

SUMMARY RECORD OF PROCEEDINGS

INFORMATION TECHNOLOGIES AND INTERNATIONAL RELATIONS

A symposium examining the impact of new information technologies on the changing international environment

In an effort to stimulate greater debate on the impact of the communications revolution on the practice of diplomacy, the nature of state governance, and the conduct and scope of transnational business and finance, the Policy Staff of the Department of Foreign Affairs and International Trade in cooperation with the Institute of International Relations (University of British Columbia), invited a select number of scholars and government officials to a symposium held in Ottawa on 13 January 1995.

INFORMATION TECHNOLOGIES AND INTERNATIONAL POLITICAL ECONOMY

Information Technologies and the Restructuring of Production

Following introductions by George Haynal, Head, Policy Staff, Professor Lynn K. Mytelka of the Department of Political Science at Carleton University opened the session by noting that contrary to popular belief, globalization, that is, the process of international finance and production, was well developed before the electronic revolution. Prof. Mytelka reminded the participants that although there has been a qualitative change in the method of international production over the last eighty years due to increasing competitive pressures - evolving from Fordism to today's lean production model and characterized by a shift from electro-mechanical systems to digitalization, miniaturization, and increased knowledge intensity built into both processes and products - the Information Technology (IT) revolution has *complemented* rather than *caused* changes at the level of the firm and its global method of production.

She went on to point out that more knowledge-intensive production leads to increased uncertainty since there is no way of predicting where a nation's competitors will come from. In response, firms, especially SMEs since they lack critical mass, are creating strategic partnerships (*e.g.*, joint marketing, joint production, joint R&D). Networks therefore become strategic necessities for firms so that they do not miss technological leaps. The discussion then turned to the impact of globalization and the rise of networks on the nation-state. The drawback to networks, according to Prof. Mytelka, was that they lead to the creation of global oligopolies that appear to be immune to the state's attempts to enforce anti-competitive practices legislation. Another harmful effect is that nations have become involved in "locational tournaments" to attract foreign investment. However, investment resulting from bidding wars in general did not achieve employment and industrial targets, Mytelka said.

Information Technologies and the Restructuring of Financial Markets

The next speaker, Herbert I. Phillipps, Jr., Vice President, Strategic Solutions Delivery,