

The Paradigm of E-Commerce in E-Government and E-Democracy

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Abstract:

During its relatively short history e-commerce, the use of information and communication technology (ICT) in business has been more successful and glamorous than e-government or e-democracy, the comparable use of ICT in governments and administration. This may be the reason why many government initiatives try to emulate the success of e-commerce by using concepts, processes, technologies, and approaches pioneered by businesses. This paper analyses the relevance and limits of this use of e-commerce as a paradigm in government. For this purpose it starts out by distinguishing between e-government and e-democracy. In the following step the paper discusses which factors have led to the success of e-commerce and might therefore be applicable as parts of the paradigm. It then discusses the strengths and the weaknesses of e-commerce as applied to government. The conclusion will be that there are good reasons to use the commercial paradigm in e-government and e-democracy. However, this may lead to an unintended shift towards e-government. E-democracy may even be weakened by the paradigm which might turn out to be detrimental to the democratic legitimacy of e-government and e-democracy.

Key words: e-government, e-democracy, paradigm, e-commerce

Introduction

Many governmental initiatives aimed at promoting the use of information and communication technology (ICT) for the purposes of government and administration try to transfer ideas from the area of e-commerce to the area of e-government. Most notably, one can find any number of initiatives world-wide that emphasize the idea of citizen-centeredness which is based on the example of customer-centeredness in e-commerce. Furthermore, governments try to take advantage of the strengths of e-commerce in order to improve their e-government initiatives. Such attempts to import successful examples from e-commerce into e-government refer to all sorts and aspects of information systems. On the one hand

governments buy hardware and software that was originally developed for the private sector and apply it to their tasks. On the other hand, governments take over arguments and whole discourses from the commercial sector. Customer or citizen-centeredness is only one example of this. Others would be the ideas of efficiency, optimisation, or cost-benefit analysis. While these ideas are not confined to the commercial world, they have a strong association with it and during the last decades have mostly been developed in the context of private enterprises.

The attempts by governments to improve and optimise their services are usually met with approval. One of the central and frequently-voiced criticisms of governments is that they are slow, don't react to the demands of their citizens, and that they are generally bureaucratic and wasteful. The business world, on the other hand, does not seem to be bothered by these problems. Businesses are deemed to be efficient, quick, and responsive. Commercial entities that do not take their customers seriously are quickly replaced in the marketplace by those that do. A large portion of the criticism levelled at governments and the way they do their business can therefore apparently be taken care of by doing things the way they are done in business.

However, things may not be quite as simple as they seem. While citizens are the customers of governments to a certain extent, there are also limits to this analogy. The question that this paper will analyse is therefore where the limits of the application of commercial ideas to government are. In order to be able to discuss this question on a meaningful basis the paper will start out by discussing the concepts of e-government and e-democracy. In the following section the strengths of e-commerce are analysed insofar as they are relevant or translatable to e-government. After that the strengths and weaknesses of using the paradigm of e-commerce in e-government are discussed. The result of the paper will be that the commercial paradigm is useful for most service delivery tasks that we find in e-government but that it is quite less useful for most applications in e-democracy. At the same time the strength of electronic service delivery along the lines of e-commerce is such that it threatens to blend out e-democratic applications. If this is so, then the commercial paradigm may turn out to become a threat to the legitimacy of democratic e-government.

E-Government and E-Democracy

In order to understand the impact of the commercial paradigm on e-government and e-commerce we will first of all have to clarify the concepts. This section will therefore start out with a brief introduction of the concept of a paradigm and will then continue to discuss e-government as well as e-democracy. The importance of the distinction between the two will be the reintroduction of the separation of powers which in discussions about e-government is often neglected.

Paradigms and Information and Communication Technology

The term "paradigm" will in this paper be used in accordance with Kuhnian epistemology and the current use in information systems literature. While paradigm originally means something like "example", the term has taken on a more specific meaning following the publication of Kuhn's (1996) classic of the philosophy of science: "The Structure of Scientific Revolutions". For Kuhn, a paradigm is a framework for understanding the world, that is on the one hand "sufficiently unprecedented to attract an enduring group of adherents away from competing modes of scientific activity" (Kuhn 1996, 10). On the other hand it must be "sufficiently open-ended to leave all sorts of problems for the redefined group of practitioners to resolve" (ibid.). Examples are Aristotle's *Physica* or Newton's *Principia* and *Opticks*. These are works that shape the perception of researchers and provide them with a theoretical framework to carry out their work. Kuhn's writings seem to suggest that only great scientific developments constitute frameworks but the term has since evolved to be used for specific ways of approaching research.

In the area of information systems, the term has been used to denote "the most fundamental set of assumptions adopted by a professional community that allow them to share similar perceptions and engage in commonly shared practices" (Hirschheim & Klein 1994, 108). Paradigms in information systems are thus the lenses which are used to perceive and understand reality. They are contained in the narratives that are used to make sense of technology and its impact on social relationships (cf. Pentland 2003). There is a multitude of paradigms in most academic disciplines and information systems are no exception. Where the term "paradigm" is used explicitly it usually refers to questions of methodology and epistemology. However, it can also be used to analyse the use of ICT within organisations and here it may be used to explain why certain technologies are successful or fail. It can also be used to give explanations for problems of change management and changing perceptions. Finally, it has also been applied to the area of e-government and the understanding of developments in there (Wastell 2003).

In this paper we will regard e-commerce as a paradigm in e-government and e-democracy. This is not to say that e-commerce is nothing but just that, a paradigm. E-commerce can be seen as an important part of the economy, as a particular channel of doing business, as an academic discipline, and many other things. For us the main point of interest here is whether and in what way e-commerce can influence or determine the perception of another, albeit related, field, namely e-government. This means that we will necessarily have to abstract from the totality of phenomena in e-commerce and try to distil those aspects that render it useable as a paradigm, as a lens for perception or a framework for understanding. Before we return to the question of why e-commerce is a paradigm and what the specifics of the e-commerce paradigm are, we should first clarify what the area is that is supposedly affected by the paradigm, namely e-government and e-democracy.

E-Government

In order to understand where and how the paradigm of e-commerce can be useful and also where its limits are when applied to public administration and political processes it is useful to distinguish between e-government and e-democracy. It will later become clear that e-commerce may be rather useful as a paradigm in e-government but it may be less so or even dangerous in e-democracy. To make this argument transparent we need to define the terms more clearly.

E-government will in this paper be understood as those aspects of public administration that have to do with the tasks of the executive. When these tasks are discharged with the help of ICT we speak of e-government. Typically these are administrative tasks, service delivery, but they may also include other executive duties such as the interpretation or enforcement of laws. E-government in this sense can aim at internal processes, meaning the use of ICT for the optimisation of internal processes. It can also aim at international processes, where computers and networks can be used for all sorts of international political matters from the exchange of statistics over cultural collaboration to combining efforts in crime prevention and detection. Finally, and this is the aspect that tends to be most clearly emphasised, e-government can have to do with the interaction of the administration with its citizens. Here, most of the examples revolve around service delivery where certain governmental or administrative functions are discharged with the use of computers.

It should be noted that this paper concentrates exclusively on the use of ICT in democratic governments. This is a non-trivial limitation of the scope of the topic because it implies several aspects. Democratic governments are supposed to represent their citizens and to act in their best interests. Democratic governments have to adhere to legal processes, they are subject to checks and balances and they have to adhere to the underlying ethical expectation that they do "the right thing", whatever that may mean in any specific situation. This limitation of the concept of e-government is also important because e-government is just as well imaginable in non-democratic environments. In fact, Orwell's "1984" is a good example for potential use of ICT in an administration without a democratic background.

Another interesting aspect that will be largely ignored for the rest of this paper is the interaction between technology and administration. The central question of this paper is whether e-commerce is a useful paradigm for e-government and where the limits of this approach are. The role of technology in this area is not discussed in any depth. However, it should be conceded that there can be a close connection and mutual influence of technology and e-government. On the one hand, governments can be large or even the largest users of ICT and thus shape the market for this technology. On the other hand, governments and administrations usually set the technical and legal framework within which technology is developed. Decisions about technology development can play a central role in governments (Weiser & Molnar 1996). Finally, existing technology from other realms can influence which types of policies or service deliveries are deemed possible. "[...] policy is often tightly coupled with, or biased by, the technology it applies to, and vice versa" (Reagle 1996, 18).

To come back to e-government, one can conclude that it mainly occupied with administrative and bureaucratic tasks. When we hear of e-government initiatives then these tend to concentrate on innovative and better ways to provide citizens with services. At the same time e-government also has a deep influence on the internal processes in administrations. External service delivery and internal process optimisation go hand in hand. The bureaucratic nature of e-governmental service delivery may be one of the reasons why computerisation appeals to administrative decision makers. Following Wiener, Postman (1992) argues that computers are the technology of command and control and that they need something to control. Given that bureaucracies are there to control and supervise, they may have a natural affinity to ICT that other aspects of democratic governments lack.

E-Democracy

Many authors define the notion of e-government much wider than we do here and include other political elements as long as they are related to ICT. On a local level, Wastell (2003), for example, sees three functions of government, namely to provide the mechanisms of local democracy, to be the focus for public policy making and to provide a range of public services, mostly in the social domain. If one defines the scope of government this wide, then e-government, consequentially, is the use of ICT in these three domains. Given the classical division of powers in executive, legislative, and judiciary, however, it seems useful to distinguish between the different aspects by introducing different terms. In this paper we will therefore distinguish between e-government which stands for the use of ICT for the purposes of the executive branch of government and e-democracy, which represents the use of ICT in all other aspects of political processes in democracy. This choice of terms is not perfect because it may be misunderstood to imply that e-government is not democratic. Also, it may be too limiting because it subsumes all non-executive functions of government under one term and the different applications of ICT in the legislative branch as well as all other sorts of democratic processes may require a further distinction. For the purposes of this paper, however, the dichotomy between e-government and e-democracy will suffice because it highlights the two most important branches of the use of ICT in government and public administration.

There is another reason why the distinction between e-government and e-democracy is of importance. Looking back at the idea of the division of power since Montesquieu, there has always been the belief that different parts of government should be responsible for making the rules, for enforcing them, and for judging breaches. The division of power was supposed to put checks and balances to the powers and thereby avoid misuses of power. In this sense, e-democracy can be seen as a possible check on the powers of e-government.

Most factual uses of ICT in government are examples of what we have named e-government instead of e-democracy. However, one should note that e-democracy has at least a strong theoretical influence. Ideas of computer use for the purposes of democratic discourse and decision making have long accompanied the rhetoric

surrounding computers and particularly the Internet. Johnson (2001, 211) summarises the argument as follows: "(1) Democracy means power in the hands of individuals (the many); (2) information is power; (3) the Internet makes vast quantities of information available to individuals; (4) therefore, the Internet is democratic." The internet can thus be called a "democratic technology, suggesting that it is inherently democratic" (Johnson 2000, 181). And, indeed, the idea of democratic participation was one of the inspiring factors that led Al Gore to his political efforts that promoted the development of the Internet and the World Wide Web as we know it today (cf. Gore 1995).

There is a number of possible ways in which ICT and particularly the Internet might be beneficial to democracy. On the one hand, technology might allow the formation of democratic interest groups and the development of open democratic discourses. Electronic deliberation could allow the incorporation of a multitude of voices and stakeholders into the process of decision making (cf. Lévy 1997). The new technology might "free us to build a better world, promote democratic equality, improve the quality of education, and create new economic opportunities for underdeveloped nations" (Stichler & Hauptman 1998, 1). Optimists envisage a world where the increase in bandwidth will eliminate the difference between haves and have-nots in terms of information access and telecommunication will form the backbone of society (Meeks 2000). On the other hand ICT can have a positive effect on the individual and thereby improve the functioning of democratic societies. ICT has frequently been described as a means of emancipation and empowerment (cf. Hirschheim & Klein 1994). If it helps people live up to their psychological and intellectual potential and helps them optimise their organisations then this would again strengthen the basis of democracy.

Problems of E-Democracy

While e-democracy is a central aspect of the use of ICT in democratic societies, it is not without drawbacks. There are a number of areas where e-democracy either fails to live up to its expectations or where it may even have negative effects. One of the fundamental critiques of e-democracy is that instead of expanding dialogues and discourses it may do the opposite and result in a restriction of information flows. It may allow ICT-literate elites to separate themselves from other parts of society (Breen 1999). The question of power distribution does not have an unambiguous answer with regard to ICT. While the ideal developed in the last section is one of emancipation, decentralisation, and empowerment, ICT can be used for the exact opposite as well. Stallman (1995) argues that the computer system and the societal system can be designed in such a way as to keep the elite in power (cf. Weizenbaum 1976). Similar power issues can appear in other social settings such as commercial organisations. Ischy & Simoni (2002) emphasise that many of the problems of ICT development are linked to power struggles that link them to politics, be it organisational politics or politics on a wider scale. Another argument against e-democracy is that despite the promising rhetoric that accompanies it, the

examples we see of it so far do not seem to deliver on the promises. For example, computerisation does not seem to empirically promote decentralisation of power and public communication which can be seen as conditions of functioning democracy (cf. Yoon 1996).

A fundamental problem of e-democracy that might materialise in case e-democracy is introduced successfully is populism. The fundamental idea of e-democracy seems to be some kind of direct democracy, of electronic plebiscites based on the idea of direct democracy as we know it from the Greek Polis. It is debatable, however, whether and in what form this would be applicable and useful in complex modern societies. One could argue that e-democracy might lead to a shallow exchange of phrases. Instead of developing a political will it could lead to a simplification of issues and to non-optimal solutions. Instead of a democratic utopia we might end up with anti-democratic plebiscites (cf. Ess 1996). Instead of including larger groups or even all of society, e-democracy can lead to the creation or petrification of special interest groups (cf. Paletz 2000), to lobbying, and to a skewed idea of public interest.

A final problem of e-democracy that needs to be mentioned here because it can have an influence on which effects the commercial paradigm may have is that of the change of society. This is a highly complex problem with many different aspects that cannot be analysed comprehensively in this paper. It is based on the fact that the ubiquitous use of ICT changes not only the way we can use democratic institutions but affects most parts of society. Furthermore it seems to do so without being subject to the intentional steering of any one actor and it seems to take away power from the nation state. In the literature this development is often called globalisation. Globalisation is at least partly based on the use of ICT and many of its aspects are not possible without this. The networking of international financial and information markets, for example, are dependent on a functioning ICT infrastructure. Globalisation can be seen as a chance for e-democracy because it may enable international networks and international consultations on political issues. An interesting aspect here is that the opponents of globalisation are using the very technologies that it is based on to organise their resistance to it as could be seen in the anti-globalisation protests in Seattle, Milan, and other places in the last few years.

However, globalisation also seems to threaten the classical political basis of democracy, namely the nation-state. ICT allows the creation of international networks from global trading networks over internationally working NGOs to international crime syndicates. Most individual nation-states are powerless to control or oversee these institutions. Worse, the power of globalised developments forces individual states to adhere to certain rules without their having an equitable voice in the development of these rules (cf. Johnson 2001).

Finally, e-democracy and globalisation may just be aspects of a fundamental change in the fabric of our states and societies. The nation-state may evolve into networks and parts of wider networks as Castells (2001) predicts. In this network of networks e-democracy may take on new forms and meanings. We may be witnessing the evolution of a truly new form of society, the network society, or even a new age, the information age (Castells 2000). All of this forms the background to our

understanding of e-government and e-democracy and it is important for seeing how the paradigm of e-commerce can affect the development of these notions. In the following section we will now analyse what exactly the paradigm of e-commerce stands for and which of its aspects can be of relevance to e-government and e-democracy.

The Paradigm of E-Commerce

This section will attempt to give an overview over e-commerce with regards to its use as a paradigm. It does not claim to be conclusive and exhaustive of the topic. Rather, it will attempt to isolate those factors that might affect our perception of the use of ICT in government. For this purpose it will try to capture the positive aspects frequently used to explain the success of e-commerce but also the characteristics which might become problematic when applied to democratic processes.

Characteristics of E-Commerce

In this paper we will take the term "e-commerce" to denote the buying and selling of products, services, or other commodities through the use of information and communication technology. Furthermore, we will include internal processes of companies that are geared toward the support and facilitation of such commercial exchanges. That means that we will ignore the difference between e-commerce and e-business as external and internal aspects of commerce using ICT. This is justified by the fact that we are looking for the possibility of transfer from the economic sphere to the administrative sphere and the boundaries between internal and external may not be comparable between the two. On the basis of this wide and inclusive definition of e-commerce one can note that it is not a radically new phenomenon. Companies have exchanged business data over a variety of communication networks for a number of years (Currie 2000). However, the rapid expansion of the Internet and its use for commercial purposes have increased the volume of e-commerce immensely. In some areas this has led to completely new business models, while in many cases old business models have been adapted to be able to make use of the technology. It is debatable how deep the changes introduced by e-commerce really are, whether we are looking at a revolution of the business world or just a gradual change of some aspects. Independent of the answer to this question, there are some aspects of e-commerce that could be observed during the last few years which are important enough to speak of a new paradigm when applied to e-government.

The use of the Internet to buy and sell goods has introduced a new form of competition to many markets. While competition is at the heart of capitalist economic models and generally recognised as a positive part of market economies, competition in traditional markets is often limited. Individual consumers may have

a choice of shopping in supermarket A or B but they rarely have the necessary information and resources to get an overview over markets and make economically rational decisions. Markets in economic theory tend to have a number of characteristics such as an infinite number of participants, complete transparency, and infinite reaction speed, that are not even approximated by most real markets. E-commerce has in many cases led to an evolution of markets in the direction of perfect markets of economics. The use of the Internet as a market platform facilitates access to information and reduces barriers to access (Spinello 2000). The individual market participant can get an overview over markets more easily and technology allows access to vendors and customers far beyond the regional area of traditional markets. A customer who wants to buy a book, for example, can now choose between hundreds of booksellers located all over the world. She can easily compare prices and conditions and make a better-informed decision. E-commerce thus realises the promises of market economies by providing better service to customers.

E-commerce does not only optimise existing markets but it also creates new ones. There are a number of goods and services for sale online that are only possible through the use of ICT in commerce (Schiller 1999). Examples might be online information data bases, outsourcing of company tasks to web-based companies, and a whole host of services related to information as a commodity. Again, this may not be radically new (Stichler 1998) but it has taken on new meaning through the Internet and related technologies.

The ease of obtaining information on the Internet has brought with it the disadvantage of information overload. The amount of information available to each and every Internet use is greater than the capacity for processing it. This has produced the side effect that attention has become more important than clear information. Even the best information is useless if it does not reach potential users. Information suppliers on the internet are therefore concentrating more on grabbing potential customers' attention than on providing them with useful information. The Internet and e-commerce have thereby created a sort of attention economy where attention is the scarce good instead of goods, services, or information (Zerdick et al. 2001; Liebl 1999).

The most important positive aspect of e-commerce, the aspect that may have facilitated the success of the Internet economy and the one that renders it desirable to politicians and administrators is that it is supposed to save costs. Shin (2003, 127) quotes three reasons why e-commerce can be less costly than traditional exchanges: the use of ICT decreases information processing costs, it decreases the costs of product selection, and it allows decreasing inventories, thereby saving capital costs. Another view of the cost-saving capacities of e-commerce concentrates on transaction costs. These costs that appear when transactions are prepared and realised consist of different costs, including search costs, information costs, bargaining costs, decision costs, policing costs, and enforcement costs (Welty & Becerra-Fernandez 2001, 68). The use of computers and networks does not necessarily affect all of these components but it does bring down the overall transaction costs which can form a considerable part of transactions. At the same time, the use of ICT within businesses can also produce cost savings by optimising

structures and processes, by allowing to react to customer preferences etc. These aspects carry different weight in different industries but they are probably the most important reason why e-commerce was and is successful.

Advantages of E-Commerce

The above characteristics are a collection of reasons why e-commerce may make sense as a business institution. In order to understand why it might be tempting to use the ideas in e-government it is helpful to translate them into manifest advantages for the customer. This section will therefore describe why e-commerce is good for customers (mainly working with the model of business to consumer (B2C) e-commerce) because this explains best why politicians and bureaucrats believe it to be good for citizens. The point of this section is therefore to translate the economic advantages named above into more general advantages for the customer.

The central theme of the last section was that e-commerce makes good business sense by improving efficiency and decreasing costs. For companies this translates into higher earnings which, given the supposed purpose of companies, namely to create profits, does not need further justification. But why should the consumer care? The answer comes from fundamental assumptions about the nature and functioning of markets. In functioning markets (and we have seen that e-commerce is supposed to create these) producers and service providers will not be able to retain the gains they make through efficiency and productivity gains but they will eventually have to pass them on to customers. Customers can therefore save money which then translates into a greater freedom of choice. Cost savings thus take on an ethical meaning which can easily be translated into something a democratic government can identify with. Following this line of reasoning one can see other ethical benefits in e-commerce which stem from its realisation of functioning capitalist markets. Cost savings not only increase freedom of choice but they also allow to produce more with the same amount of resources and they are therefore a necessary condition of redistribution and thus of justice (Kreikebaum 1996). The ethical advantages of e-commerce are thus of a fundamental nature and they touch deep-seated ethical concerns such as freedom and distribution. While most of these are of course double-edged swords, it is nevertheless easy to make a case for e-commerce in these terms. Another example might be tele-working which can also be understood to be one aspect of e-commerce. This, too, can be seen as an increase of freedom of the employees. It can also have negative consequences (McCalman 2003) but for the moment we are more interested in positive sides as these may be used as arguments for the use of the commercial paradigm in e-government.

One big advantage for customers that e-commerce promises is that it facilitates a more personalised service. The use of ICT allows vendors and service providers to accumulate great amounts of information on the customers and this information allows them to cater to individual preferences and needs. An integral part of many e-commerce applications is the so-called customer relationship management

(CRM). CRM systems can be bought as complete packages or they can form a part of other e-commerce applications. Their use varies between industries and sellers but the overall defining feature is that the customer's views are taken seriously. Again, this is a very important point for governments, and it is the reason why the use of the term "customer-centred" which is closely linked to e-commerce and CRM is transformed to "citizen-centred" in e-government.

The Paradigm of E-Commerce in E-Government and E-Democracy

Having discussed the concepts of e-government and e-democracy as well as the positive sides of e-commerce we are now in a position to discuss the advantages and disadvantages of the transfer of the concept of e-commerce to democracy and administration. In the first part of this section we will look at the reason why governments may want to use the commercial paradigm. The second part will be dedicated to the limits of the commercial paradigm.

Reasons for the Adoption of the Commercial Paradigm in E-Government and E-Democracy

The reasons why governments and administrations might want to use ideas and concepts from e-commerce for their own activities should have become quite clear from the enumeration of the advantages of e-commerce. Fundamentally, one can summarise the advantages of e-commerce as those of a functioning capitalist market economy and those advantages should be transferable to the activities of government. Among these positive points we have found efficiency, which should allow governments to deliver the same or better services at lower costs. This idea of efficiency also mirrors a hope that government bureaucracies, which are traditionally seen as inefficient and reluctant to change, could be accelerated and streamlined. Here, the commercial paradigm tends to aim at motivational structures, at the fact that e-commerce companies have found it possible to become much more flexible than traditional companies. The hope is that bureaucracies may find it possible to become as flexible by using processes and motivational measures copied from the commercial sector.

But efficiency in service delivery is no end in itself. In e-commerce efficiency gains are supposed to maximise profits, whereas in government they have different justifications. These can best be understood when the state is seen as a representative of its citizens which requires the state to act in the sense of the citizens and to do what they believe to be right. Saving costs may be something citizens desire but that only counts in the context of the other wishes citizens have. The ethical advantages of e-commerce therefore play a central role for the adoption

of the paradigm in government. Efficiency and cost savings can then be seen as measures that increase the citizens' freedom. E-government can thus be seen as an aspect of liberty, which is something that democratic states are supposed to provide their citizens with. This liberty includes the freedom of choice, and again, the use of ICT can improve this by providing information. In the extreme, e-government could be seen as an introduction of competition between governments because the increased information flow might allow citizens to make an informed decision in which jurisdiction they want to live.

The adoption of the concept of customer-centeredness in the form of citizen-centeredness should also be understood in this context. Since, fundamentally, the state is there for the citizens it should be focused on the citizen anyway. If governments try to become more citizen-centred, then this is an expression of the reflection of the government on their original purpose. As such, it is clearly positive if e-government following e-commerce focuses the awareness of administrations on their *raison d'être*.

Limits of the Commercial Paradigm in E-Commerce and E-Democracy

As we have just seen, there are numerous good reasons for trying to extend the ideas of e-commerce to e-government and e-democracy. However, there are also limits to how far this transfer of ideas can go. These will be discussed in this section, starting with the differences between customers and citizens, proceeding with the limitations of economic analogies in government and administration and ending with genuine political problems caused by the adoption of e-commerce as a paradigm.

The starting point of this discussion of the limits of the commercial paradigm is the difference between customers and citizens. As we have seen above, the idea of customer-centeredness, which is closely linked to e-commerce is quite attractive to administrators in public bodies. Just like companies have to satisfy their customers to receive orders and survive, governments should satisfy their citizens. Accepting the commercial paradigm should lead to desirable developments such as speedier service and more efficient processes. However, there are limits to this analogy. The role of citizens in state and government is fundamentally different from the role of customers in a company. Companies exist for purposes that are defined by their owners. These may include profit generation, power exertion, reputation enhancement, and many others. Customers are important for companies as means to achieve these ends but they carry no intrinsic value. This is different for governments which exist for the citizens. The citizens are at the same time the owners and decision makers of governments. Governments have to realise the collective will of citizens. Without citizens governments would cease to exist. To return to the commercial paradigm, citizens are not only customers, they are also the shareholders. This means that while some aspects of the analogy of the customer apply to citizens, these have a richer meaning in governments. Citizens

are the ultimate sovereign and they should have a voice in decision making. Some companies try to give their customers a voice in decision making or product design, but again, the motivation for doing so is different. Governments are there for their citizens in a fundamental ontological sense, whereas companies are only there for their customers as long as it suits their needs.

Another group of limits of the commercial paradigm results from the dissimilarity of states and markets. Markets are self-organising entities whereas states are directed and led. Furthermore, markets are not natural occurrences but they require a framework of rules, regulations, and enforcement, that can only be supplied by political entities (cf. De George 1999; Hayek 1994). Markets are thus fundamentally different entities from states and governments and, consequentially, some of the characteristics and advantages of e-commerce may not be transferable from one to the other.

One example of this is the idea of competition which is so central to success of e-commerce. There are several reasons why competition may not be equally desirable in government and administration. First, competition, by definition, produces winners and losers. Not everybody can survive in competition and the threat of losing is one of the main motivators in markets. This very idea is not suitable to the way governments treat their citizens. Citizens retain their status as citizens independent of their personal abilities and the state cannot accept a system which necessarily leads to some people losing out. Second, competition is only relevant for those players who have market power, meaning who have financial resources. E-commerce may be highly customer-centred but this applies only to those customers who can afford the products. Again, governments cannot copy this aspect, as their citizens have rights to services, independent of their financial means. In fact, those citizens who have little financial means are the same ones that need the services of the state most. Finally, competition does not apply to states and governments. Citizens do not generally have a choice between who they want to be governed by and ICT does little to change this. In order for the e-commerce paradigm to develop all of its potential, there would have to be competition between different e-government agencies or initiatives and this is impossible because of the nature of governments as natural monopolies.

Another problem is the concept of efficiency. Our description of the advantages of the commercial paradigm has emphasised efficiency by using a common sense understanding of efficiency. However, looking closer at the term shows that it is quite difficult to define efficiency in such a way that it reflects the common sense understanding. Because of this difficulty economics defines efficiency as Pareto-optimality (Hausman & McPherson 1996; Sen 1987). This definition means that an economic state is efficient if there are no more possible exchanges between two agents that are mutually advantageous. This is fundamentally problematic because it means that an economic state is efficient when one agent owns everything and nobody else owns anything at all. By definition this would be efficient but it would not be something that people and governments strive for.

A further problem of the commercial paradigm is that it may not be applicable to the goods that states are responsible for. Arguably one of the more important tasks we need states and governments for is the allocation of public goods. Public goods

are those that belong to the community and can be used by all or some members thereof. They are highly problematic because the benefits of using them can be reaped by individual users whereas the costs tend to be socialised. They therefore create incentives for anti-social behaviour where individuals optimise their benefits and minimise their costs. Since these incentives are similar for all users, public goods can be overused and destroyed, to the detriment of all users. Pure market tools are incapable of dealing with this sort of situation. The situation requires state intervention and thus goes against the commercial paradigm. Interestingly, the information age seems to create new cases of public goods. The entire network structure of the Internet, for example, is a public good. It is questionable whether this can be managed by principles of capitalist business (Chapman & Rotenberg 1995) even though it is the basis for most of today's e-commerce activities. Furthermore, the idea of information itself also seems to be a public good. Democracies need some sort of information to be workable. Applying the principles of private ownership to this may be harmful to the very idea of democracy (Blanke 1998).

Finally, there is the character of e-commerce as an attention economy. In terms of e-government and e-democracy this might be taken to mean that only those topics are taken serious that are at the top of current attention. While this is the case to some degree in any democracy, and maybe even stronger in modern media democracy, it is not necessarily a desirable development. If the increased use of ICT leads to an overflow of information and to citizens who are disoriented because of too much rather than too little information then e-commerce may be better used as a bad example than as a paradigm that one should follow.

Apart from these points where there is a lack of fit between the paradigm of e-commerce and the reality and requirements of government and democracy, there are some issues of genuine political importance which stand against the use of e-commerce ideas. Generally, these issues can be summarised by saying that the introduction of ICT into government, administration, and democracy can have political results that are not desirable.

The first point here is that ICT can lead to a redistribution of power. By their very nature, government and democracy have to do with power. However, the idea of democracy is to render the distribution and use of power transparent and understandable. ICT may lead to more or less subtle power shifts which are not transparent and which are not coupled to institutions of accountability. Much of the literature on how ICT changes power structures starts with the works of Foucault and analyses the power relationships within organisations and companies (cf. Healy & Iles 2002; Introna 2001). The same processes of power shifts might take place within governments and between different stakeholders of governments. One aspect of this is that of access, where e-government and e-democracy will favour those who have access to technology. A similar argument can be made in international relationships as well. The increasing use of ICT in commerce can be seen as a facilitator of international trade but it can also easily become an expression of cultural imperialism (Weckert 2000). The rich western countries force the developing world to subscribe to their values and rules because it allows them to increase profits.

The most serious political problem produced by the use of e-commerce as a paradigm is that it may promote a particular ideology under the guise of addressing technical problems. When we look back at the advantages of the commercial paradigm then these could be summarised as saying that ICT can improve processes, mostly without changing the substance of activities. One could hold against this that e-commerce is not value-neutral but rather that it is deeply entrenched in the ideology of liberalism. The use of the paradigm in e-government would consequentially lead to a shift toward liberalism. This is in itself not a negative thing but the problem is that this might happen masked as a technical change. In fact, it has been noticed that digital technology, including personal computers, networks, and the Internet, and the mindset of those who developed this technology are quite closely related to liberalism or even libertarianism (Fagin 2000). Many of the aspects of e-commerce that allow it to produce its positive effects are based on the ideas of free markets and can be related to neo-liberalism and the Chicago School of economics (Winner 2000). These ideas which originally aim mostly at the economic sphere also have consequences in the political system. Many of the aspects and advantages of what is sometimes called "information democracy" are close to or originate from liberal thoughts. The free flow of data assumes independent and equal individuals with a sufficient amount of knowledge and freedom to act according to the information. This is, of course, the very starting point which liberalism takes (cf. Kester 1998). It should thus be noted that e-government and e-democracy, as long as they work on the basis of this view of humanity, are using presuppositions which move them closely to liberalism.

The use of the term "ideology" here should not be misunderstood to be something entirely negative. An ideology can be seen "as a set of assumptions of which we are barely conscious but which nonetheless directs our efforts to give shape and coherence to the world" (Postman 1992, 123). As Postman himself points out in the next sentence, according to this view, language itself is pure ideology. It is impossible to exist without ideologies as these are the building blocks of our world. In this they are very close to the concept of a paradigm which is so central to this paper. This part of the argument should thus not be misconstrued to be overly critical of liberalism. Rather, it is meant to show that the adoption of one paradigm, e-commerce, may lead to or be influenced by another set of fundamental assumptions, namely liberalism. This is nothing bad in and of itself. But it can become politically problematic if it is not admitted openly and made subject of discussion and political decisions.

Conclusion

The question of this paper was whether the success of e-commerce could somehow be emulated or imported into state, government, and democracy. The paper discussed why e-commerce might be used as a paradigm as well as the strengths and weaknesses of this approach. The result was somewhat ambivalent. Some of the aspects of e-commerce can be used and applied in administration and democratic

decision making whereas others seem to run counter to the idea of democracy. So where does this leave us, what should decision maker try to achieve?

The answer to this question becomes a bit clearer when one looks at the areas where e-commerce as a paradigm displays strengths and weaknesses. As a general rule, one can say that the success of the paradigm is the greater the closer the government application is to e-commerce. That means that in those areas where governments provide goods and services for the citizens, where citizens can thus justly be seen as customers, e-commerce may provide a useful role model. The further government applications move away from this service provision model into the genuine tasks of democratic politics, the less useful e-commerce will be. Democratic decision making including elections, representation, parliamentarianism, etc. have few or no equivalents in the business world. E-commerce can therefore not provide governments with suggestions how ICT can be used in these areas.

Returning to our distinction between e-government and e-democracy one could now say that e-commerce is a useful paradigm for the former but less so for the latter. At the same time one can observe a tendency of many of the organisations and institutions charged with using ICT in government to adopt the language of e-commerce and thus presumably the paradigm (cf. Remenyi & Bannister, 2003). This can be seen as a good sign because it means that the advantages of e-commerce may be realised in government. At the same time it can also mean that the emphasis of governments will move toward service provision and e-government and away from the politically more important e-democracy. This may lead to a growth of the power of the executive to the detriment of the legislature. If this is so then it might be deeply damaging to democracy as we know it.

This paper was meant to draw attention to this hidden danger. It was not intended to say that we should not make good use of positive experiences in the business world and use them to improve the workings of our states and administration. However, we should realise that there are fundamental differences between democratic government and business. Neglecting to take these differences seriously may in effect do more harm than good by weakening the participative basis of democracy.

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