principles, and rules regarding the interconnection of computer networks via networks of networks like the Internet, rights of access to those networks, pricing of access, monitoring of network-mediated economic transactions, intellectual property protection, taxation of goods and services delivered via the networks, privacy, security and a variety of other matters thought to affect the confidence of users. Towards the end of the decade, the G8 turned to a new issue: reversing the tendencies toward an increasing "digital divide" between rich and poor countries. This paper will focus primarily on the last issue, after setting it in historical context.

One of the key questions is why the G8 turned from the previous set of cyberspace issues to consideration of how to lessen the digital divide. I will suggest that the main reason was the G8's need to respond to the criticisms by anti-globalization forces. In the spirit of the group of papers commissioned for this panel, the paper will also attempt to evaluate the effectiveness of G8 policy making in this area. This is not a simple proposition since the lessening of the digital divide is inextricably related to the much larger and possibly more intractable task of reducing global inequalities more generally.

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[1] I will use G8 to stand for both the Group of Seven (G7) major industrialized countries that met annually at international economic summits from 1974 through 1997 (the United States, Canada, Japan, Britain, France, Germany, and Italy) and the Group of Eight (G8) that began in 1998 with the addition of Russia as the eighth member of the group.

Historical Context

Although originating in the late 1960s in research begun under the auspices of the U.S. Department of Defense Advanced Research Projects Agency (ARPA), the Internet emerged in the 1990s as the most important network of networks with the capability, in principle, to interconnect every computer (large or small) on the planet. While the ARPANET was built in the 1970s to interconnect military contractors with one another, it was succeeded first by the NSFNET, which expanded interconnection to university scientists and engineers, and then by the Internet. Commercial interconnection to the Internet began in the late 1980s and soon many businesses had shifted at least some of their activities to cyberspace.[2] By the early 1990s, the U.S. government began to ask the rest of the world to adopt policies that it believed would be conducive to the spread of Internet-based commercial activity. This was the Global Information Infrastructure (GII) initiative of the Clinton administration.

The Clinton administration called for a meeting of the information ministers of the G8 in 1995 to be held on February 25-26 in Brussels. The main topic of discussion was the means by which to "encourage and promote the innovation and development of new technologies, including, in particular, the implementation of open, competitive, and world-wide information infrastructures." The conference concluded with the identification of a set of pilot projects that would benefit from international cooperation.[3] These projects were adopted formally and funded by the G8 at the following summit.

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[2] Jeffrey Hart, François Bar and Robert Reed, "The Building of the Internet: Implications for the Future of Broadband Networks", *Telecommunications Policy*, November 1992.
[3] G7 Information Society Conference, Information Society Website, http://europa.eu.int/ISPO/intcoop/g8/i_g8conference.html.

At around the same time, a joint symposium of Asia-Pacific Economic Cooperation (APEC) and the Organization for Economic Cooperation and Development (OECD) in Vancouver, Canada, addressed "Building the Foundation for the 21st Century." The APEC-OECD symposium laid the framework for a market-led policy for infrastructure and service development. The OECD followed up in Turku, Finland, in 1997 with a joint government and business conference on the theme of "Dismantling the Barriers to Global Electronic Commerce." In 1998, the OECD held a ministerial conference in Ottawa on "A Borderless World: Realizing the Potential of Electronic Commerce."[4] It was at this conference that the members of the OECD agreed to the Ottawa Taxation Framework Conditions (see below for details). APEC also held follow-up meetings that focused on using the Internet and information technologies to solve problems of economic development. These meetings probably influenced later discussions on bridging the digital divide among the G8.[5]

One particularly important aspect of the Clinton administration's GII initiative was the push for policies of minimal restrictions on e-commerce in order to encourage the shift of economic transactions to the Internet. According to one official publication, *The Framework for Global Electronic Commerce*, there was a danger of killing off the goose that lays the golden eggs:

> Commerce on the Internet could total tens of billions of dollars by the turn of the century. For this potential to be realized fully, governments must adopt a non-regulatory, market-oriented approach to electronic commerce, one that facilitates the emergence of a transparent and predictable legal environment to support global business and commerce. Official decision makers must

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[4] The official website for the conference is http://www.ottawaoecdconference.org/.

[5] Richard Beaird, "Opening Remarks," OECD-APEC Forum, Policy Frameworks for the Digital Economy, Honolulu, Hawaii, January 14-17, 2003, http://www.oecd.org/dataoecd/19/56/2492657.pdf.

respect the unique nature of the medium and recognize that widespread competition and increased consumer choice should be the defining features of the new digital marketplace.[6]

The Clinton administration called on the World Trade Organization (WTO) to declare the Internet a tax-free environment and to request the development of a uniform commercial code for electronic commerce. They asked that there be a WTO effort to make national intellectual property regimes more consistent and enforceable. A series of reports were issued to provide background information for these and other related policy proposals over the next three years.[7] The U.S. government was largely successful in these policy initiatives, although not without generating considerable controversy.

The World Bank formed a Global Information Infrastructure Commission (GIIC) in February 1995 that has met annually since then. The first full meeting of the GIIC took place in Washington in July 1995. The GIIC was designed to facilitate cooperation between governments and the private sector in order "to foster private sector leadership and private-public sector cooperation in the development of information networks and services to advance global economic growth, education and quality of life."[8]

The OECD began to take up issues connected with the Internet and electronic commerce in the late 1990s. One major effort was connected with the Ottawa Taxation Framework Conditions of 1998. That agreement set out a variety of principles to be followed by OECD governments regarding the taxation of the emerging sector. One of

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[6] *Framework for Global Electronic Commerce* (Washington, D.C.: July 1, 1997), p. 2. The document bears the names of both President William Clinton and Vice President Albert Gore.

[7] Marcia S. Smith, John D. Moteff, Lennard G. Kruger, Glenn J. McLoughlin, and Jeffrey W. Seifert, *Internet: An Overview of Key Technology Policy Areas Affecting Its Use and Growth* (Washington, D.C.: Congressional Research Service, updated January 21, 2001), p. 12.

[8] GII Commission Inaugural Meeting, http://www.giic.org/events/ann1.asp.

was the idea that taxation should be neutral with respect to conventional and electronic forms of commerce. The other general principals to be followed were: efficiency, simplicity, fairness, and flexibility. Follow up work on the Framework was delegated to the OECD's Committee on Fiscal Affairs.[9]

Besides taxation issues, the OECD initially addressed the following three areas of concern: protection of privacy, authentication, and consumer protection. [add to this later]

The Global Digital Divide

The Commerce Department issued a report in 2000 entitled *Falling through the Net: Toward Digital Inclusion.*[10] This was the first major U.S. governmental effort to study and document inequalities in access to and usage of the Internet across social groups. The report showed a trend of increasing usage of the Internet but also an increasing gap in usage between urban and rural, minority and non-minority groups, and high and low socio-economic status households. For some variables, such as gender and income, the gap was decreasing. But the key finding was that "noticeable divides still exist between those with different levels of income and education, different racial and ethnic groups, old and young, single and dual-parent families, and those with and without disabilities."[11]

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[9] *Implementation of the Ottawa Taxation Framework Conditions: The 2003 Report* (Paris: OECD, 2003), pp. 11-12. http://www.oecd.org/dataoecd/45/19/20499630.pdf.

[10] National Telecommunication and Information Administration, U.S. Department of Commerce, *Falling through the Net: Toward Digital Inclusion* (Washington, D.C.: U.S. Government Printing Office, 2000), http://www.ntia.doc.gov/ntiahome/fttn00/contents00.html.

[11] *Falling Through the Net*, executive summary.

The NTIA report focused mainly on the United States, but it did not take long for similar studies to appear that highlighted international aspects of the digital divide. For example, the World Economic Forum launched its Global Digital Divide Initiative (GDDI) in 2000 "to develop public-private partnerships that would help bridge the gap between those who have ICT access, skills and resources and those who do not."[12] The International Labor Organization released a study in 2001 arguing that lack of access to information and communication technologies (ICTs) on the part of workers in the developing world denied them access to jobs in the technology sector. The report noted that access to ICTs without appropriate education and training would not be a sufficient response to the growing North-South digital divide.[13] Similar studies were done by the World Bank and special agencies of the United Nations.

The Okinawa Charter

At the international economic summit held in Okinawa and Kyushu in June-July 2000, the G8 adopted the *Okinawa Charter on Global Information Society*.[14] A draft for this document was prepared for pre-summit discussions with representatives from developing countries at a meeting in Tokyo just before the summit under the sponsorship of Japanese Prime Minister Yoshiro Mori. The Japanese government wanted the G8 to go beyond the scheduled discussions of debt relief in Okinawa summit, partly as a

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[12] World Economic Forum, Global Digital Divide Initiative, http://www.weforum.org/site/homepublic.nsf/Content/Global+Digital+Divide+Initiative.

[13] International Labor Organization, *World Employment Report 2001: Life at Work in the Information Economy* (Geneva: ILO, 2001).

[14] http://www.dotforce.org/reports/it1.html.

response to the demonstrations against the G8 and the WTO that had taken place in Seattle in 1999.[15]

The Okinawa Charter started by stating that ICTs are "fast becoming a vital engine for the world economy." It argued that ICTs have the potential to transform economies and societies because of their "power to help individuals and societies use knowledge and ideas." The Okinawa Charter put forward a principle of inclusion in which "everyone (sic), everywhere should be enabled to participate in and no one should be excluded from the benefits of the global information society." It stressed the importance of governmental leadership in creating an "appropriate policy and regulatory environment" which included the fostering of competition and innovation in an overall environment of economic and financial stability. It called for "collaboration to optimize global networks, fight abuses that undermine the integrity of the network, bridge the digital divide, invest in people, and promote global access and participation." The last paragraph of the preamble to the Okinawa Charter reiterated the G8's commitment to bridging the global digital divide.[16]

The second section of the Okinawa Charter focused on the need to create the right policy and regulatory environment for ICTs to have a positive impact. The private sector "plays a leading role" but "it is up to governments to create a predictable, transparent, and non-discriminatory policy and regulatory environment…" The document went on to stress the importance of enforcing intellectual property rights and liberalizing international flows, especially e-commerce. It urged taxation policies consistent with

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[15] Clay Chandler, "Rich Pay Heed to the Poor as G-8 Summit Opens," *Washington Post*, July 21, 2000, p. A19.

[16] *Okinawa Charter on Global Information Society,* http://www.dotforce.org/reports/it1.html.

those pursued by the OECD, "continuing the practice of not imposing customs duties on electronic transmissions," and the adoption of interoperable, market-driven standards. Like the OECD efforts described briefly above, the Okinawa Charter identified privacy protection, electronic authentication, and security to be important areas for future discussion.

The remainder of the document reaffirmed the commitment of the G8 to bridging the global digital divide and suggested ways of working with other international organizations and private sector groups to achieve this goal. In the final pages, the Okinawa Charter announced the decision of the G8 to establish a Digital Opportunity Taskforce (DOT Force) to respond to the needs of the developing countries. The Okinawa Charter became the foundational document for a G8 effort that was to begin in 2000 and end in 2003 with the creation of a number of pilot programs, reports, and policy dialogues meant to advance the state of art in applying ICTs to development concerns.

The DOT Force

After the Okinawa Summit, forty three teams from organizations representing governments, the private sector, non-profit organization, and international organizations were assembled to "identify ways in which the digital revolution can benefit all the world's people, especially the poorest and most marginalized groups."[17] The first meeting of the DOT Force was held in Tokyo on November 27-28, 2000. The meeting was chaired by Japanese Deputy Foreign Minister Yoshiji Nogami. A schedule was

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[17] *Digital Opportunities for All: Meeting the Challenge*, Report of the Digital Opportunity Task Force (DOT Force) including a proposal for a Genoa Plan of Action, May 11, 2001, http://www.dotforce.org/reports/DOT_Force_Report_V_5.0h.html.

established for the preparation of a report prior to the next international economic summit

in Genoa. The report, to be finished by May 2001, would be drafted with the help of the

World Bank and the United Nations Development Program (UNDP). It would deal with

the issues discussed in the Okinawa Charter and would be "action-oriented."[18]

The report that resulted, *Digital Opportunities for All: Meeting the Challenge*,

concluded that "when wisely applied, ICT offer enormous opportunities to narrow social

and economic inequalities and support sustainable wealth creation, and thus help to

achieve the broader development goals that the international community has set."[19] It

proposed four areas for action:

1. fostering policy, regulatory, and network readiness;

2. improving connectivity, increasing access, and lowering costs;

3. building human capacity; and

4. encouraging participation in global e-commerce and other e-Networks.[20]

The members of the DOT Force went so far as to assert that "the basic right of access to

knowledge and information is a prerequisite for modern human development." The

enthusiasm for using ICT as the primary vehicle for this was palpable in the report's

verbiage.

The report went on to discuss and summarize the UN Millennium Declaration and

the related Development Goals, which included, among other items, reducing the number

of people living in extreme poverty by half between 1990 and 2015. It stressed the

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[18] *First Meeting of the Digital Opportunity Task Force* (dot force) (Summary), November 30, 2000, http://www.library.utoronto.ca/g7/dot_force/summary-nov-00.html.

[19] *Digital Opportunities for All*, p. 3.

[20] *Ibid*, pp. 4-5.

potential utility of using ICTs to reduce global inequality but also the need to put "in place the appropriate infrastructure," which "is a multi-sectoral and multi-stakeholder task." The report referred to the need for governments to work together with non-profit organizations, private firms, and international organizations. The report claimed that the DOT Force was the first G8 initiative to take this idea seriously. This emphasis on multi-stakeholder participation was no doubt partly a response to the criticisms of the so-called "civil society organizations" about their lack of access to decision-making in the G8, WTO, and World Bank/IMF systems.

The report did not ignore the difficulties of the tasks it recommended the G8 to undertake. It included discussions of the problem of general skepticism about the potential role of ICTs in development, opposition to using ICTs to enhance transparency and thereby reduce corruption, and the possibility of negative reactions to the effects of ICT diffusion on employment patterns. It called for fresh thinking on these matters and for a search for best practices on a global basis. The report concluded with nine "action points" that later were called the Genoa Plan of Action. The Plan of Action was fully endorsed by G8 leaders at the Genoa Summit in July 2001.

The G8 was led by Italy in 2001 and Canada in 2002. The governments of the two countries were given the responsibility to facilitate the work of the DOT Force after the Genoa Summit. The DOT Force implementation teams proposed a number of new projects in the following seven areas:

- national e-strategies
- access and connectivity
- human capacity building

- entrepreneurship

- ICTs for health

- local content and applications

- global policy participation

These projects and the subprojects associated with them would continue beyond the life-span of the DOT Force itself, mainly via a hand off to working groups of the newly created UN ICT Task Force (see Appendix II for a listing). In addition, a DOT Force Informal Network (DFIN) was constituted that would continue to participate in and to facilitate the exchange of information among implementation teams.[21] Appendix I contains a list of participants at the first DFIN meeting in New York in October 2002.

The DOT Force prepared a final document entitled *Report Card: Digital Opportunities for All* that was published in June 2002 in time for discussion at the G8 summit in Kananaskis.[22] This report asserted that the "multi-stakeholder approach of the DOT Force now serves as the model for other global 'ICT for development' initiatives that follow in its footsteps."[23] With the conclusion of the Kananaskis summit the DOT Force officially ceased operations.

Evaluating the Effectiveness of the DOT Force

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[21] *Inaugural Meeting of the DOT Force Informal Network*, October 1, 2002, UN Headquarters, New York, http://www.dotforce.org/reports/summary_ny.html.

[22] Digital Opportunity Task Force, *Report Card: Digital Opportunities for All* (Ottawa: DOT Force, June 2002), http://www.dotforce.org/reports/documents/64/General-Report_e.pdf.

[23] Ibid, p. 2.

The DOT Force was certainly effective in terms of the metrics devised by John Kirton to evaluate the overall effectiveness of other G8.[24] It generated lots of paper, there were many attendees of meetings, and there were a number of substantial financial commitments on the part of the G8. But its main accomplishment seems to have been experimenting successfully with a different way of operating. Unlike previous G8 initiatives, the DOT Force consciously employed a "multi-stakeholder" approach, in which government officials worked together with representatives of private firms, non-profit organizations, and international organizations to write reports and propose new projects to be funded by a combination of governmental, intergovernmental, and private sources.

It is probably too soon to evaluate the effectiveness of the DOT Force projects, but they at least had the appearance of originality and careful thought that is not always characteristic of development projects. Another hopeful sign was the tempering of the ambitions of a few overly enthusiastic advocates of ICTs and the replacement of unrealistic notions with more realistic ones. A particularly poignant example of this is the Community Access Centers Network (ADEN) sponsored by the French government. ADEN would create shared access points to the Internet in Africa in public locations and with local community associations as partners. To deal with the many interruptions in power and telephone services and the high cost of connectivity in Africa, these access points would employ a technology utilizing short bursts of interconnection for storage of information most likely to be needed at the access point.

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[24] John Kirton, "Evaluating the Effectiveness of the G8," paper prepared for delivery at the annual meeting of International Studies Association, Montreal,   .

Similarly, a passage from the part of the report card summarizing the work of the

human capacity team shows how their collective thinking about how to apply e-learning

technologies in the developing world influenced (mostly for the good) the technological

enthusiasts among them:

> The team realizes the need for a more adjusted and differentiated view of the
> potential associated with the implementation of ICTs in low-income
> countries. It is also aware of excluding vast majorities from this potential.
> Meeting these particular needs should enable a more fruitful discussion with
> critics who perceive the issue – in light of the often overwhelming problems
> of hunger, water scarcity, and physical threat – as a diversion from basic
> development needs. It should also, and more importantly, foster sustainable,
> bottom-up developments and applications that take advantage of basic and
> enhanced ICTs to improve the living conditions of all citizens.[25]

The entrepreneurship team was different from the others in asking for $32 million

from the G8 governments to create a DOT Force Entrepreneurial Network (DFEN). The

DFEN would focus on financially supporting small- and medium-sized enterprises

engaged in ICT activities in the developing world. I was not able to determine whether

the DFEN has received any funding.

In conclusion, the DOT Force demonstrates the potential effectiveness of the G8,

especially relative to other international regimes, in creating solutions to collective

problems. The main problem that the DOT Force has solved to date is providing an

answer to critics of the tendency of intergovernmental organizations like the G8 to

exclude participants from "civil society" – that is, private firms, nongovernmental

organizations, and other social groups. As to how the various DOT Force projects will

do in bridging the digital divide, only time will tell. Nevertheless, the new collaborative

approach is bound to be more successful that the purely intergovernmental approach

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[25] Ibid, p. 4.

because it permits the G8 to tap directly some of the best ideas of participants in ICT

markets and of potential aid recipients.

Appendix I. Participants in the DOT Force Informal Network Meeting, New York, October 1, 2002.

Richard Simpson	Industry Canada / Canada
Richard Bourassa	Industry Canada / Canada
Keith Yeomans	DFID / UK
John Dryden	OECD
Raafat Radwan	Egypt
Selena Semoushkina	Russia / Ministry of Communications & Information
Adam Peake	GLOCOM
Mondo Yamamoto	Ministry of Foreign Affairs / Japan
Igor Agamirzian	Microsoft
Peter Amrstrong	One World
Maureen O'Neil	IDRC / Canada
Karima Bounemra Ben Soctane	U.N. Economic Commission for Africa
Peter H. Hellmonds	Siemens / Germany
Martin Lutz	Foreign Office / Germany
Béatrice Pluchon	Foreign Office / France
Michael Scholtz	World Health Organization
David Fares	USCIB / ICC
Nalan Yuksel	CIDA / Canada
Walter Fust	Swiss Dev. Coop / Wair GKP
Gi-Soon Song	ZEF / Bonn
Maureen James	APC
Romeo Bertolini	DETECON International
MichaelYates	Accenture
Sarbuland Khan	UN ECOSOC / ICT Task Force
August B. Kowero	Ministry of Comms & Transp. / Tanzania
Ndeye Mainouna Diop	Senegal
Abdul W. Khan	UNESCO
Gabrielle Siegenthaler Muinde	Swiss Development Agency
Christopher Armstrong	CIDA / Canada
Manuel Acevedo	UN Volunteers
Denis Gilhooly	UNDP
Paolo Garonna	UNECE
Adriana Ticau	MCTI
Sergei Kambalov	UN ICT Task Force
Kristin Hughes	HP
Steven Lett	U.S. State Dept.
Danielle Cardin	Industry Canada / Canada
Julia Gdowski	Industry Canada / Canada

Source: http://www.dotforce.org/reports/participants_ny.pdf.

Appendix II. New Projects Begun or Supported by DOT Force

Acronym	Name	Nature of Project
OKN	Open Knowledge Network	Sharing of knowledge about economic development and particularly about how to facilitate local content creation for the Internet
DFEN	DOT Force Entrepreneurial Network	Startup funding of SMEs in ICT development in the developing countries (not funded yet?)
ADEN	Community Access Centers Network	French project for community access to the Internet in Africa
CATIA	Catalyzing Access to ICTs in Africa	British project for community access to the Internet in Africa
	Telecenter Infomediary/Help Desk	Africa-based on-line technical help for developing countries in other regions
	Health InterNetwork	Information sharing for health workers and professionals in the developing world (World Health Organization funding proposed)
	CAR Project	Edu-telecenters in Malawi, Kenya, Uganda, and Zambia to educate people about HIV/AIDS
	Twinning Promotion and Facilitation through ICT	Sharing of information about best practices in dealing with the AIDS/HIV pandemic worldwide
IeDRN	International e-Development Resource Network	Information sharing on e-government issues for developing countries
GDOI	Global Digital Opportunities Initiative	Technical assistance to governments of developing countries to improve representation in international ICT policy forums (funded by the Markle Foundation)

Source: http://www.dotforce.org/reports/documents/ 64/General-Report_e.pdf.