



Digital Dirigisme

A response to Digital Britain

By Eben Wilson

1. Introduction

Governments seek certainty. Public choice incentives drive politicians to choose new areas of concern that will allow them to show that they are competently and tidily “running the country”. The same incentives drive civil servants to avoid risk, engage in tediously careful planning, use repeated consulting as a methodology for progressing their work, and obfuscation and proselytizing rather than clarity to declare their aims.

The real world, especially where engineered technologies open up new arenas of individual activity and patterns of exchange that were formerly not possible, is a messy place. Traders discover new ideas, deliver them badly initially, amend them and improve them, and then either fail or succeed on the basis of consumers deciding whether they like what is on offer or not.

There is therefore a dissonance between how the constructed, planned world of politics and the largely spontaneous private world of individuals deal with change. At its heart, this change is driven by changing knowledge that is hidden from us, not least because much of it consists of a series of as yet “unknown unknowns”.

Government can avoid this dissonance by not attempting too much, and by accepting that a framework of law (as distinct from regulation) based on the clear definition of property rights is the best way to lay foundations for future economic success. This focus is what is required for the development of the British people’s digital capabilities. Millions of individuals will show government the way in which they value digitisation, expressing their preferences for time and value through prices.

Digital Britain provides, through its very attempt to describe, analyse and propose too much, a clear reason

for government stepping out of this arena of private activity. Industrial activism and social engineering need to be avoided wherever possible, particularly in an environment of rapid change.

Government should restrict its activities to establishing a clear legal framework of ownership in which private entities trade privately within a similarly tight legal framework on the use of individual identity data. The institutions of the digital world that add value must be private or made private if they are to operate successfully to the benefit of consumers in a globalized economy.

2. A national plan for digital participation

Digital Britain’s 245 page report takes broad brush strokes through our digital infrastructure, digital services provision, the creative industries, public service content, digital life skills and digital government. Its purpose is to find a coherent approach to “digital governance in the information age”, enabling Britain to be ahead of the pack in a digital future.

Crucially, the report accepts that much of the activity of the communications industry operates perfectly adequately without government regulation or involvement, and recognises that this area of activity is changing extremely rapidly, in both the technical and creative sectors. It also notes that, against this rapidly changing scene, there are legacy institutions in spectrum allocation, broadcasting, content control and public knowledge that need to come up to date.

However, the report then seeks to construct useful things that government might do to take us into our digital future. Central to this is a National Plan for Digital Participation –

what is called “e-inclusion”. In a key passage that captures the tenor of the report, the authors begin with platitudes:

As part of driving Digital Participation we must ensure that the offer presented is as compelling as possible and that people are aware of the benefits provided by being online.

They are clearly exercised by the fact that some people don't care for the digital revolution:

It is clear that the current offer is not sufficiently exciting to motivate some people to get online. If we are to encourage wider participation, there must be effective promotion of the services and channels that attract people.

This confused balderdash is typical of an underlying evangelism within the report. Online banking sites, street finder sites, the national rail and other transport timetables are less than exciting but highly useful. More ephemeral services such as social networking that attract people are precisely those that do not need to be promoted. Services on the web are notable for their eager self-promotion – as anyone with an inbox full of spam and specialist software to bar intrusive promotional pop-ups and cookies knows. A large number of late adopters are precisely those who dislike this aspect of the internet.

That will require provision of appropriate support including outreach, skills training, and demonstration of how people can get the most out of the digital revolution, delivered through tailored, local, community-based programmes building on existing networks.

This bureaucratic psychobabble hides the idea that government should proselytize to undecided and unconvinced consumers about what they should think.

Government can play an important part in creating a compelling online offer through the delivery of public services online. Today, websites such as NHS Choices, DVLA, Directgov and many others are successfully serving the general public online. To maximise the opportunity afforded by broadband ubiquity, Government will need to become genuinely “of the web”, not just “on the web”.

It is certainly true that the web has provided a new and expensive method for government to communicate. It is

far less obvious that government sites provide information of any real value other than the propaganda value to government itself. The claim to “successfully serve the general public” is a moot one, as objective quantification of the value gained for tax funds spent is rare or, more often, impossible.

The Digital Britain report then has to be understood as a work of government, for the government, judged by the value to government objectives. It is a work that at its heart is a socialist view of digitisation.

3. Believing the unachievable

Digitisation undoubtedly brings new ways for individuals to interact with each other, bringing all the unknown preferences and newly discovered choices that consumers realise in any marketplace. That government should become involved and plan how those preferences and choices should develop in the context of digitalised communications is a rather strange idea in a free society.

Along with its proposed “National Plan for Digital Participation”, the *Digital Britain* report offers a universal service commitment, public service content rules and a Consortium of Stakeholders dedicated to “media literacy”.

The foundations of these planned outcomes lie in beliefs about:

- rights to equal access
- inclusivity through skills enhancement
- the necessity to provide content of merit as a public service
- a role for government using specific fiat rules to guide industrial development for perceived social advance

If the government announced a proposal for a National Plan for Food Participation which brought together ideas for mandated road improvements required of civil engineering companies, regulation of food logistics companies to require deliveries to every hamlet in the land, and subsidies to specific food manufacturers for certain types of food, they would be laughed at. If they then introduced the idea of a Food Consortium to support a vision to encourage consumers to engage in good food consumption under government tutelage; and stacked that Consortium with members from the supermarket chains, food producers, NHS dieticians, vitamin suppliers, food standards

quangoistas and other associated parties, taxpayers would rightly be outraged. And yet this is precisely what the Digital Britain report seeks to achieve in the digital communications industry.

For those with a liberal world view and a belief in the capacity of markets to discover good for the greatest number, the baseline of constructed tenets above rests on a fundamental error; that thinking up such objectives means that they are both valuable and achievable. Both observation and logic suggests they are not.

Digital Britain has been criticised as a “mish mash” by some commentators. In reality, its undercurrent is clear – a commitment to planning the distribution of digital services by government to achieve egalitarian outcomes. In its own words: to ensure that Britain has a “digitally engaged population”, educated by government to be digitally aware, and force-fed digital engagement through government initiative.

The danger in the plan, of course, in this brave new digital world, is that it is the government that decides what our awareness will require and where our engagement becomes necessary. Rather than consumer choice developing a honed private awareness balanced against our time and value preferences, along with participation decided privately in balance with a free choice **not** to engage, government proposes to force us to participate in their design. The prospect of the small artisan in a remote rural area being forced to pay a directly debited integrated digital services bill for information, entertainment and public services from large regulated corporates and agencies is very real.

It is against this background of the assumed good of government intrusion into the development of our digital infrastructure, the content provided by it, and our use of that content that the *Digital Britain* report must be evaluated.

4. A commitment to control

The National Plan proposes to enhance access to digital services by legislating for a Universal Service Commitment (USC). This targets the 11% of homes (2.75 million) who cannot presently obtain a 2Mb/sec broadband connection through the national digital access network. Wiring issues, random network effects and distance from a local exchange are cited as reasons for the present lack of access.

An “initial estimate” is given that 1.5 million homes could be connected under a special programme of work. This would involve a series of elements described as a “contribution structure”. Essentially, this is how it might be paid for:

- Digital Switchover Help Scheme underspend
- Strategic Investment Fund contribution
- Competitive commercial pricing through tender contract and design
- Contribution in kind from private partners
- Contribution from other public sector organisations in the Nations and Regions, including Strategic Health Authorities, Primary Care Trusts, Higher Education and Tertiary Education Institutes, e.g. investment in new applications, aggregation of bandwidth requirements
- Universal coverage of mobile broadband

It is suggested that a sum of £200million may be available from the first two items, no other quantification is given.

On closer inspection the above list becomes almost surreal:

- The connection of broadband digital services for more remote areas is essentially an engineering issue. The above list is meaningless in an engineering sense, being merely a dream about where funds might be available for an ill-defined and uncosted “social project”.¹
- The commercial task is not tackled in any meaningful way. Simply supplying a broadband service in remote areas is only a first step. What are the prospects for service maintenance in remote areas? Is this subsidised connectivity sustainable without ongoing subsidy?
- Does the plan anticipate future upgrades to ensure a sustainable service for users? The report specifically acknowledges that new generation broadband beyond 2Mb/sec is already on its way. Is the plan in fact an open chequebook to subsidise 1.5 million homes over and over again?
- The plan seems to involve bringing large public sector entities in as enforced users of the new broadband connectivity, presumably engaging in widescale tele-medicine and tele-education projects at taxpayer expense. The potential for the development of a series of expensive groundnut schemes seems very large.

- And when the mountains and the rivers in these remote areas requiring inclusion in the new digital age prove to be too high and too wide, it appears that mobile wireless technology will be brought to bear to ensure e-inclusion.
- All of the above will result in digital services for 50% of those unable to obtain e-inclusion. There are no suggestions as to how the other 750,000 excluded can be served.

The conclusion can only be that this is not a plan at all, but merely a dream; a hope for outcomes that have no bearing in engineering or commercial reality, somehow funded by milking the public purse and the taxpayer.

For government to enter the arena of a thriving commercial sector that has very rapidly over twenty years created a vast engineering infrastructure at no cost to the taxpayer (indeed generating large amounts of tax revenue) and command it on an uncosted basis to meet a Universal Service Commitment is both mad and bad economics.

It's mad because the government does not have any knowledge as to what it might need to do to achieve its policy target. The report proposes to create a "Network Design and Procurement Group – at arms length from Central Government". This new quango will oversee the diversion of talent, time and money to manage progress to the new government mandated e-inclusive digital world.

The bad economics is that this planned diversion of resources to the USC will do damage.

- Commercial entities that might have found new ways to include remote customers at economic cost will be crowded out of the market.
- Commercial entities that have the margins and staff time available to partner with government will move from maintaining their competitive advantage in a global competitive priced market to focussing on the best way to seek rent from available government subsidies.
- Government entities becoming involved in the USC will be diverted from other tasks to an endeavour which is not part of their remit. This will reduce public sector productivity.

- An ongoing burden on the taxpayer is likely to be created by a non-viable longer-term solution to a difficult engineering problem. Funding for the USC is proposed to be raised through a supplemental levy on landline costs. When Peter is robbed to pay Paul, who knows what Peter avoids doing that might have been valuable to us all? And who knows whether Paul is doing things efficiently when revenues are taxpayer raised?
- The attempt to enforce e-inclusion is misguided; it declares digital connectivity as a "commanding height" sector of the economy more important than other sectors and so distorts markets.²

The key principle here is to recognise that just because an industrial sector exists does not mean that government needs to become active in how it operates. As such, the National Plan for Digital Inclusion should be rejected as unworkable.

5. Industrial activism

Digital Britain recognises that a property right of enormous importance exists in the allocation of spectrum to the communications industry. It combines a recognition of the importance of policy in this area with the idea of "industrial activism" by which it means action by government to steer industrial development towards specific outcomes.

The difficulty for policymakers is that the underlying technologies are diverse, with multiple carrier services and associated end-user devices competing for access to radio spectrum bandwidth. *Digital Britain* recognises that there is a competitive marketplace here.

The report explains that "the development of wireless services since 1984 has gone through three revolutions" – essentially, the release of consumer wireless capability leading to the mobile product revolution(s) that followed and latterly the introduction of broadband wireless services that are now rapidly emerging.

It is in the nature of wireless technology that some technologies work well at some bandwidths but not others. Engineering ingenuity in electronics also makes it almost inevitable that what is thought to be really rather clever one year soon becomes really rather primitive shortly

thereafter, as new services that are an order of magnitude more efficient are developed.

Government usually finds itself in an awkward position in these fluid markets, particularly when they straddle policy areas involving technology, content and accessibility to services. There are pointers in the report to a process of successive muddle and re-correction as it has tried to keep up with change.

- **Government tends to lag behind the innovation curve.**

It took a long time for government to release control of the radio spectrum in the 1980's and so trigger the rapid rise of mobile telephony markets. Today, they are actively looking for a role in the emergence of mobile broadband, in the words of the report – “grappling with what should be the right strategy for developing the next generation citizens and businesses”.

- **Institutional arrangements are unsuited to dealing with the widespread interests involved in the developments.**

The *Digital Britain* report itself is sponsored by both the Department of Business, Innovation and Skills and the Department of Culture, Media and Sport. It is scattered with references to other agencies and departments who have been involved in studies and reports trying to get to grips with the impact of digitisation.³

- **They become involved in operational matters as they try to catch up.**

The report (retaining its distemper brush approach to a discussion of the issues) mentions problems with civil engineering timetabling, peers into the murky issue of “bringing fibre into the home”, tickles our fancy with the prospect of next-generation 3G multimedia, and alludes to the pending arrival of many other mobile innovations. In a telling sentence referring to a report by the Independent Spectrum Broker it states “A solution can be found if the industry regulator and Government assess the strategic objectives and focus on delivering these, rather than becoming mired in operational issues.”

- **An assumption of regulatory need becomes entrenched.**

Agencies such as Ofcom, which are invented to straddle multiple agendas within a strategic sector, inevitably suffer from mission creep. Put in another way, there's no point in being a bureaucrat if you don't have something for your bureau to do. In a sector where a detailed understanding of technology is implicit, an internal culture of “being involved in

the industry's development” becomes ingrained and regulatory interference – industrial activism - inevitably follows. The operational meddling cited above becomes inevitable.

Seen in the context of the above process, the positioning of *Digital Britain* on the development of wireless technologies is predictable, yet paradoxical. It states unambiguously:

[T]here are constraining factors on the desirability of wide scale intervention to deliver next generation broadband. Governments need to be careful not to chill or displace private investment.

And similarly:

[W]e have examined the likelihood of market-led investment throughout the country in this critical national infrastructure. We welcome the substantial investment already taking place, and are confident that the UK 's competitive markets will provide the stimulus for further investment without any government intervention, providing competitive coverage of superfast, next generation broadband... In the UK we will achieve wide-scale next generation coverage first through market-led investment.

The paradox is that much of the report is a self-serving exercise in ways that government might get involved in the industry – to repeat - “grappling with a strategy” for controlling and running this sector of the economy.

6. Creative control

The *Digital Britain* report states that we “need a digital framework for the creative industries and a commitment to the creative industries grounded in the belief that they can be scaled and industrialised in the same way as other successful high-technology, knowledge industries such as bio-sciences have been.”

There are some issues hidden within this sentence that may or may not have been recognised by the authors:

- “Creative industries” is one of those phrase ideas that one recognises when one sees it, but is so broad as to defy actual definition.
- Generally, these industries involve activities that are small scale. Talented and artistic people work well

alone or in small groups. They are also overwhelmingly middle-class, often with the skills and education that allow them to operate a portfolio of earning activities to get their career started.

- The industries in question have traditionally been networks of small traders who come together to complete commissioned project work and then disband.
- The belief that they can be “scaled and industrialised” is not at all an accepted consensus. The commercial agencies of creative origination material are not creative industries, but rather some of the most hard-headed sales organisations in the world, dedicated to explaining to cautious service professionals and product focussed industrialists how to market their businesses more successfully to consumers.
- The parallel with the biosciences is false. Bioscience needs expensive laboratories and equipment; creative industries work in Soho attics, dusty studios and back bedrooms. Creative people are joyously messy, scientists have to be fastidious.
- A successful “knowledge” product which is creative should not be confused with a novel product in which the knowledge is contained in the brand. In the first, the value is in the content as perceived on purchase by the consumer, in the latter the value is in the certainty that consumer preferences will be satisfied on purchase. The processes of profit making in the two examples are entirely different; one is specialised and product led, the other is commoditised and sales led.⁴

Despite this misaligned perspective on the “creative industries” there is no doubt that digitisation is a valuable innovatory tool for those who attempt to earn money through creativity. However, it is not at all clear what gains these new tools will provide. The last twenty years have seen a radical transformation of creative industriousness from formal workplace facilities to the multi-task desktop that has changed methods of origination production out of all recognition. In the process, huge cost efficiencies have accrued and popular creative expression has become much more widespread.

Britain is correctly identified in the report as having some advantages in its language and a cohort of creative (some would say anarchic) individuals capable of expressing

original ideas. However, other nations competing in the global economy have similar cohorts, including those who speak English. Broadband digitisation and digital production technologies are in that sense a threat where costs in the UK are higher than elsewhere.

The report’s positioning on our creative future is illustrated by the following evangelical paragraph:

A driving consequence of the changes in our communications infrastructure, capability, mass participation in Digital Britain, widespread adoption and use of new digital devices and services described in the previous chapters will be a flowering of distribution, production and creation of all sorts of content. This will revolutionise what is bought, searched for, seen, listened to, shared and enjoyed.

This is a guess. The creative flowering will also be accompanied by a massive creative destruction of old totems. This author could respond with:

An unexpected consequence now emerging of Digital Britain is the destruction of tailor made origination resources in favour of automatically generated information. There will be a flowering of instant and automatic data services that will be pre-configured to our preferences; we will be extended beings in a machine-to-machine network, our needs met through auto-search, our movements and attitudes shared, and media enjoyed on demand.

I could of course also be wrong, but if I am right many of the jobs in the “creative industries” which serve these machine-to-machine auto-information systems will be in Asia and India. The mass of working people will not be involved, only highly paid UK system analysts designing the architecture of the new system.

In the context of an industry that has a dispersed and disparate workforce, where work patterns are rapidly changing, and where the future product stream is unknown, it is not possible for there to be a coherent role for government. They are more likely to promote the wrong skills than the right ones, and indeed the creative and practical professional skills required for the future are largely unknown and certainly not available among the teaching profession.

7. Digital rights

The report finally finds some substantive ground in its recognition that ownership of property in digital content needs to be strengthened. It aims to reduce piracy by up to 70%, recognising that the use of commercial material without payment is a form of theft. Once again, however, its approach is regulatory and interfering rather than law-based and principled.⁵ This is very much a reflection of the technocratic managerialism with which the report and its sponsoring departments are infused.

The report opens up the prospect of Ofcom having a statutory duty to become an online police authority, with enforcement powers over internet service providers (ISPs) aimed at “preventing, deterring or reducing” online copyright infringement. These powers would be used on the basis of evaluations obtained from ISPs through a statutory notification process which would include powers to snoop on individual user activity. Specific technical measures are proposed in the form of access restrictions, bandwidth capping, content filtering and others.

There are serious problems here that parallel the mission creep into operational issues previously mentioned in infrastructure matters.

- Who is asking for these intrusions into a private contractual matter between a vendor and a customer? There has to be a suspicion that this is government inventing a regulatory role for itself.
- If the ISPs are asking for new protections, there is a danger that producer choices made will be detrimental to consumer choice, favouring the larger players who can afford to accommodate new bureaucratic regulations within their business models. It is the smaller innovative players who should be expected to find successful new business models precisely because of the competitive opportunities.
- If the issues over copyright theft have emerged as the new delivery mechanisms have been invented, that is essentially a technical issue for the vendors to resolve. That resolution will enable them to obtain commercial benefit. Can the government and its agencies seriously expect to be more adept and innovative at finding solutions than the players that stand to lose from copyright theft?

- Once government enters the arena of specific technical measures made into rules to govern the way copyright theft should be dealt with, these methods ossify innovation. Rights delivery essentially becomes nationalised and the intellectual property in delivery mechanisms becomes government controlled. In a global marketplace for access to media and data, that is a dangerously anti-competitive step for UK content owners.

The true role of government with respect to the issue of copyright is to set a clear framework of property right protection with consistent sanctions against those who break those rules. Any effort by government to enter into the detail of how copyright is protected either by regulating the facts of ownership or through interference in delivery methods should be avoided.⁶

There is also an unresolved confusion between the property right held in the end user and the property right held in the “right to distribute”. Absolute clarity is required as to which party is liable to the protection of ownership. In almost all circumstances this is a contractual matter between the owner of the origination resource and the provider of the distribution service. The fact that new distribution mechanisms have made it easier for end users to break copyright does not provide regulators with a reason to step in and protect content owners by enforced regulation of distributors.

As a general rule, the touchstone that should be used to evaluate any model for delivery of copyrighted material is a simple one – allow prices. It is only prices that provide the information link between the producer, any packager/bundler, the channel distributor and the consumer that populate the media supply chain.

Those links through pricing information are the mechanism whereby the competitive marketplace, which the report alludes to frequently, operates. Prices that change provide signals to the players in the supply chain who then adjust their commercial practices accordingly. Innovation and new models to add value follow.

As such, government should restrain itself to setting a legal and institutional framework that maximises the clarity of private property rights of the owners of copyright and allows flexible pricing. Government should not involve itself in the regulation of digital distribution systems to enhance

copyright protection. Instead, contractual arrangements with respect to re-use or re-distribution of copyrighted material should be allowed to emerge between consumers, intermediaries and providers.

8. The dinosaur in the room

That digitisation provides a completely new playing field for public service content delivery is accepted in *Digital Britain*:

It is not yet clear at what point technology and users will cross over from an environment where content is consumed passively through the linear schedule to one where content is consumed actively through search and on-demand.

In reality, it is very clear that the cross over to a new way of consuming content is already happening very rapidly. YouTube, blogs and hundreds of other internet-enabled information channels abound. In addition, many organisations are gradually developing methods of pay-per-view and pay-per-use as well as the micro-billing mechanisms that lubricate these new delivery mechanisms. Once again, the lack of knowledge of future events and a tendency for government to be slow in adapting institutions is notable.

The Adam Smith Institute has published opinion before on the provision of public service content in broadcasting.⁷ The arguments presented there now appear to have found recognition in the Digital Britain report. It is recognised that:

- The BBC, as the largest player in the market, has a favoured competitive position in a changing market.
- What the BBC does has an effect on the way others behave in the new media markets.
- Channel 4 needs a new remit to allow it to compete effectively within a new digitalised world.
- Other commercial players could provide services in competition to the BBC at least as effectively, if not more so.
- New non-institutional services, based on internet distribution, are emerging rapidly in multiple formats.

Unfortunately, the entire tenor of the report is that the complex, plural interaction of different producer and

consumer interests across multiple channels, multiple format media are amenable to adjustments through necessary, planned regulation.

This entire edifice is built on the idea of “public service content” being important to the consumer and the cultural success of Britain. Despite great efforts, I and others at the Adam Smith Institute have still to find a suitable definition of what “public service” means in this respect other than, once again, being something that “we know what it is when we see it”.

What we can observe from the way the public service broadcast industry is now organised is that it has become party to a vast array of interlocking rules, with local regional and national players all having what they can do delineated by government. In many of these areas, particularly local media, the old demarcations are becoming more and more archaic with small players struggling to compete in traditional media and migrating to new media, while larger players are restricted from joining with others to generate competition that would benefit the industry as a whole.

The difficulty is that this regulated model is becoming further and further disengaged from the commercial realities of a pluralized multi-channel world with dispersed audiences.

The fundamental commercial issue within the media origination industry today is the difficulty of evaluating consumer preferences when consumers are faced with the choice between subscription based, pay-as-you-use and advertising funded channels. Essentially, media organisations in the past have sold audiences to advertisers. However, modern marketing management demands a properly quantified evaluation of the return to a promotional spend. The days of “half of your advertising spend being wasted, but you do not know which half” are now over.

Competition through new media channels that offer exact audience figures, whether through set-top-box use monitoring or website click-through statistics is a more efficient mechanism for identifying consumer value. What these delivery mechanisms allow is the ability for content providers to discover what works commercially. When “good ideas” do not work, and yet the content provider believes there is value in what they do, the content and its delivery is adjusted and very often an audience is found

through trial and error. Compare this mechanism with a taxpayer funded, top-down decided, regulated industrial structure that pre-supposes that there is a reality called “public service content”.

As an example, compare a government programme aimed at reducing obesity. A public service approach might involve a health promotion quango, a public information campaign, a tie up with broadcasters to air documentaries with add-on call in service about obesity, an “obesity” website, news managed government initiatives to proselytize the cause, the regulation of food content in schools and so on. The cost to the economy would be large, the top down nature of the effort implicit.

Now imagine that a mobile phone company added a food intake evaluation application into its mobile phones, that this is teamed up with a buddy-group support system using text messaging, a that website is provided for more information and mutual support. Competitions and other rewards are provided as further incentives. The self-driven atomistic nature of these tools to support the attempt to avoid over-eating is clear. A public service is provided at no cost to the taxpayer.

In our view it would be far better for the government to plan a gradual withdrawal from the regulation of content provision, which would include a phased programme of BBC privatisation. The world has changed, consumers of content have changed, and government is far behind the curve on what consumers of the new age are engaged by. Like generals always fighting the last war, they need to let go and allow the content engineers freedom to invent new ways of engaging audiences.

The policy suggestions for public service broadcasting are straightforward enough. As stated, the BBC should be gradually privatized, undergoing successive reductions in its licence fee. Regulation of cross-media ownership should be relaxed and local media ownership rules should be ended. Restrictions on the commercial arrangements and the extent of on-air advertising in advertising funded media should be discarded and public service content requirements should be ended in all media.

9. Digital life skills

The development of what the *Digital Britain* report calls “digital life skills” is seen as being of crucial importance by its authors. The desirability of being able to use digital services is seen as important:

- to improve UK competitiveness
- to allow new industrial opportunities to be grasped
- to ensure inclusion for all in the benefits that digitisation may bring

As such, the report repeatedly states the obvious, while introducing the reader to an astonishing array of reviews, initiatives and special interest groups involved in the promotion, planning and practice of “education” about the digital world.

One cannot help but get the impression that there is a generational divide here between those adults who have adopted the task of generating educational methods of skills enhancement through state-funded bodies, and the new young generation who are now growing up immersed in de facto acceptance of digital media. The report admits:

There are 13,000 media programmes at HE and FE level serving an estimated 50,000 students. This is oversupply in terms of the digital media sector but provides valuable skills into the wider economy. However, too many courses produce graduates with general digital media skills but with insufficient specialisms to meet employer needs.

Reading between the lines, it would appear that there has been a gross misallocation of teaching resources, with non-technically proficient youngsters being provided with non-technical courses that attract them but are of little value. The government clearly recognises its failings in this area, declaring that it is “implementing a “demand-led skills system that delivers what employers and individuals need”.

In addition, it is recognised that “to seize the opportunities of the new global economy, the skills system must not only respond to current demand but also anticipate and respond to the skills needs associated with the future growth in the economy in areas such as Digital Britain.”

These repeating platitudes are once again accompanied by a parade of special measures involving Special Skills Councils, e-Skills UK, a new National Skills Academy for Information Technology, Train to Gain, Skillset apprenticeships, the BBC Vision Intake Pool, local news consortia, Fair Access to the Professions, and “business support interventions” by the Regional Development Agencies.

The range of intervention is breathtaking, but without one mention of the need for maths, physics, engineering, electronics, materials science and the other basic technical knowledge that is required to develop and operate a digital economy. There has to be a suspicion that those involved in government who are in charge of the plan to create the skills for the digital economy have no real knowledge of what is required.

Undeterred by its inability to find a way to provide skills, the report indulges in considerable hand-wringing about “social inclusion” – the attempt to make sure that some who are not digitally competent (or are digitally disinterested?) are not left behind.

As so often, however, when government perceives a “problem” like this, other interests attach themselves to the attempt to resolve the issue. For example, the report is exercised about rural areas and access of those who live there to the “benefits” of the digital revolution.

In rural UK, sparser populations, greater distances, and lack of critical mass affect social and economic inclusion and business activity. The low penetration and high costs of digital access, compared with urban areas, present challenges for the harnessing of untapped rural economic and social potential. One opportunity, with high potential impact in the transport and mobility area, is to augment existing travel information by real-time ‘travel markets’ to improve the efficiency and availability of flexible transport solutions and to encourage modal shift from car use.

Leaving aside the thought that some people may live in sparsely populated areas with less digital access through their own choice, it is eerie to think that having done so, their lives might then be controlled by those who seek to bring urban-centric “flexible transport solutions” to stop them using their cars.

What further impositions on personal private choice might a government determined to involve us in their perceptions of a digitised world demand of us? Are we not to be allowed an opt-out? We should at the very least be allowed to contract privately with others for services priced to our locality and preferences.

10. Privacy and protection

One of the reasons that many people avoid the digital world is their concern about security of personal information. *Digital Britain* is disappointing in this respect.

The report describes some of the issues under three headings: high-level network security, personal data and digital security and content safeguards. Such weighty issues leave only brief space to address the real overwhelming public concern in this area – the preservation of our personal security with respect to personal data, especially that held by government agencies. It does recognise consumers’ concerns in this area:

The issue of privacy and security of data online is a serious and growing one. A small number of high-profile cases have demonstrated the strong feelings that data privacy can provoke, and the complex relationship we have to the handling of different types of personal data and different types of consent.

Clearly, high-level network security is important in the sense of being a matter of national security, while an anxiety over access to unsuitable content by children is of public importance. In addition, online security as online trading increases is important but tackled largely by technical solutions provided by private industry.

With respect to personal security, the report is reduced to stressing the importance of offering advice to consumers to make them more confident. In addition, the focus of bland remarks such as...

Consumers must be able to communicate, trade, order services and work online with confidence.

...appears to be founded in large part on the perceived importance of the development of public services delivered online by government.

Peculiarly, while the section in the report on digital security is weak on the handling of personal data, a later section on the development of e-government says:

Going forward, the government may need to consider further steps to ensure handling of personal data is firmly placed in the safe deposit category, on a similar footing to the handling of money.

Adding, with a familiarity of approach that echoes throughout the report:

In considering this we need to build a Stakeholder Consortium on Digital Participation

Where government does have a role is in the definition of our property in our own identity. Sadly, while some work does appear to be being done, the report passes responsibility in this crucial area to the Information Commissioners Office:

The ICO and the Information Commissioner have taken the initiative in addressing the principles which should apply to the use of personal data, building on the bare legal requirements of the Data Protection Act and focusing on ways in which businesses and individuals can mitigate risks from the provision and use of online data. Businesses that collect and use personal data for commercial purposes are required to respect user rights including access to personal data. Businesses are legally responsible to the ICO. We support the ICO's plans to develop a new code of practice "Personal Information Online" for consultation later this year.

Once again, regulatory zeal appears to have been put ahead of the identification of any fundamental principles on the ownership of personal data. While the Information Commissioner is due to report on the principles which should apply to the user of personal data, we feel that this area is of great concern to the population at large and needs further attention.

Clearly personal identity and all information associated with that identity should be defined in law as a distinct private property owned by the individual. The use of any personal data without the owner's consent should thereby become unlawful. In the words of the report "steps to ensure handling of personal data is firmly placed in the safe deposit category" should become the norm. As such,

mechanisms using electronic (and other) means which enable maximum transparency to the individual each time their personal details are used by private or public services should be allowed to emerge to allow the use of personal data.

11. Of the web

We are all well aware that government has made use of online service provision. More than 75% of services are now available in some form of online format. On a daily basis we are bombarded with website addresses to find out more about what the government can offer.

The government sees itself as a leader in online service delivery. However, it has to straddle two communities, the online savvy and the non-participants. Around half of the population are known to have used the internet to access information about government or local council services. Many commentators have expressed doubts as to whether much of the online spending by government to deliver services targets an audience that does not exist.

There are three key issues alluded to in the report:

- How government reaches its audience via multiple departments.
- How often public service information is duplicated online.
- How putting services online can alter the way government does business.

The rubric offers a fascinating insight into the issue faced by all large organisations of centralisation versus dispersion of activity. In the sense that public service administration demands bureaucratic codification of process and action, online services offer an opportunity to make governance more measurable. Direct interaction with "customers" allows government agencies to codify and generate yet more information about what they **do**. Observation of how public services operate, however, shows repeatedly that obtaining longer-term measures of what government agencies **achieve** is a much harder task. Customers do not generally come back and report results.⁸

This reality, combined with public choice incentives, suggests that measuring what has been done will tend to over-rule what has been achieved. Departments have

an incentive to boast about their activity rather than their results when it is only the former they can measure with any certainty. Civil servants and quangocrats are masters at describing what they do as an achievement in order to proselytize the value of their work. In addition, where departmental activities become inward-looking (as tends to be the case with bureaucratic entities) performance indicators based on what has been done are frequently used as justification for what should be done next.

The proposals in the report then, have to be seen within the context of the realities of online measurement and the incentives those offer. There appears to be some confusion and debate about the way forward.

Over the past ten to fifteen years, as the use of the internet has grown, government agencies have put themselves online with a range of methods using online networks and websites – seen as “government on the web”.

The next step is a proposal to make government “of the web”. According to the report this means:

[D]esigning new services and transactions around the web platform, rather than simply adapting paper based, analogue, processes. It also means more closely integrating web, telephone and face-to-face channels.

The “of the web” slogan here is used for a largely unformulated vision of turning interaction between government and citizen into a series of online transactions and exchanges of information. The process by which this will be achieved involves a substantial centralisation of these services:

The Government has set a target of closing more than 95% of citizen-and business-facing websites and moving the content to Directgov and businesslink.gov by 2011.

This reduction in initial points of contact between citizen and government is to be done by “brigading” users through a portal and possibly via a technical notion, ill defined, called a “G-Cloud”.⁹ There may or may not be good results from this idea, but it is important to recognise that this centralisation involves an exercise which will involve,

apparently, all departments of government. The scope for a huge and expensive plan of work, involving vast amounts of civil service time is notable. This is recognised:

Bringing about this scale of change will require significant leadership and focus and a willingness to put this reform at the heart of Government activity as opposed to tacking it onto the side of existing ways of working.

This zeal is accompanied by a rather startling assertion that could have come out of “Yes Minister” were it not for the frightening realisation that it is meant seriously:

Government as a whole cannot afford an excess of departmental particularism to frustrate the necessary drive to common systems and procurement.

Perhaps luckily for the taxpayer, early zeal has not been accompanied by a great deal of progress. The centralisation plan to generate a government “of the web” is as yet at its early stages of gestation, and indeed its instigators appear to have some doubts about how far centralisation should go:

[T]he need to ensure that a roadmap to the future delivery of Digital Government will need to consider how and to whom the services are targeted and whether an online only or a multi-channel approach is needed, rather than a one size fits all approach.

The confusion and uncertainty between centralisation and diversification, online and traditional delivery mechanisms, and other technical options needs clarification. As such, the government should adopt a policy of plurality of provision of online services to enhance innovation in delivery.

The design of those services should be decided on by each department using its own envelope of knowledge. Oversight over duplication of work should be the role of the Central Office of Information, which should take no part in the actual provision of ICT infrastructure. Rather, it should police it. Where commonality and integration of service user information is required, a separately audited program of work should be carried out with third party oversight. Implementing integration of services should be subject to parliamentary scrutiny with full transparency.

Each operational department or entity should be required to audit its use of online services and publish a transparent comprehensive report on the costs and benefits of its digital services. The provision of IT services within government should be provided at departmental level and below and not by a central service agency, in order to retain competition in supply and suppliers. Common service provision should be an issue for private contractors seeking competitive advantage in the provision of services to government. Finally, the proposal for a Digital Delivery Agency should be scrapped in favour of more localised, competing services.

12. A cycle of waste

The report tellingly reveals that “there are 30,000 laptops in the Ministry of Defence”. Multiplied across government departments, public services agencies and the estate of the advisory quangocracy, this illustrates the vast extent of information handling taking place within government circles.

That it might be possible for a single body to develop a successful integrated central plan to service the digital needs of tens of thousands of users involved in what will be millions of different process tasks must be extremely doubtful.

In that sense, the report offers an exercise in “guesswork about vapourware”, that is, it peers into a foggy future and offers little more than a possible route map based on knowledge from the past. There is an arrogance here that the collective integrated dream is possible, born of incentives provided by the use of taxpayers money to spend other people’s money on other people.

Predictably, the Report’s section on “The Journey to Digital Government” proposes the creation of a Digital Delivery Agency to implement its key recommendations – what is described as an “increasingly complex picture emerging in relation to policy implementation and delivery”.

This new agency would bring together a number of existing quangos that have built up spontaneously through

government pondering on the issues raised by its ideas on “digital policy” across the fields of tele-communications, broadcasting and data services. It has been found that many of these existing entities are carrying out identical tasks and so “operational efficiencies” are envisaged. One of these is Digital UK, a not-for-profit company that has been responsible for leading the UK’s switchover from analogue to digital TV. The report states:

Digital UK will have a particularly important role to play in helping Government to understand the opportunities and challenges in relation to creating a single Digital Delivery Agency.

This author cannot help but note the reality that tax-funded central government officials will be helped by tax-funded quangocrats to generate a new tax-funded agency that will use tax funds to plan how tax-funded services are delivered.

13. Recommendations

This report represents a collision between a fast-changing innovative private investment sector and a set of tired, socialised state institutions in broadcasting and education. Government can be seen floundering in a futile exercise in crystal ball gazing, attempting not only to plan, but to find a reason for planning, the future.

There has probably not been a better example of an area of endeavour in which it would be better if the state simply got out of the way. The array of special interests, with their plural overlapping initiatives is astounding. If the time, effort and money involved in thinking about what might be about to emerge, could perhaps be done, or should be attempted, were instead applied to the innovation, engineering and production intrinsic to the development of the digital economy, the sector would have developed further than it has today.

With such a vast array of interventions in the developing scenario, it is inevitable that government will generate further misallocations of resources through regulations and misapplied educational initiatives. There is another way.

The digital network

The fundamental principle here is to recognise that just because an industrial sector exists does not mean that government needs to become active in how it operates.

- The National Plan for Digital Inclusion should be rejected as unworkable.
- Ofcom should work to become disengaged from the operational and engineering arrangements that will accompany further development of broadband connectivity.
- The focus of government activity should be in the release of clearly defined property rights in connectivity and spectrum use. These rights should be issued in perpetuity to private industry thus reducing the role of government over time.

Arranging e-inclusion

The fundamental principle here is to recognise that just because an industrial sector exists does not mean that everyone may want to become part of it.

- If any group is considered to be disadvantaged through lack of e-inclusion, any government action to re-advantage them should be by direct subsidy of individuals, preferably through diverse localised initiatives proposed locally rather than any national scheme.
- Ofcom should specifically be barred through its remit from entering any program of social engineering to promote use or accessibility.

Development and promotion of the creative industries

The fundamental principle here is to recognise that just because an industrial sector exists does not mean that government should be involved in its development path.

- The BBC should undergo a process of phased privatization and successive reductions in its licence fee.
- Regulation of cross-media ownership should be relaxed. Local media ownership rules should be ended.
- Restrictions on the commercial arrangements and extent of on-air advertising in advertising funded media should be discarded.
- Public service content requirements should be ended in all media.

Copyright

Government should restrain itself to setting a legal and institutional framework that maximises the clarity of private property rights of the owners of copyright and allows flexible pricing.

- Clarity of the ownership as a property of the origination material in any digital resource should be enhanced in law.
- Government should not involve itself in the regulation of digital distribution systems to enhance copyright protection.
- Contractual arrangements with respect to re-use or re-distribution of copyrighted material should be allowed to emerge between consumers, intermediaries and providers.

Personal Data Protection

While the Information Commissioner is due to report on the principles which should apply to the user of personal data, we feel that this area is of great concern to the population at large which needs further attention.

- Personal identity and all information associated with that identity should be defined in law as a distinct private property owned by the individual.
- The use of any personal data without the owner's consent should thereby become unlawful. In the words of the report "steps to ensure handling of personal data is firmly placed in the safe deposit category" should become the norm.
- In order to allow the continued use of personal data, mechanisms that enable maximum transparency for the individual each time their personal details are used by private or public services should be allowed to emerge.

Online government

The principles adopted here should aim to avoid over-centralisation of services and the subsequent necessity to construct large-scale ICT systems.

- The government should adopt a policy of plurality of provision of online services to enhance innovation in delivery. The design of those services should be decided on by each department using its own envelope of knowledge.

- Oversight to prevent duplication of work should be the role of the Central Office of Information, which should take no part in the actual provision of ICT infrastructure. Rather, it should police it.
- Where commonality and integration of service user information is required, a separately audited program of work should be carried out with third party oversight. Implementing integration of services should be subject to parliamentary scrutiny with full transparency.
- Each operational department or entity should be required to audit its use of online services and publish a transparent comprehensive report on the costs and benefits of its digital services.
- The provision of IT services within government should be provided at departmental level and below and not by a central service agency to retain competition in supply and suppliers. Common service provision should be an issue for private contractors seeking competitive advantage in the provision of services to government.
- The proposal for a Digital Delivery Agency should be scrapped in favour of more localised, competing services.

About the author

Eben Wilson has an Hons MA in Economics from St Andrews University. He trained at the Tom Hopkinson School of Journalism and worked in radio and television broadcasting as an economics and technology journalist for twenty years before migrating to exploit commercial opportunities in convergent digital media. He now runs an internet services and telematics company specialising in data gathering in the field and industrial e-procurement.

Eben is a fellow of the Adam Smith Institute and was at one time the Editorial Director of the TaxPayers' Alliance.

Endnotes

- 1 The report implicitly recognises this lack of engineering knowledge when it states: "While commercial confidentiality might preclude a publicly available 'national map', there might be value in a comprehensive inventory of the UK 's Ducts, Poles, Lit Fibre, Unlit Fibre, Used and Unused Wavelengths to establish the complete picture of what infrastructure is out there, what is actually being and what is likely to be used and therefore what could be used for a future UK NGN rollout." The vagueness of the dream intrinsic to the National Plan is clear in this paragraph, while the reality of how the bureaucracy would spend vast sums trying to map the presently unknown resources they want to plan is only too real.
- 2 Would a remote village in Scotland surviving on shellfish sales prefer (1) a new harbour wall, (2) a new broadband exchange, (3) an extended local primary school, (4) a community hall, (5) a new bridge cutting transport times, (6) a roof insulation programme, etc? These choices are not well made by governments.
- 3 See the listing in the Appendix – the extent and diversity of the entities involved is breathtaking.
- 4 An example of the former might be the sale of "creative business marketing services" that help a business grow, of the latter, a "Kylie on tour" music/show DVD, where the brand is known.
- 5 Yet again, another strategy is announced – this time a copyright strategy implemented by the Intellectual Property Office.
- 6 The government is already committing taxpayer funds to exactly this sort of interference. A £10m grant from the Technology Strategy Board is testing Next Generation Test Beds for "new monetisation methods", "alternative business models to encourage the sharing of intellectual property", "new models of identify management, security and privacy", and "content and context aware network operation".
- 7 See "Media, meddling and mediocrity" by Eben Wilson (2003)
- 8 There is a useful contrast here with services which are priced. Prices provide information through repeating sales rates (and often actual sales contact information). Priced markets efficiently self-measure through sales.
- 9 The notion of "clouds" in wide area networking is an ICT term. It essentially involves bringing common technical capabilities in communication and information handling to multiple users. As such, it suffers implicitly from a product-focus, where the product is the technological capability. Sadly, the capacity of IT professionals to grasp what front-line users want, and the capability of front-line users to express what they might want from IT professionals is a perennial issue in making services work effectively and efficiently. The larger the cloud, the more this dissonance impacts on performance.

Appendix A: Interested Entities and Groups

When government sets itself the task of analysing an industrial sector, planning and proposing policy, and engaging in “industrial activism”, these efforts involve an array of interested parties. In a sector with a wide impact such as communications the merry-go-round of rule-makers, advisors, initiative seekers and other parties is astonishing. The time and cost of this involvement, much of it at the expense of the public purse, needs to be measured against the private activity of those seeking to serve consumers as best they can, using knowledge obtained at private cost.

The accompanying list – extracted from the *Digital Britain* report - has had the obvious industry players such as the BBC, Channel Four and others removed, concentrating instead on the peripheral entities who are stakeholders, and rent-seekers, within the planned industrial environment proposed by Digital Britain.

Key Stakeholders. Those closely involved with oversight of the digital content revolution.

- Chief Information Officer
- e-Envoy and e-Minister
- Independent Spectrum Broker
- Information Commissioner
- Ofcom
- House of Commons Culture, Media and Sport Select Committee
- House of Lords Select Committee on Communication

Public Bodies. Those with an interest in how the development of sector activity will affect them.

- BECTA
- British Standards Institution
- Child Exploitation and Online Protection Centre
- Chief Information Officer Council
- Commission for Rural Communities
- e-crime
- Nominet
- Office of Public Sector Information
- The Police e-Crime Unit
- Research Councils
- Training and Development Agency for Schools
- UK Film Council

Advisory Bodies. Through extensive consultation, the government has obtained extensive input from a wide array of interested parties.

- Centre for the Protection of Infrastructure
- Digital Britain Forum
- Digital Britain Steering Board
- Digital Communications Knowledge Transfer Network
- Digital Switchover Help Scheme Ltd.
- Electronic Communications Resilience and Response Group (EC-RRG)
- Internet Governance Forum
- Internet Watch Foundation
- Media Literacy Working Group
- National Children’s Bureau
- Network Design & Procurement Group
- Skillset Media Academy Network
- Stakeholder Consortium on Digital Participation
- Technology Strategy Board
- The Digital Britain Unconferences
- UK Council for Child Internet Safety
- Creativity & Business International Network
- Communications Consumer Panel
- Consumer Export Group
- Department for Business, Innovation and Skills (BIS) e-accessibility group

Quangos. Certain bodies are implicitly involved in the development of skills and capability in the digital arena.

- Digital Delivery Agency
- National Skills Academy for Information Technology
- Sector Skills Councils - Digital Sectors
- The National Fraud Strategic Authority
- The New Skills Funding Agency

Special Interest Groups and Trade Bodies. Industry has a say in the overall development of policy through specific entities.

- NESTA
- Independent Networks Cooperative Association
- Internet Advertising Bureau (IAB)
- Producers Alliance of Cinema and Television (PACT)
- Public Sector Council of Intellect
- UK Mobile Virtual Centre of Excellence

Initiatives. There has been a considerable activity by government, attempting to find and develop a role for itself in the digital revolution.

- BBC Vision Intake Pool
- BIS Strategic Investment Fund
- BIS Administered Strategic Help Scheme
- Creative Partnerships – Department of Culture, Media and Sport (DCMS), Department of Children, Schools and Families (DCSF)
- DCSF – Children’s Plan
- data.gov website
- First Light and Mediabox
- Digital Inclusion Programme
- European e-inclusion award
- Get Safe Online (GSOL)
- Information Task Force
- National Endowment for Science, Technology and the Arts (NESTA) Connect Programme

- Next Generation Final Third Project and Fund
- Operational Efficiency Programme
- Power of Information Task Force
- Public Sector Network
- Spectrum Modernisation Programme
- Trading Funds Assessment
- Transformational Government Program
- Tripartite Internet Crime Security Initiative
- Universal Service Commitment

In addition to the above there is an array of so-called “strategies” mentioned throughout the report. These essentially involve planned interventions to construct future industry sector developments. As such, it is impossible to evaluate their success or progress, many seem to be paper initiatives that allow the impression of organised action to be communicated.