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**NATIONAL C&IT POLICY: THE VENEZUELAN CASE**

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**Abstract**

This paper will explore the argument that Venezuela’s national C&IT policy is neither effective nor stable. This means that it will be difficult for Venezuela to develop the electronic communications and information infrastructure, systems and expertise required to participate in international free-trade.

**Keywords:** Venezuela, developing countries, C&IT, national policy, free-trade

**Introduction**

The globalisation process started by Columbus who opened a new era of wealth and trade …Today’s global economy is every bit as traumatic, hopeful, polemic and unstoppable. At the moment Venezuela largely watches from the sidelines, knowing that eventually it must join in.

Florencia Tovar, 2 November 2000

Madon (1997) argues that Information Technology is at the core of the current process of international trade. Countries are being encouraged to attract economic growth by entering the information age and being able to trade internationally. National communication and information technology (C&IT) policies play an important role in enabling this to occur. It is therefore important for developing countries to give much more priority to the enactment of C&IT policies and legislation that will enable them to take advantage of the new technologies and build communications and information systems essential to being internationally competitive. C&IT innovations, and the capacity of a country to adopt these technologies create an efficient engine of production that contributes to socio-economic growth.

Han (1992) reflects the importance of this issue by highlighting that national C&IT policies are now the subject of considerable debate and the focus of much attention in international trade discourse. Policies are hailed as the basis of C&IT development by providing a solid foundation for multinationals and nationals to be able to enact in an e-commerce environment. The authors are concerned that Venezuela’s C&IT policy is inappropriate for a developing country. Venezuela is presented as a case where even the basic requirements of policy formulation have not been forthcoming, in particular the lack of policy stability has resulted in a less than optimal development of electronic communication and information systems (Coronil, 1997).

Venezuela is a Latin American country on the Pacific seaboard which enjoys huge oil revenues, yet has two critical and unresolved long-term issues: a high domestic debt, and an undervalued currency. Zaidman (1991) argues that as a result the Government has been undecided if it wishes to encourage foreign debt and/or proactively partake in the global trade. Maybe if it had no income it would have no choice but to seek foreign investment. As a result, Zaidman argued, Venezuela suffered a 30-year delay in C&IT infrastructure including a lack of stable or effective information and communication technologies policy and legislation.

**Stability**

Stability in policy is defined by Han (1992) as being ‘consistency,’ that is, the persistence of regulations to remain qualitatively unchanged in response to fluctuations of governance. Halachmi (1997) points out that highly political-cultures in developing countries, such as Venezuela, are a turn off for foreign investments. Socio-economic development is driven by technology, how can a market be attractive if there is government instability and several changes of regulation? Shahidullah (1998) asserts that there is no guarantee of development where policy-making reflects extreme politicking: ‘ideology, common sense and culture need to play a role in policy-making’. Granell (2000) makes reference to a recent study, which collected data from seven regions...
(SOTA 99), and highlights the lack of stability as the number one issue for Venezuelan and Asia-Pacific companies. The constant change of governance, and subsequent instability in the processes of attracting investment, was believed to be very detrimental to C&IT development, this is very much the case in Venezuela. This distracts both industry, and the community from taking advantage of technology advances and planning for skill shortages.

For example, in a week, Chavez, President of Venezuela signed his second “enabling law” in less than two years, authorizing him to legislate by decree in matters ranging across the economy, crime and the organization of the state’ (The Economist, November 18th 2000). Accordingly to Gott (2000) in the space of a year, Venezuelan President Chavez has closed down the Supreme Court and the Congress; abolished and entirely rewritten the country’s constitution, has established a new single chamber National Assembly, and has rebuilt the country’s judicial system. Such turbulence in the country’s legislation, constitution and thus governance has had a negative impact on C&IT investors.

Williamson (2000) suggests that this situation is almost unavoidable for developing countries that are undergoing major constitutional and governance changes. Often these changes make it hard for governments to focus or even reflect on the implications for new and highly technical legislation. Hellstrom (2000) points out that C&IT policies are often set in a wider environment of strong political unrest. For example, according to Castells (1997) there is an evident tension between the notions of entering the global information society and local development. Gott (2000) reports that Venezuela President Chavez launched a fierce ‘counter-attack’ on the programme of free-trade imposed on the world by the United States in the aftermath of the Cold War. Yet, in spite of all his rhetoric against globalisation, Chavez is currently desperate for foreign investment.

Other Policy Attributes

Governments in developing countries often declare optimistic policies that are inconsistent with the country’s present global competitiveness, capability or infrastructure, especially given the innovative nature of technology and the global market culture. Appropriate policies should optimise benefits from innovation and not be concerned with protectionism to protect existing corporate investment. Castells (1997) points out that in most Latin American countries C&IT legislation is obsolete and constricting. According to Salas et al (1999) C&IT policies in developing countries are limited by not accepting the decentralised nature of the C&IT development, and so should avoid prescriptive legislation. Given the rapid change in technology, appropriate policy means flexible policy able to accommodate changes. This requires that it not be prescriptive but rather provide a regulatory infrastructure for technology to develop. Typically, this means that the policy needs to be objective in stating what outcomes are sought, and what behaviour will not be tolerated.

A further problem that occurs in developing countries is to take account of available funding. If there is minimal funding from Government for infrastructure then a different policy will be needed compared to a fully funded one. Moreover, mechanisms to attract funding will need to be set up. Lamentably, many policymakers in developing countries write their legislation without consideration of the availability of the nation’s budget. Most of the debate over Venezuela’s legislation is about the lack of investment. Gomez (2000) cited Venezuelan researcher Raisa Minardi highlighting that Venezuela’s new legislation may ‘guarantee the public service of informatics networks, but no budget has been established for its operation. Venezuela is not dedicating the resources that some believe is needed to turn the present policy into reality’. Gurstein (1999) argues however that technology should be seen as a good investment as it not only carries the potential of economic development but also provides cheaper and more sophisticated means to support social development initiatives.

Evidence from Venezuelans

Space does not permit the presentation of very much more evidence of the C&IT policy problems in Venezuela. However, it was thought appropriate to end with some of the local feedback that has been extracted from a web site discussion on the current legislation. This current legislation has been placed in the Ministry of Science and Technology (MCT) website which can be accessed at: www.conicit.gov.ve/formulario/LeyOrgCienInn.htm. The following comments have been translated from an open forum established by MCT to collate the public’s opinion concerning IT policies. ¹

“...if it is going to exist a fixed policy this must be a stable framework to facilitate the rules of the game, not to command or scare possible investors...” [R.R.A]

“...you cannot decree technology; ask China and what is left of Russia...” [R.A.]

¹A translation from Spanish to English has been conducted. Please note that initials of people’s names have been used for the purpose of this paper.
“...a modern and global world is not compatible with this type of regulations...”; “...it is very vague and it is not clear whom are the stakeholders involved in this national information system plan...”; “...it will be like stepping on the brakes for the country’s scientific and technological development...” [K.J.]

“...Scientific and IT policies should be enacted by our society through our Scientifics and Information Systems people not by the bureaucratic organism that is in the nation’s roster...” [D.H.]

“...An entire national plan of Science and Technology can not be driven by one body... the incorporation of IT researchers can be a valuable strategy...” [K.J.]

Future Research

If the role of national C&IT policy has to be justified, Salas et al (1999) argue that this should be based on the fact that the new technological revolution and the economic globalisation have brought up the need of repositioning regional comparative advantages, expecting to guarantee a long-term competitiveness under the new rules of the information era. Some developing countries have adopted a strong foundation on C&IT policies and so smoothly entered into international free-trade. However, others have a long way to go before becoming an effective 'global' competitor. It is precisely at such moments that research can make a valuable global contribution to a particular nation by bringing to the fore the relevant issues to assist in such decisions.

Ways to protect and promote stable public policy goals in the competitive market of global free-trade are required. As technology changes rapidly, policies should be able to adjust and remain outcome focused. Halachmi (1997) asserts that government often have to start by changing the nature of government itself in terms of the relationship and interventions with locals and multinationals C&IT corporations. The authors will explore ways this may be achieved.

References

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