

DINNER/DISCUSSION SUMMARY

How is the Internet changing business and government?

Held at The Royal Society, 6-9 Carlton House Terrace, London SW1Y 5AG
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In the Chair: The Rt Hon the Lord Jenkin of Roding

Speakers: Ms Frances Cairncross

Chair, Economic and Social Research Council and Management Editor of *The Economist*

Mr Andrew Pinder

e-Envoy to the Government, Cabinet Office

Mr John Leggate

CIO & Group Vice President, Digital Business BP

In her lecture Ms Cairncross looked at the impact of the Internet as one example of new technology, and in particular communications technology, as a force driving social change. Mr Pinder described the steps taken by the UK Government to make its services accessible to the public on line, and reflected on the issues which arose as the Government came to terms with the Internet. Mr Leggate looked at the history of the development of the Internet, described how his own organisation had reacted to it and compared progress between the UK and other countries.

In discussion it was observed that much of modern technology enabled the state to control its citizens, but the Internet was seen as providing a last bastion of intellectual freedom through the anonymous transmission of information. Was this really so? The Chinese government had tried hard to limit the freedom of its citizens to communicate with the outside world but had not been entirely successful. The sheer scale of the Internet and the availability of encryption made it hard for any government to control.

There was an emerging issue of identity theft via the Internet (and, indeed, through other means of communication such as telephone and fax), and regulatory regimes had not yet worked out how to deal with it. A role for the UK would be to set appropriate standards. One participant suggested that, little as the British might trust each other, they had a splendid international reputation for

trustworthiness and could meet the demand for Internet "trust services", providing authenticated identities.

There were other issues about the identification of individuals on the Internet. Mr Pinder's lecture had recalled how the Prudential had disbanded its sales force in favour of direct communication with customers. In the discussion it was observed that the man from the Pru had been replaced by the URL from the Pru, but people accessing services through the Internet had to be recognised by the system. If the system recognised not the individual but the machine, an academic who could reach journals via the official computer might have a problem when working from home. In response it was said that there were a number of solutions: one speaker produced a keyring which generated ever-changing internet addresses through which he would be recognised on any machine. The problem was not one of technology but of people and political will.

It was suggested that companies faced a different security issue as internal networks were increasingly superseded by the use of the public Internet for communications within organisations. Companies now had to decide what information should be made public and what safeguarded as intellectual property. One approach recommended was to make everything public apart from a few carefully selected and protected crown jewels. Trying to keep everything secret would not work.

The Government had set itself the target of making its services to the public available on line by 2005 and was more than half way there. Projections for the remaining services tended, however, to be hockey-stick curves, with a lot to be in the last few months before the deadline. It was not necessarily sensible to make all Government services available on line. For some it would not be appropriate, for others it would cost too much. There would be no point, for example, in making licences for burials at sea available on line, since very few were issued. This view was challenged, however: if the issue of such licences were offered to the private sector, someone would be sure to rise to the challenge and create an unforeseen boom in burials at sea.

It was suggested that the UK Government was doing less well than many of its overseas counterparts in getting its business done on line, even though many of the hurdles to be cleared must be common to other countries. One answer offered was that the problem was not connectivity or computing power but the Government's failure to provide the necessary fuel, namely information. The major impact of the Internet on service provision had been in areas such as airline bookings where the data handled was structured and standardised. The Government tended not to supply the kind of information which companies wanted, or supplied it only at a high price. In the US federally produced data was free for onward use, whereas the UK Government took the view that if it had paid to acquire information it should not give it away. Another speaker, however, warned against too romantic a view of the accessibility of services on line from the US Federal Government and offered a bottle of champagne as a reward to anyone who succeeded in getting a green card by 31 January via the Internet.

Other speakers called for a wider change of attitudes. The technology was improving so fast that the real constraints on the use of the Internet were social, and what mattered was how organisations related to the public and to their own staff. Civil servants were used to doing things to people, not receiving things from them, and played safe. The Government was keen to use the Internet to convey its messages but was not so interested in what people thought. Individuals would use the Internet when it was to their advantage to do so and would use Government services when they wanted something. People would not love the Internet for its own sake.

It was suggested that the Government ought to give computers and broadband Internet access to people with low incomes who were the major users of some government services. This would pay for itself in efficiency savings for the Government and, if on-line voting were introduced, would strengthen democracy. In reply it was said that little research had been done on the benefits of free access to the Internet for citizens, and that such assessments as

had been made in the UK had not produced a convincing case. Instead the Government had gone for promoting public access to shared computers in UK Online centres and public libraries.

The Internet was not just a tool for Governments to use but also threatened their tax revenues. One speaker had just bought both software and goods from the US through the Internet, paying local Oregon sales tax and UK customs duty on the goods but no tax at all on the software which he downloaded. There was a need for rules for doing business on the Internet, but politicians also needed to learn to live with the fact that it had created its own international economy. Another participant observed that the Internet had already damaged the sales tax revenue on which many US states were dependent, and suggested that in the longer term governments would be less able to collect indirect taxes and would therefore be less able to provide services. The period of high taxation and high government provision in the UK after the Second World War would turn out to be a historical oddity.

Ms Cairncross had mentioned in her lecture that she had just bought an airline ticket on line but failed to buy a book from Amazon. This prompted one speaker to suggest that the Internet needed standardisation, so that users could easily find their way around different websites. It had taken time for the pedals in cars to adopt a standard layout, the Model T Ford having a notably odd arrangement. One source of uniformity was monopoly. It was not clear how standards would be set for the Internet. Some came of their own accord, though this had not yet produced a recognised way of signing off an e-mail. For some purposes government action was needed, but in other areas standards might emerge from competition and consumer preference.

Apologies to those participants whose comments toward the end of the debate are not reflected in the note above. This was the result of a failure of relevant technology, in that the note-taker lost some material when his laptop computer crashed.

Jeff Gill

The discussion was held under the Foundation's Rule that the speakers may be named but those who contribute in the discussion are not. None of the opinions stated are those of the Foundation which maintains a strictly neutral position.