THE INFORMATION STANDARD, WHAT IT IS, HOW IT AFFECTS LIBRARIANSHIP, AND WHY IT HAS BEEN OVERLOOKED*

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ABSTRACT

Big governments are supported by large tax bases. However, the emerging network of global communications is eroding tax bases, causing governments to construct. Investors who perceive that their capital is not well treated (i.e., excessively taxed), are converting their wealth to digital signals are forwarding it to worldwide money markets at the speed of light. Therefore, in countries that are globally online, information about capital treatment has finally replaced gold as the standard by which fiscal and monetary policies are set.

Although largely unnoticed, this phenomenon will have decisive consequences for librarianship, or any profession that depends on public funding. Therefore, the profession needs to concentrate on preparing graduates for private sector placement. Unfortunately, the profession has a culturally based bias against commercial organizations. Prospects for overcoming this bias are reviewed and recommendations are advanced.

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Introduction

When a new technology becomes ubiquitous, as the personal computer has done, it so quickly generates change that the social "actors" fail to comprehend it. Currently, attention is being lavished on service applications and policy issues pertaining to the emerging electronic global network, but few have discerned its societal implications. This observer is certain that the information superhighway is a mechanism causing severely reduced government revenues upon which the library and information science profession has been long dependent.

Why Tax Bases Are Eroding

Governmental contraction hardly seems likely, but one must keep in mind that many relationships created while society was "driven" by heavy industry no longer apply. Previously, governments could raise taxes with a minimum of public backlash. Large corporations were especially vulnerable because their plant and equipment components were necessarily huge in order to manufacture according to economies of scale. Being huge they were essentially stationary. Immobility made them targets for governments eager to tax their wealth in order to fund social projects, including various kinds of libraries. As described by social scientists McKenzie and Lee: "...capital [could] be readily taxed by government. To the extent that large concentrations of plant and equipment are massive, tied to some critically important resource, and geographically immobile, governments [tended to] look upon such assets in much the same way that energy companies look upon prospective oil fields: as something to be tapped — or rather, in the case of governments, taxed...relatively immobile plants and equipment, and the people they employ, do, in varying degrees, share a fate: They are subject to exploitation." 4 Technology breeds size, and size breeds growth in government. 5 Walter Wriston, former CEO of Citibank, elaborates: "...the great leverage governments held against nearly captive capital — mines and land, forests and factories — did allow and promote an enormous expansion of government power. As long as capital consisted of factories, heavy equipment, and natural resources, governments felt free to impose rules and exact payments with no fear that a country's capital base would steal away in the night...governments held the cards. All this has changed." 6

Now, because of information technology, the scale of production has shrunk, resulting in economies of decreasing scale. Fewer workers, using less space and equipment, are producing more; many large firms are contracting out various operations to specialists, many of whom are not domestically located;
and computers have miniaturized many formerly large scale production techniques.

None of this is altogether new, but what has escaped notice by the profession's opinion leaders is the momentous taxation consequences. Contemporary leaders are "...damned to govern in a world of severe economic constraints that political leaders in earlier times never thought much about. The evidence continues to mount that people, capital, jobs, and incomes gravitate toward those government jurisdictions [anywhere in the world] with the most favorable fiscal and regulatory environments."4

People, capital, jobs, and incomes create taxable wealth. But contemporary wealth, because it is mobile, no longer waits to be taxed; it goes where it is welcome. Information technology has made wealth portable. Wriston concludes: "Whether we are ready or not, mankind now has a completely integrated, international financial and information marketplace capable of moving money and ideas to any place on this planet in minutes. Capital will go where it is wanted and stay where it is well treated. It will flee from manipulation of its value or use, and no government can restrain it for long."5

The Information Standard

Today, brokerage firms or individuals can easily monitor how well their wealth is being treated. If treated in hospitably they need merely tap into the global network and determine where they can receive a significantly better return on investment. Next, they can instantly transfer funds to money markets, which are now continuously open anywhere on earth.

Investors are conducting what Wriston calls a "running tally on what the world thinks of a government's diplomatic, fiscal, and monetary policies. That opinion is immediately reflected in the value the market places on a country's currency." For that reason, he claims that the "old discipline of the gold standard has been replaced...by the new discipline of the Information Standard...The size and speed of the worldwide financial market dooms all types of central bank intervention, over time, to expensive failure. Moreover, in contrast to former international monetary systems, there is no way for a nation to resign from the Information Standard."6

"Satellites," Wriston contends, "have made borders utterly porous to information." If so, then the emerging information superhighway in the United States, connected to a "system" of global communication, will accelerate the exchange of information that will lead to capital shortages where capital is not welcomed.
A modern day de Tocqueville could say that computers have extended democracy. Every day is voting day now for those with PCs networked to remote databases. The political power of elected officials is significantly diminished by millions of individuals making economic decisions.

Considering that governments tend toward control and taxation to the point of rapaciousness, one may wonder how such a system came about. In fact, no government created this system. As observed by Winston, "The new discipline is being administered by a completely new system of international finance. Unlike all prior arrangements, this new system was not built by politicians, economists, central bankers, or finance ministers. No high-level conference produced a master plan. The new system was built by technology...the men and women who tied the world together with telecommunications did not fully realize they were building the infrastructure of a global marketplace. Yet the money traders understood immediately and drove their trades over the new global infrastructure." In such an interconnected world, unintended consequences on a global scale will be common.

Even the largest world banks cannot control monetary flow, because "the total reserves [of central banks] are now dwarfed by a single day's trading on the world currency markets...by the myriad facts that are now instantly available." This means that "there is not enough money in the reserves of the world's central banks to significantly influence exchange rates on more than a momentary basis." Therefore, governments cannot conspire with their central banks to control currencies. These banks will be responding to events, not making them. Examples abound:

1. American purchases of foreign stocks has been rising rapidly, from less than one billion dollars in the summer of 1992, to 100 billion dollars by the third quarter of 1993. Obviously, investors are fearing even the proposed policies of the Clinton Administration.

2. In the United States, "interest rates have steadily declined to levels not seen since America severed its last link to the gold standard (under...Nixon). That's no coincidence: A quiet revolution has taken place at the Fed [Federal Reserve Bank, which sets monetary policy in the US]...After two decades of pretending that it could manage monetary policy by targeting various "money supply" figures, the Fed appears to have reverted to a price standard. By keeping an eye on gold and other commodities, rather than slippery
statistics like the money supply, the Fed has a much
better feel for whether to inject money into the
American economy."\textsuperscript{11}

The Federal Reserve Bank is not issuing money based on gold reserves,
but in relation to the selling price of gold. That price is ultimately set by buyers
and sellers reacting to the current and anticipated state of the United States
economy based on information they receive continually. This is an instance of
the Information Standard in action.

As McKenzie and Lee put it: "...financial assets can be converted into
electrical impulses and moved along cables as easily as electricity powers kitchen
appliances, and these electrical impulses can jump national boundaries by way
of satellite transmissions, with no more difficulty than do television
pictures...Savings can be pooled and moved with relative ease to nations where
they earn the highest rate of return, and those same funds can usually be pulled
out with equal ease from countries where the rates of return are, for whatever
reason, not competitive."\textsuperscript{12}

Reversal of Governmental Power

For those, such as the editors of Library Journal, who welcomed the
Clinton Administration because they have "been waiting a long time for leaders
who believe in government,"\textsuperscript{13} the long range forecast is not encouraging.
McKenzie and Lee add a twist to the theory of countervailing power, postulated
in the 1960s, which stated that "government power would continue to rise
concomitant with the power of large business enterprises, more or less as a
neutralizing force." [Galbraith] ...offered no reason why his theory would not
work in reverse. If it does, the demise of business power through the development
of truly global competitive markets should cause countervailing powers of
government to recede as naturally as they arose when the power of business was
expanding."\textsuperscript{14}

They conclude that the "Ongoing international competitive forces —
predicated to a significant degree on [information] technological developments
that are increasing capital mobility and the economic complexity of production
and consumption — should be expected to constrain the fiscal and regulatory
powers of government...For some governments under some conditions, growth
may be altogether capped; in the future (where capital mobility has reached an
advanced stage), growth may actually be reversed."\textsuperscript{15}
Why the Profession Fails to Notice and Take Advantage of the Consequences of the Global Network

Why have opinion makers failed to grasp the salient consequences of a global information network? Their invincible ignorance makes sense when one realizes that the profession is a cultural entity, understood therefore by the basic principles of cultural anthropology. Specifically: Cultures may be defined as systems of shared beliefs and values that influence behaviors of member groups and individuals. Cultures provide behavioral cues and feelings of certainty. In exchange, cultures perpetuate themselves—even at the expense of individual members, e.g., the adolescent subculture sustained by "sacrifices" of its members, or even more dramatically, the so-called American underclass whose members perpetuate their culture even at the expense of their lives. The primary instrument of cultural change is the introduction of new technology into the environment. The basic rule is that new technology generates new beliefs and values, which over time and after a lot of social disruption, produces a new culture. If its environment changes, the culture must adapt or perish. Cultures resist change.

The Profession as a Culture

The profession is a sub-culture experiencing the effects of new technology. It has all the marks of a culture. It has a socialization process, i.e., occupational socialization complementing the period of socialization that happens during graduate school. Introductory courses really are socialization exercises intended to initiate the neophytes into the belief and value system. Like any culture, it has certain "welding" commonalities: a well known history, a communal language understood only by initiates (e.g., the acronyms), it collectively perceives itself as a major defender of the First Amendment, and it has a public service orientation coupled with a mild disdain for commercial activities (as evidenced by an virtual absence of professional literature on how to profit in the information environment).

Characteristically, like any culture, it is refusing to abandon its familiar, comfortable ethos, even though the ethos no longer meshes with the environment. A sociological description of the culture in which library science is embedded will clarify the nature of its particular ethos, as well as explaining why it resists the private sector. Perhaps, to those open to new thinking, it may generate the intellectual perceptions necessary to escape it.
New Class Ethos

Librarianship participates in what ex-Vice-President Dan Quayle once styled as the "cultural elite," but which sociologists define as the New Class. Its mindset is so ubiquitous that its effects are rarely noticed. A brief description should produce the shock of recognition.

Its philosophical underpinnings date to the 18th century. Henri, comte de Saint-Simon, envisioned society run by industrialists, but with an educated elite playing a leading role. His disciple, August Comte, advocated "science" in place of the anarchy of laissez-faire. Eventually, the German socialists, Fabians, and other progressives, including American liberals of 1920s and 1930s, "took for granted the...inevitability and desirability of scientific and technical advance; the beneficial effects of applying science and reason to the economy, society, and polity; the superiority of purposeful collective action over tradition or the sum of individual actions; and the "waste" of competition, merchandizing, and finance."\textsuperscript{17}

Their mindset is characterized by a libertarian social philosophy, and hostility toward business combined with a strong regulatory urge. Sociologist Irving Kristol notes a paradoxical coupling of libertarianism in social matters with its opposite in economic affairs. He states that "...this new class is not merely liberal but truly "libertarian" in its approach to all areas of life—except economics. It celebrates individual liberty of speech and expression and action to an unprecedented degree, so that at times it seems almost anarchistic in its conception of the good life. But this joyful individualism always stops short of the border where economics—that is, capitalism—begins."\textsuperscript{18}

The New Class includes "scientists, lawyers, city planners, social workers, educators, criminologists, sociologists, public health doctors, etc.—a substantial number of whom find their careers in the expanding public sector rather than the private...[and] the media...who believe...it is the government's responsibility to cure all the ills of the human condition..."\textsuperscript{19}

Kristol omitted librarians but common New Class values are congruent with library science concerns. These include: "expansion of the public sector...expansion of government bureaucracy and official regulation...the knowledge revolution and its ramifications (the upsurge of planners, [and] experts)...the communications explosion and its ramifications [and tolerance for] societal destabilization and pornography."\textsuperscript{20}
Readers of the professional literature know that these are values commonly expressed, along with a dearth of articles identifying commercial opportunities.

**Consequences of the New Class Ethos**

In the contemporary environment, the ethos generates debilitating consequences:

1. An antipathy to commercial possibilities. Most schools remain too focused on preparing librarians, not on preparing information professionals capable of seizing opportunities in the commercial sector.

2. An inability to perceive how the information superhighway will affect tax and regulatory policies. Furthermore, nowhere in library literature does one read any evidence that librarians are aware of the connection between government spending and capital formation necessary to economic health. Hitching the profession’s cart to the government horse no longer makes sense.

3. Regulatory mania. One very disturbing effect of the ethos is that it influences policies contrary to the goal of maximizing information. Recall that New Class intellectuals are obsessed with governmental planning. “These people administer and they plan...it strikes me...that all the education of all the members of the New Class has a common denominator—namely to plan something.” In addition, “Planning is synonymous with regulating, which accounts for the American Library Association’s reluctance to allow the regional Bell operating telephone companies (RBOCs) to provide information services. Claiming fear of the RBOCs’ “monopoly power” and citing “skepticism about the ability or willingness of the FCC to regulate the industry vigorously...,” the ALA Legislation Committee urged that “Congressional attempts to reclaim an active role in shaping telecommunications policy should be based on broad public policy goals [read New Class goals, shaped by input from the ALA],"
and not solely on industry [read commercial] demands.\textsuperscript{92}

In one form or another, that attitude still exists even though de-regulation and even mergers are now becoming common.

Even though the first global network is only now being constructed, the consequences of government involvement are predictable. Historically, government attempts to regulate communications have not been fruitful, to say the least. Wriston observes: "...in most European countries the PTIs (postal telegraph and telephone administrations) are government monopolies. One might think that as long as governments did not engage in censorship, this was nothing more than a benign government utility. Such is not the case. The public ownership of PTIs gave the government enormous power to frustrate powerful new telecommunications technologies, which has huge implications for the free flow of information, money, and electronic services...In Germany, for example, in the 1980s, the Bundespost (German Post Office) told the international news service Reuters that satellite technology would not work. After much negotiation, it was agreed that if Bundespost people installed the satellite dish on the roof of the Reuters building and connected it to their lines, they would give it a try. To no one's surprise, the satellite functioned perfectly. But much valuable time was lost."\textsuperscript{93}

He also points out that "...state-licensed and state-run monopoly phone companies have always been a potential threat to [telecommunications services]. In fact, the decade-long series of court cases that ended in the breakup of the Bell system that allowed for competition in many aspects of American telecommunications started with a fight over whether AT&T could prohibit devices not of its devising from being attached to the system."\textsuperscript{94} Almost certainly, there would be no information superhighway, at least not in its present form, had not the Bell system been broken up.

Government involvement will inevitably mean delays in implementation of new technology (because of the numbers of players involved in decision making), bribery, favoritism, less competition as big companies use lobbyists to pay off and team up with government administrators to keep newcomers off the playing field; higher costs either in fees or taxes to support subsidies because companies will have to rent government permission by paying for various politically popular plans.

As George Gilder (whose ideologically unpopular observations have been ignored by the library science profession) recently demonstrated, regulation will reduce the communication potential of Americans just as capital regulation constricted economic lives in socialized countries.\textsuperscript{25} Formulating policies for the
information superhighway is simply a manifestation of a New Class planning urge. That highway is too inviting a target to resist.

In sum, the collective positions of the profession, often argued with a degree of sanctimony, is emerge from a vestigial mindset that allows ideology, rather than reality, to determine policy. That mindset, and the strategies proceeding from it, such as those detailed above, has pernicious effects within the professional schools.

Desultory Consequences and Ignored Possibilities in Academia

The ethos generates unfortunate consequences specific to the professions' schools:

1. Curriculum adaptations are being thwarted. Students should be prepared for employment in the commercial sector.

2. Schools of library science are floundering because, for better or worse, universities reward schools that secure funded research. There is an abundance of fundable research questions relating to information management. Address these and "library" schools will survive.

3. Teaching and socializing students is very difficult when they receive ubiquitous and contrary cues emanating from the professional leadership.

4. The ethos retards recruitment. This author knows from pre-admission interviews that many excellent university students are in front of the profession in their realization of the potential of an information degree. They would come if their degrees prepared them for a more encompassing future. An information management degree has the potential to become just as prestigious, and nearly as rewarding, as MBA degrees.

5. Mechanisms to establish links between schools and prospective grantors/employers are not being made.

Given time, information technology will eventually produce a private sector orientation within the profession. Unfortunately, there is always a time lag before cultures catch up with their new environments. The question is whether sufficient time remains.
Conclusion

Taking advantage of the commercial environment requires abandoning the New Class ethos. That will not be easy. It is "so pervasive and so taken for granted by most educated people that it has no modern philosopher and lacks a serious historian." Also, there is status attached. "One could write a fat book about efforts to justify the privilege and dominance of those labeled..."knowledge workers," and about ingenious, usually unconscious attempts to obscure the privileged position assigned to the learned in the improved social order of the future."26

Rather than write that book, this author would prefer to get on with the business (excuse the term) of preparing graduates for a new and rewarding environment.

NOTES


2. Ibid., 36.


6. Ibid., p. 9.

7. Ibid., p. 12

8. Ibid., p. 59


15. Ibid., p. 109.


21. Ibid., p. 22.


23. Wriston. Twilight of Sovereignty, p. 149.

24. Ibid., p. 150.
