Tamás Szecskõ

The political-economical approach to the study of mass communication in Hungary

In the past two or three years the Hungarian society has begun to develop a certain awareness of the issues of information. One – perhaps the most important one – of the reasons for this is that the economic stagnation has forced economists to project new courses of development. Many economists think that it is the information and/or information based industries that will provide the much needed pull-factor for the new model of growth. Some of these considerations are reflected in the governmental program for the development of microelectronics as well as the spread of personal computers and computer science in the schools. Neither should one forget that during the past few years that phenomena such as the integration of telecommunication, mass communication and computing (the spread of cable systems, regular teletext broadcasting and "on-line" data transmission) were produced and became sensible for the public. As a result, the issues of information and information culture came into the focus of professional and politicial discussions in Hungary.

The discussions are centered around questions like what the value and the price of information is or whether information should be regarded as a commodity, a service or a public property. These discussions are not unprecedented: their roots may be traced back to the late sixties. One of these series of discussions is aimed at deciding whether or not culture is to be regarded as a commodity. The question is, of course, pretty simplified in this bold form. Some background information might help in seeing the complexities of its nature more clearly. Up to the late sixties, access to cultural goods and services had been possible at a nominal fee since these goods and services had been subsidized by the society through the state budget. The society's cultural spendings underwent, however, a series of structural changes due to the market-oriented economic reform in the late sixties, the reform-measures that followed suit, pointed in the same direction, and the predominance of a restrictive and savings-minded philosophy, triggered by the international economic crisis, which curtailed the spendings from the state budget. Cultural and educational expenses must be rooted, to an increasing degree, by the customers and their communities of various size and nature. These changes have brought about, on the other hand, certain value conflicts. It is easy to see that in the traditional image of socialism, culture had been regarded as public property, the access to which should never be determined by the individuals' and their families' income levels. In contrast, the process of economic reforms signifies a major attempt on increasing efficiency and achievement through the creation of a novel harmony between the principles of market and social planning. The new efficiency-centered economic environment is an agent of the realization of the principle of socialist distribution which postulates that everyone's access to social goods – including culture – should be determined by the individuals' achievement, both quantitatively and qualitatively speaking. (This theoretical conflict represents concrete, everyday contradictions like, for instance, the fact that book publishers keep receiving major state subsidies – justified by their mission in preserving and spreading cultural values – *while* the price of paper or printing services are, for the most part, regulated by market

relations. Also, radio and television broadcasting remains financed from the state budget *while* the price of the sets is determined completely by the laws of the market.) Hence, the question of culture being a commodity or not and, if yes, to what degree, has been in the crossfire of analytical and normative discussions for fifteen years or so.

Another series of exchange of thoughts unfolding in the recent years is of political character and has to do with the value of public information. The basic question is – as I have shown in another paper [1] – that the functional connections between information and power are different in capitalist and socialist societies. Namely, in socialism, private property does not function as a principle structuring the system, thus, the interconnectedness of information and power is tighter than in other social formations. As a result, the demand for public information well exceeds supply, even assuming the optimal functioning of the system of mass communication. Thus, the "market" of public information displays the symptoms of a shortage-economy while, as a response to that, a "second economy" of information develops. The reform of the system of political institutions, the strengthening of the democratic elements of that system and the further intensification of the quantitative and qualitative demand for public information have precipitated the formulation of such questions as the following: what is the optimal structure of public information in the current stage of the development of the Hungarian society?; how could the first and second economies of information be neared? (Consider especially the way the economic reform process has combined the first and the second economies!), what regulations in public information policies would be appropriate to respond to the new challenges resulting from the communication explosion?

The debates on public information tie in to the current issues of the political economy of information in the broad sense of the word. Before addressing these, I must briefly talk about the present state of the information economy in Hungary.

The proportion of those employed in the information sector was 11% in 1949, raising to 35% in 1980. Projections say this figure will be around 35-37% in 1990.[2]) This is lower than the figures of the countries in the forefront of international development but the gap seems to lessen as a result of the dynamism of the growth.[3]) The most impetuous growth is experienced in service informatics. Agricultural informatics show steady dynamics while a stagnation and, since the mid-seventies on, a slow decrease has been observed and projected in industrial informatics – at least as regards the structure of the labor force.[4])

One of the reasons for the ambiguity of the process was shown by one of the researchers of the development of information economy when suggesting that "in the most developed countries the growth rate of R+D per GNP increased during the last oil crisis while in Hungary the effect seems to have been exactly the opposite: growth has lost its speed or even transformed into decrease".[5]) Another expert has a similar opinion – with regards to a narrower field, electronics –: "In the case of the industrially developed countries social, economic and technological coercions coincided, luckily, in promoting electronics. In contrast to this, in Hungary, where the process of utilizing electronics has been slower than necessary or possible, the difficulties have to do with the multidirectionality of various coercions and the fact that there are interests pointed to the opposite extreme." [6])

As a result of all this, an ambiguous situation has taken shape in Hungary, especially since the mid-seventies: as has been shown, the public information market is characterized by shor-

tage phenomena while the market of the broadly conceived informatics may be regarded as the market of buyers, particularly as to industrial informatics. This ambiguity is further reinforced by the slowness of the process of innovation, the softness of economic regulations and, more than anything else, by the phenomenon that "information users act on the basis of their short-term interests while their long-term goals are pursued only indirectly. They are urged to do so by the present system of profit regulations. Consequently, those kinds of information pieces which may be profitable only in the long run (that is, most of them) are overshadowed".[7])

Hence, in the recent years, new questions began taking shape in regards to the characteristics of information rather than culture. Here are some of these: Is information a commodity or a public good? Is information production a value producing activity? What determines the value and price of information? etc. In the following I will attempt to systematize the answers to these questions primarily on the basis of Hungarian sources. (International literature will be cited only where it is inevitable.)

The basic questions have been formulated in the debates of "Országos Múszaki Fejlesztési Bizottság" (the National Committee for Technological Development), which have come to the focus of exchanges of views on information, saying: "It has become timely to interpret information in the categories of economic theory and economic policies. The relevant views are currently grouping around the two extremes.

Some say that (1) information is a commodity whose reproduction, circulation and distribution may be amply secured through the automatisms off (free) market competition; as opposed to those saying that (2) information is a public property which must be made accessible to anyone in an open manner, similar to equal access to public areas, roads, etc. Currently it seems that, given the circumstances in the country, cooperative strategies are more appropriate than those based on market competition, simply because the society's net gain may be greater this way. With the spread of information culture, this view may be modified." [8])

Economists, engineers and information specialists, who pay any attention at all to this basic theoretical question, usually approach the problem from the angle of the classic labour value theory. A good example of this was the recently published study by the Deputy Director of the Postal Experimental Institute, (a research place of key importance from the aspect of our topic) in which she explains that information "is a commodity, like, let's say, an apple, or a turn-lathe. Information is also produced, delivered (transmitted) and used. The amount of live and dead labour used in production and delivery determines the value, or price of information." [9]) The author then continues her line of thought in a logical manner and, precisely because of this, she has to make a concession to the marginalist value theories: "The price of information . . . is paid by the user, who will calculate this as part of the production costs. Naturally, economic units are willing to pay for information if it is worth the cost, namely if the cost of information remains below the potential expenses of other resources saved in this way. Thus, a characteristic resource substitution situation emerges, treated in detail by neo-classical economics." [10])

This substitution value referred to by the author (to which she added that information technologies "are becoming more refined, therefore their ability of saving other resources is rapidly increasing" [11])) suggests a discovery which is very significant from the point of view of our topic. Namely that, contrary to all previous commodities and/or public goods, information may

become a substitute for any element of any intensity the productive factors. This distinguishes information from most commodities because these – whether capital goods or labour assets – are only able to replace certain elements of the productive factors. At the same time, an "information commodity" may play the role of a Jolly Joker in the process of material production.

But let us return to the basic questions! According to labour value theory, the value of commodities is determined by the amount of social labour required for their production. The value of a turn-lathe – to adhere to the previous example – is determined by the expenses of live and dead labour (working hours, raw materials, energy, amortization, etc.) which seems necessary – on a social average – for its reproduction. But is it the same in the case of information? Not at all for, once information exists, you just have to copy it – either legally or "illegally". For example, the "reproduction" of a patent requires neither the rediscovery of the basic idea, nor repeated experiments nor testing large scale production, etc. Only the detailed description has to be copied. The expenses: the cost of the photographic material, the amortization of the camera and occasionally the "fee" of the industrial spy. The classic formula "social work necessary for reproduction" seems to lose its sense.

In a similar vein, the value explanation of the marginalist schools does not have much sense in this respect either because it presumes that the marginal unit of the commodity has exactly the same properties as the other units. As Samuelson explains it: "because every unit of water is exactly like any other unit and because there is only one price in a competitive market, every unit must sell for what the last least useful unit sells for." [12])

Information is not characterized by this sort of interchangeability: each unit has its own character or "utility-value" which is – in contrast to any other kind of commodity – use itself. What a difference if a particular piece of information is used by only one person ("secret"), many people ("public property") or a whole lot of people ("commonplace")! In a rather biased manner, Feketekuty and Aronson use the mediation of the time factor to explain this (even though, as we have already seen, the circumstances of reproduction are equally decisive): "Whereas goods depreciate in value at essentially predicatable rates, information can multiply in value as it is provided to more and more users or, if it is no longer timely or if it becomes public knowledge, as when a stock tip becomes general wisdom, it can lose its value." [13])

It seems that the authors refer to what G.B. Thompson hinted at in Intermedia when he wrote about "ethereal theory" [14]) and explained that when a pop song is being copied this adds to its value . . . at least to a limit, when very many people start to hum the same song. Although the example is not the most fortunate one since it involves not only economic but also aesthetic value, it ultimately correctly illustrates that the same bits of information have different values in the various phases of their dissemination. Presumably the same reversed U curve is intended as in the case of fashion phenomena, when the upswing of the vogue relies on its "rarity value" (namely the concerned fashion phenomenon has an information-value!) while in the descending branch it indicates that it is spreading in an increasingly broad circle and thus becomes a banality, or – information-theoretically – a redundance.

Thus, the value qualities of information can hardly be explained with classical theories of value. Consequently, we may think that information is not a commodity but public good. However, an important property of a public good is "that consumption of it by one individual does not reduce the amount available for consumption by others." [15]) Nevertheless, it was just seen that the reversed U curve sug-

gests: after a timer the information consumption by one individual might deprive the other of sensible consumption. So, information does not aim to follow the "laws of mechanics" of public goods either.

There is a further dimension in which information does not behave like a commodity – or as a public good – and this is its relationship to property. G.B. Thompson, quoted earlier, drew attention to the fact that information is easily appropriable.[16]) This is the reason why the conventional system of copyright is becoming less efficient in practice. The same makes the anomaly more emphatic that – perhaps because of intellectual laziness – we are easily willing to confuse or substitute the value of information with the value of the information-carrying material body.

Our situation does not become much easier if we gather observations, not about the value of information but about the price of information, on the basis of which – we might hope – we can make inferences concerning the value of information. With regard to the cost of information, Feketekuty and Aronson mention three elements which make it difficult to speak about information as a "commodity" in the conventional sense of the word. First, there is a rather close link between the transportation expenses of goods and the distance they are transported to while in the case of information transmission – particularly today – this is not so. "To illustrate this point, when communications are routed through satellites in geo-stationary orbit 22,300 miles above the earth, it matters little from a cost standpoint whether seller and buyer of information services are located in neighbouring towns or on different continents. In addition, time-zone differences allow users to exploit communication and computer capacity more efficiently." [17]) Another difference: in contrast to conventional commodity items it is becoming increasingly easy to become involved in the production of information (thus, market competition is also increasing) because the investment needs of this activity are rapidly decreasing. The third reason – which reduces the opportunities of market competition – is that information throughout the world is overwhelmed much more by state monopolies than any other commodity.[18])

The presumption remains that information value (in terms of information theory) and the value of information could be logically linked to each other. Undoubtedly, information is a particular social product whose utility is in communication itself (similarly to the "speech act" of modern linguistics where I act by saying something). Regrettably, we cannot make much progress here either because, according to experiences, information value and the value of information are practically independent from each other. Again the reversed U curve has to be remembered: in the ascending branch – in the information-theoretical sense – we can hardly speak about redundance, notwithstanding, the value of information is hardly confirmed by the society. Although later a situation emerges when information value and the value of information come into a relatively balanced state but afterwards – in the descending branch – the conspicuous redundance, with a slight offset, is massively honoured by society. It is again proved that the information-theoretical and political-economic approaches are two independent dimensions.

Some representatives of the political economic approach – especially the Marxist economists of the Thirld World – question even the *possibility* of information assuming values. They base this argument on the observed differences between productive and nonproductive labor. The Mexican Patricia Arriaga, for instance, admits that, in *Das Kapital*, Marx hardly ever dealt with the problem of services – thus, per definition, of information – since he regarded those as insignificant in the analyses of the forms of motion of his

time's capital. Still, Arriaga infers that "almost all occupations in the information society theories argue that information and service activities show the highest rate of growth in the post-industrial society. But if information labour is mostly unproductive than the post-industrial society is a society made up by unproductive workers." [19])
First, before getting startled over this odd reasoning (consider that these "unproductive" workers produce a pretty nice GNP with an impressive effeciency), one must realize that in the developing countries, particularly in those like Mexico where the recent years have brought about the sudden development of information industries, a bitter struggle is being fought for autonomous national development between the left-oriented intellectuals of these countries and the representatives of such ideologically loaded models of societal development like for example the pseudo-theory of information-society. Second, it is another fact that those methods of the measurement of Gross National Product and labor force as used by Porat and other authors subsume information-related activities under the umbrella category of services. Now, as Arriaga points out, in the developed societies service sector includes primarily business services while in developing societies the same sector is the pool of a broad range of services including personal service. Thus, this category is broad enough to mask hidden unemployment.[20])

In the title of my paper there is the indication that I am supposed to speak of the "Marxist approach" to the political economy of information. Well, beyond the fact that the approach of political economy itself is basically a marxist one, I must admit I cannot furnish you with any kind of sound, theoretically elaborated Marxist concept of the value of information. What I tried to show you is no more than making it clear that in a country like Hungary there are theoretical debates about these issues, embracing both Marxist and non-Marxist arguments. The Marxist theory of social reproduction includes the interpretation of three layers of social life: the production of material goods, of social relations and of human beings with their values, norms, personalities and ideologies. Information is something which cuts across all these layers. Consequently this new dimension of the social reproduction in an unbiased way and to analyze the phenomenon of the informatization of modern societies in order to reach an alternative explanation for the ideologically loaded concept of the "information society".
And this is certainly not an easy task – yet it must be done.

NOTES

1. Szecskő T.: Notes on the Value of Information (Paper presented at the XIVth Conference and General Assembly of IAMCR, Prague, 1984).
2. Sebestyén T.: A magyarországi információgazdaság munkaerő-prognózisa 2000-ig (A prognosis of the labour-force employed in the Hungarian information economy), mimeo, Budapest, 1985.
3. ibid.
4. ibid.
5. Marosán Gy. jr.: Az "elektronizálódás" és az információgaz-daság (The "electronisation" and the information economy) mimeo, Budapest, 1985.
6. Simán M.: Az információs szolgáltatások gazdasági sajátos-ságai Magyarországon (Some characteristics of the information services in Hungary), mimeo, Budapest, 1985.
7. ibid.
8. cited in: Szecskő T.: Újabb adalékok az információ értékéhez (Additional remarks to the value of information), mimeo, Budapest, 1985.
9. Heller K.: A távközlésfejlesztési politikák nemzetközi alakulásának vizsgálata (An analysis of the international situation of telecommunication policies), Valóság, 1985, No. 4, p. 45.
10. ibid.: p. 46.
11. ibid.

12. Samuelson, P.A.: Economics, New York-Toronto-London, 1961, p. 446.
13. Feketekuty, C. and Aronson, J.D.: Meeting the Challenges of the World Information Economy, The World Economist, 1984, No. 1, p. 67.
14. c.f.: Intermedia, Nov. 1982, pp. 16-17.
15. Bannock, G. and Baxter. R.E. and Rees, R.: The Penguin Dictionary of Economics, Harmondsworth, Middelsex, 1972, p. 367.
16. Thompson, G.B.: op.cit. p. 17.
17. Feketekuty, G. and Aronson, J.D.: op.cit. pp., 67-68.
18. ibid. p. 68.
19. Arriaga, P.: Towards a Critique of the Information Economy, Media, Culture and Society, July 1985, p. 276.
20. ibid. p. 278.