

Ideas and Thesis – Prof. Dr. Günter Müller, Freiburg für Forum 2

"New Economy" requires Federated Trust Infrastructures

A: Trust and Security are inversely proportional

The "New Economy" uses a borderless infrastructure. Citizens, consumers, businesses and governments have the desire to protect their interests in an appropriate way. The key term here is "trust". Contrary to security, it is a social term, while "security" is a technical one. They are inversely proportional to each other: if trust is high, there is a low need for security technology and vice-versa.

B: New Economy is borderless and lacks trust

It is agreed that the infrastructure of the "New Economy" will be the source of income for millions of people. In this paper, it is argued that the underlying network needs institutions – just as the old economy developed its own institutions - to enable order and fair access, usage and distribution of wealth created. The association with territory, constitutional to all government and legal frameworks, may not sufficiently generate the necessary level of trust. This has drastic consequences in three aspects and calls for social and technical concessions:

1. Soon, major enablers of welfare are without democratic legitimization, are international and dominated by interest groups. Consequently, governments lose authority.
2. Power – defined by "controlled share of network" – will be leveraged through the stock-exchange and variety will be replaced by "the winner takes it all"-effect (e.g. Microsoft case).
3. On the individual level, privacy and human rights may become tradable and sellable goods.

C: Economic and social order are disconnected from global technical progress

Technology was, in many cases, the preceding wave followed by the economic, the political and, finally, the cultural wave. At present, we are in a position where national governments strive to establish full connectivity infrastructures (the technical wave). The aim is to achieve technical excellence. Sustainable business (economic wave) and social and cultural variety and innovation (cultural wave) are, however, not yet defined.

D.: Reduction of transaction costs hampered

The driving force behind the dynamics of the "New Economy" is the reduction of transaction costs. The full-scale of transaction costs must also include cost of control. Lack of trust increases cost of control. As a result, the further reduction of transaction costs might be restricted.

E: Solutions

1. The evolving infrastructure has to be accompanied by an initiative in order to define a new social order. Along with the concept of "New Economy", the concepts of "New Order" and "New Culture" are essential. Individualization is the key issue here.
2. Individualization needs privacy. A common set of values to define privacy and security needs, as well as technical provisions, need to be defined on an international level and to be guaranteed in their functions and characteristics by the member states. National infrastructures - trusted by people - will become "federated" infrastructures assured by states.
3. The concepts of "security chain" as well as the architecture of "Multilateral Security" are proposed which define the role of government and provide trust to citizens in the newly established infrastructure.

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