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The Margaret Chase Smith Essay

The divided information superhighway

If you think America has become a nation of haves and have-nots, just wait. The arrival of the much-heralded information superhighway will only worsen the trend.

In the 1980s, America became more unequal for several reasons. A factory economy with a broad, blue-collar middle class increasingly gave way to a service economy—a polarized category that includes fast-food workers and investment bankers. Trade unions were significantly weakened. Economic globalization put unskilled U.S. workers in direct competition with workers overseas who do the same jobs for lower pay. Government stopped leaning against the wind. For several decades government offset inequality by taking from haves and redistributing to have-nots. But in the '80s government began compounding the market's inequalities with tax cuts for the rich and benefit cuts for the poor.

Now we are on the verge of the much-heralded information age. While the wired nation will make the economy more productive on average, it is likely to widen inequalities in three distinct respects. First, the information highway has fast lanes and slow ones. Microsoft, the world's premier software company, boasts 2,200 millionaires, whose personal net worth has risen with Microsoft stock. These are mainly the people who design the elegant software codes and are compensated handsomely for their talent. In the slow lane, armies of routine workers, such as data entry clerks, telephone reservationists, and checkout clerks use advanced technology in their jobs. But they are typically paid less than a factory worker. So it is a fallacy to assume that proliferation of information technology in the workplace necessarily means a more highly-skilled or better-paid society. If anything, the information age widens the gaps between the elite designers and the routine users.

Second, the information highway accelerates the shift to a financial economy of big winners and big losers. Once regulation moderated the casino tendencies of money markets. But technology keeps overtaking regulation. Banks, insurance companies, and brokerage houses will soon be one undifferentiated financial supermarket. There is effectively a single global money market, open 24 hours a day, linked by computers. All of this outruns national regulation. Thanks to computers and instant telecommunication, money markets have increasingly become winner-take-all markets, where securities are paper or electronic abstractions, ever further removed from the real economy. One speculator can make a fast \$100 million on a hostile takeover play or a currency manipulation. The result is windfall gains for the nimble few and insecure drudgery for workaday suckers.

Finally, the information superhighway has unequal access. The same TV tube that invites some teenagers to veg out watching MTV can enlist others in computerized instruction. But it is likely to be the relatively affluent young, living in communities with good school systems and engaged parents, who will use the enriching possibilities of the new technology while the less advantaged will use only more TV channels.

The wired household of the near future is likely to contain a simple video console that can be used for everything from home shopping to movies-on-demand, ordinary television, E-mail, video games, as well as mind-stretching access to on-line libraries, data bases, financial services, and instructional programs.

Most homes may well have access to the highway, but not every home will use its full educational potential. The young people who become fluent in the higher-order applications will have a ticket to decent jobs. The others will eventually find themselves working with computers, but as glorified file clerks.



Vice President Al Gore, the Administration's technology guru, has just proposed a regulatory grand bargain. Every home must get access to a relatively complete package of information services, and from at least two competing vendors, all of it "open, accessible, and...ubiquitous." In return, the government will substantially deregulate the whole affair. Cable companies, phone companies, entertainment conglomerates, media empires, software producers, TV networks, will be free to merge with each other and compete to serve the wired nation. They will also be required to serve schools.

In principle, this is all magnificently democratic. But unless government invests heroic resources to help have-nots take advantage of this new cornucopia, the information highway will only be a road to greater inequality. Society's haves must appreciate the hidden costs of inequality whenever they trip over homeless people en route to the computer store or look nervously over their shoulder as they withdraw cash from the convenient sidewalk money machine.

A market society, however technically innovative, will keep generating gales of inequality and related social pathologies, and we must keep leaning against those winds. As the techie crowd says: Garbage in, garbage out.

- Robert Kuttner

Robert Kuttner is editor of The American Prospect. This column originally appeared in the Boston Globe. It is reprinted with the permission of the author.