
Bridging Cultures

Towards a common framework for e-commerce

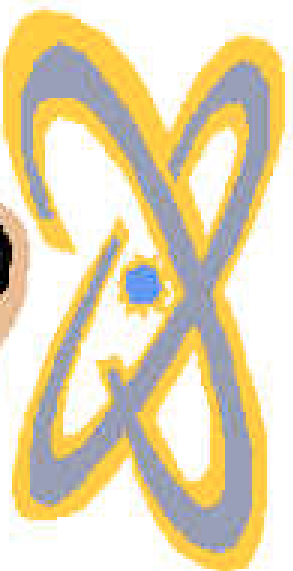
Dalian, July 26, 2002

Prof. Dr. iur. Bernd Lutterbeck, Berlin

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15.07.2002





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Content

On bridging

- Kong Tsi's judgement

Lessons from world politics

- The WTO and the EU: The advantages of free trade
- ### eEurope 2005

- The technical and the legal framework must fit together

Chinese - European cooperation

- Proposals for strategic projects

Kong Tsi's wisdom

- An economy can not exist without ethics



Kong-Tsi 孔子 sentenced Teng Tschì to death

A river has been swelling and a rich man came to death by drowning. A fisherman found his body. The fisherman's family wanted to buy the body off, but the fisherman wanted too much money. Thus the family went to **Teng Tschì**, a high chinese official. «Do not care for it», **Teng Tschì** said. «Nobody else will buy the body.» Then the fisherman got nervous and he also went to **Teng Tschì**. **Teng Tschì** spoke once again: «Do not care for it. Nobody else has an incentive to buy the body.»

It has handed over that **Teng Tschì** was sentenced to death by **Kong Tsi** almost 500 years before Christ.

«Free trade is filling»



The British Lion, cartoon as of 1850

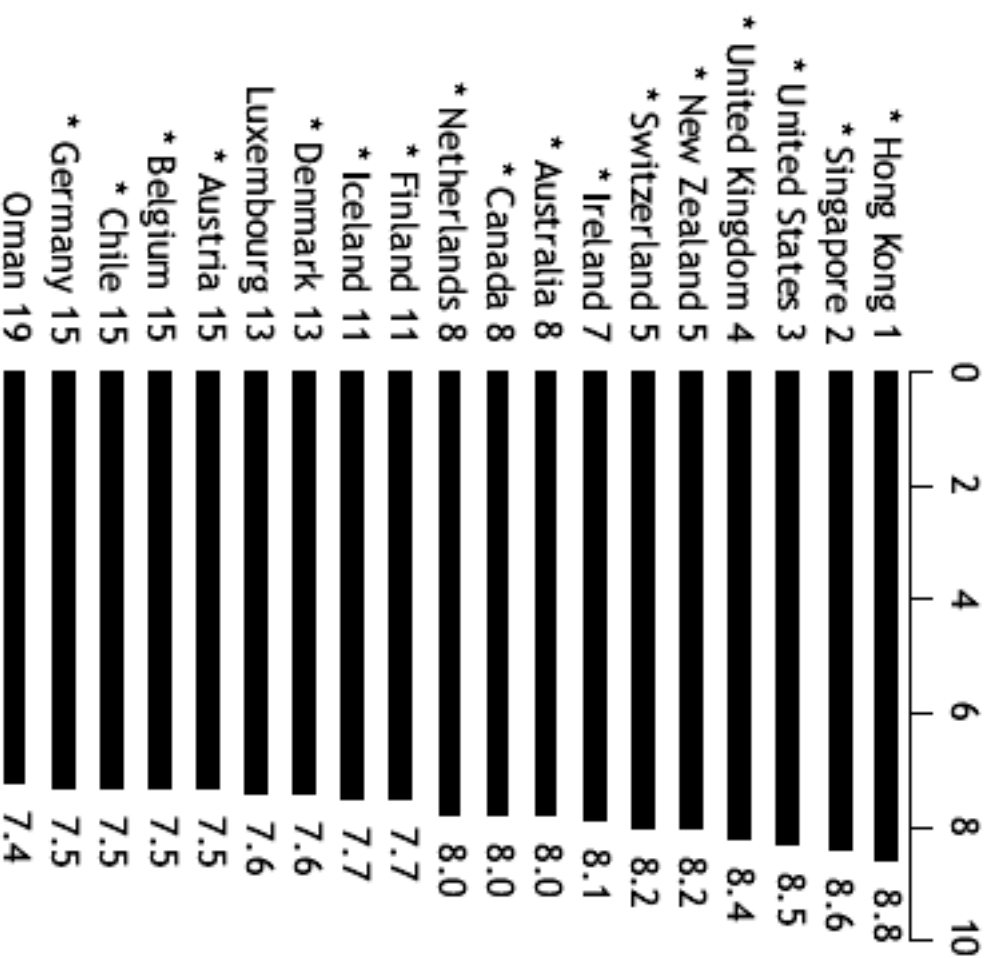
Measures for the degree of economic freedom

- Size of Government: Expenditures, Taxes, and Enterprises
- Legal Structure and Security of Property Rights
 - Impartial courts
 - Judicial independence
 - Protection of intellectual property
 - Military interference in rule of law and the political process
 - E Integrity of the legal system
- Sound Money
- Freedom to Trade with Foreigners
- Regulation of Credit, Labor, and Business

Economic Freedom of the World: 2002 Annual Report, June 2002



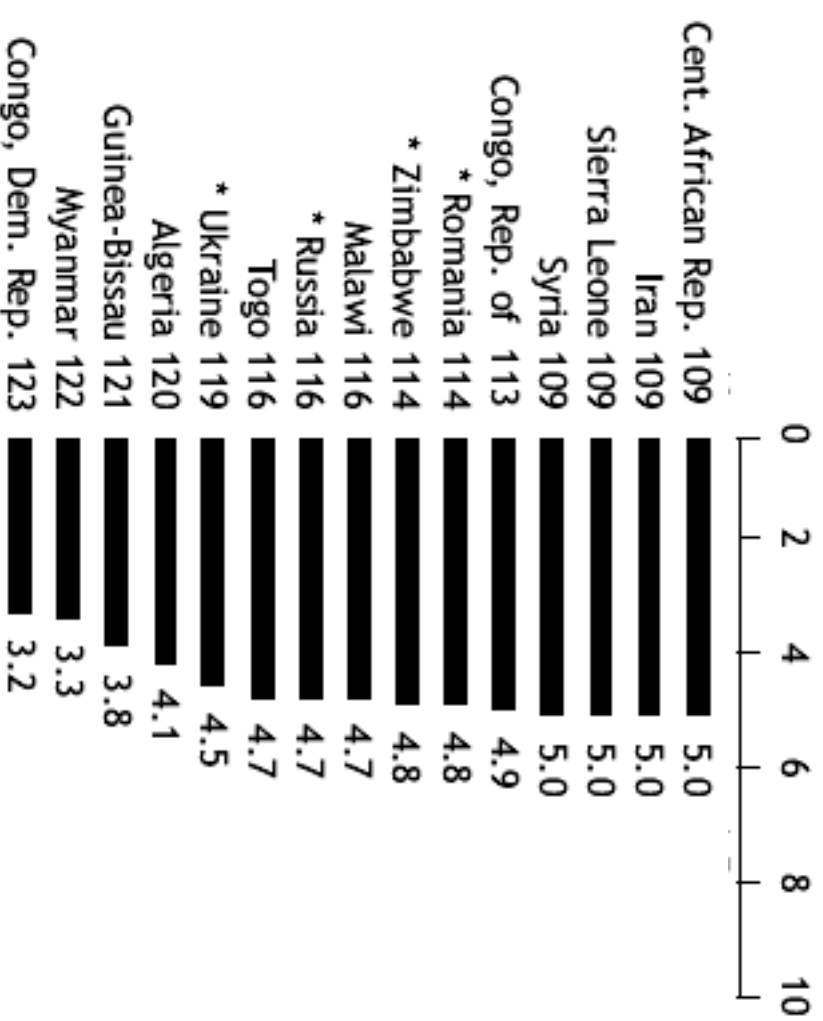
Economic freedom ratings as of 2000



Economic Freedom of the World: 2002 Annual Report, June 2002



Economic freedom ratings as of 2000



Economic Freedom of the World: 2002 Annual Report, June 2002

Advantages of economic freedom

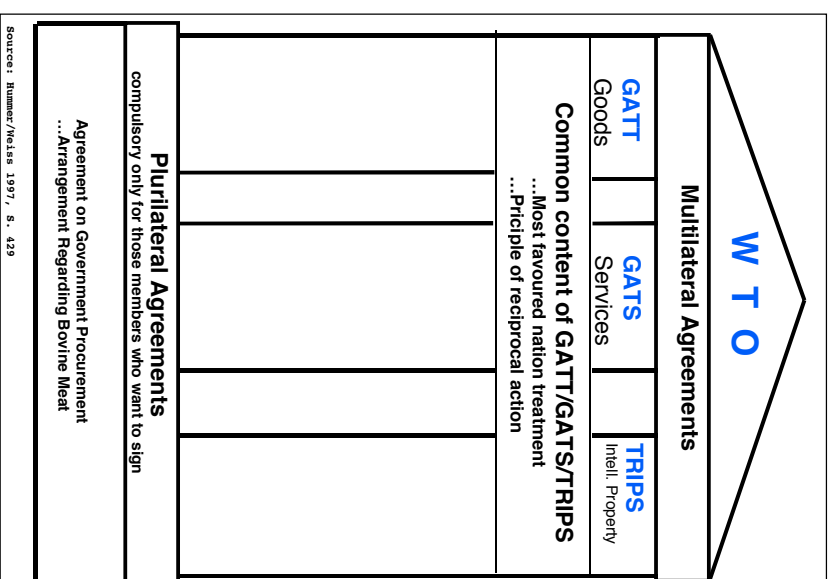
In theory is proof for a strong correlation between the freedom of a given economy and the incomes of the population.

*The more freedom for the economy,
the higher the income – in principle!*

Now the problem is starting: What means «in principle»?



WTO – the three pillar model



World Trade Organization (WTO)

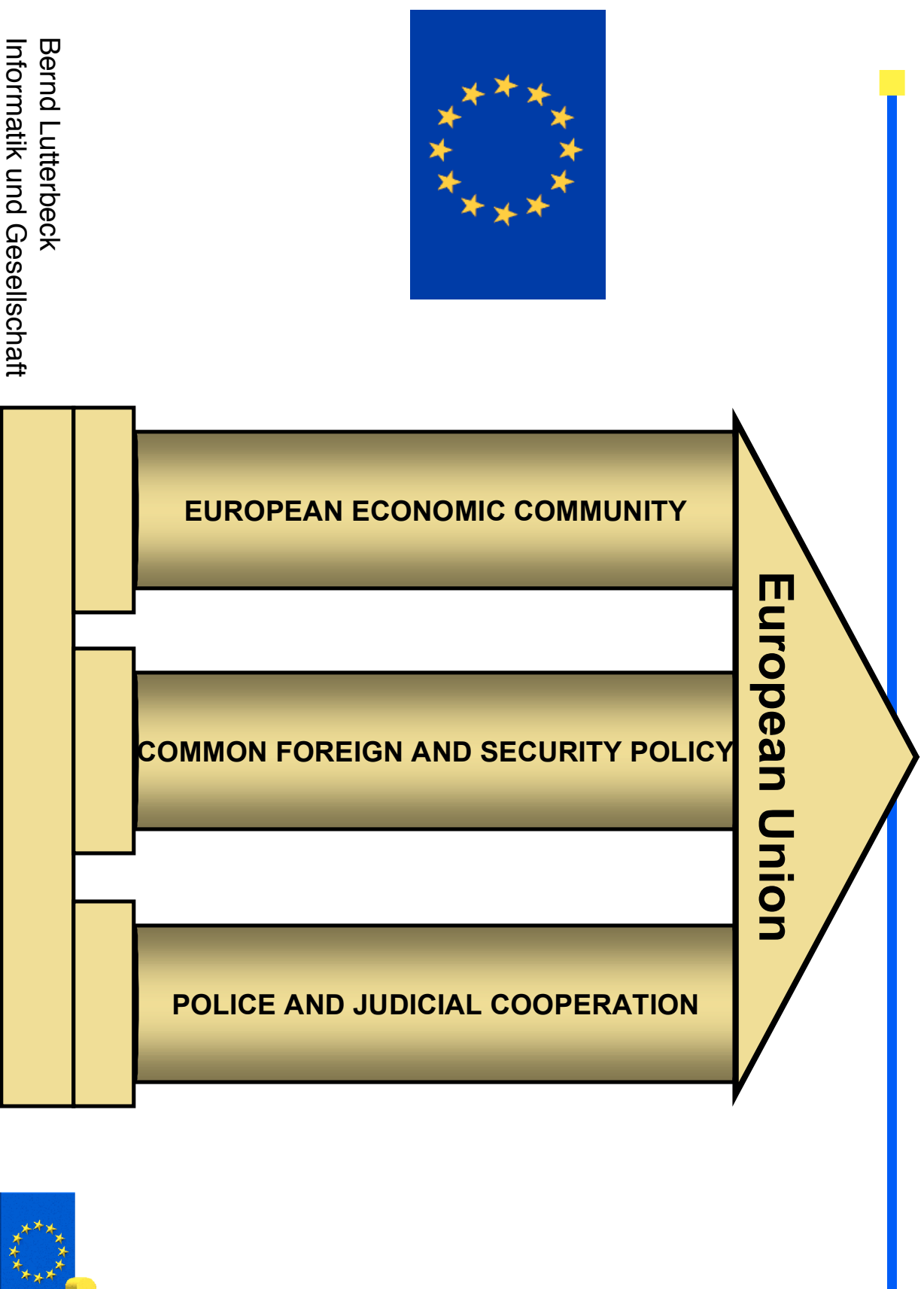


- Its **main function** is to ensure that trade flows as smoothly, predictably and freely as possible.
- **At the heart** of the system—known as the multilateral trading system—are the WTO's agreements.

Europe is small but a big common market



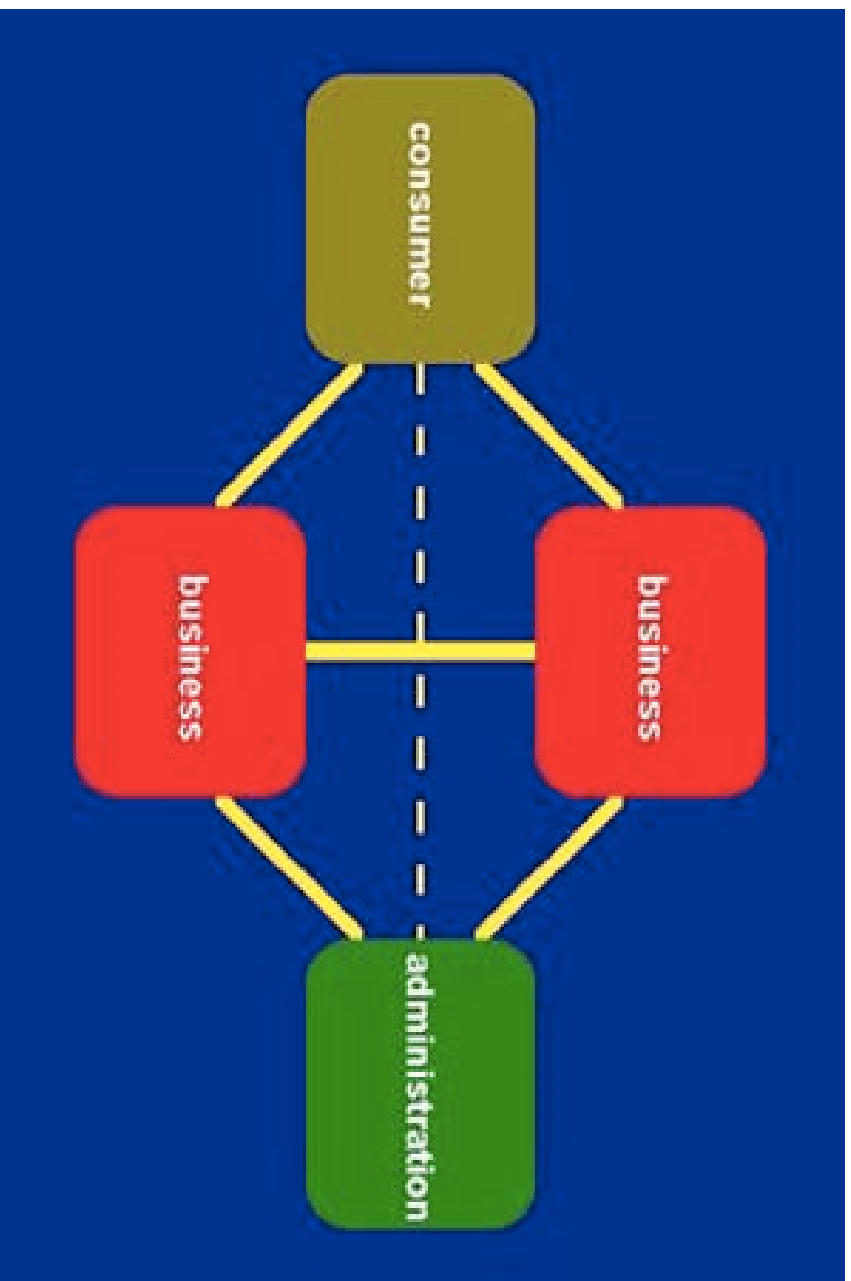
EU – the three pillar model



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The basic model for e-commerce

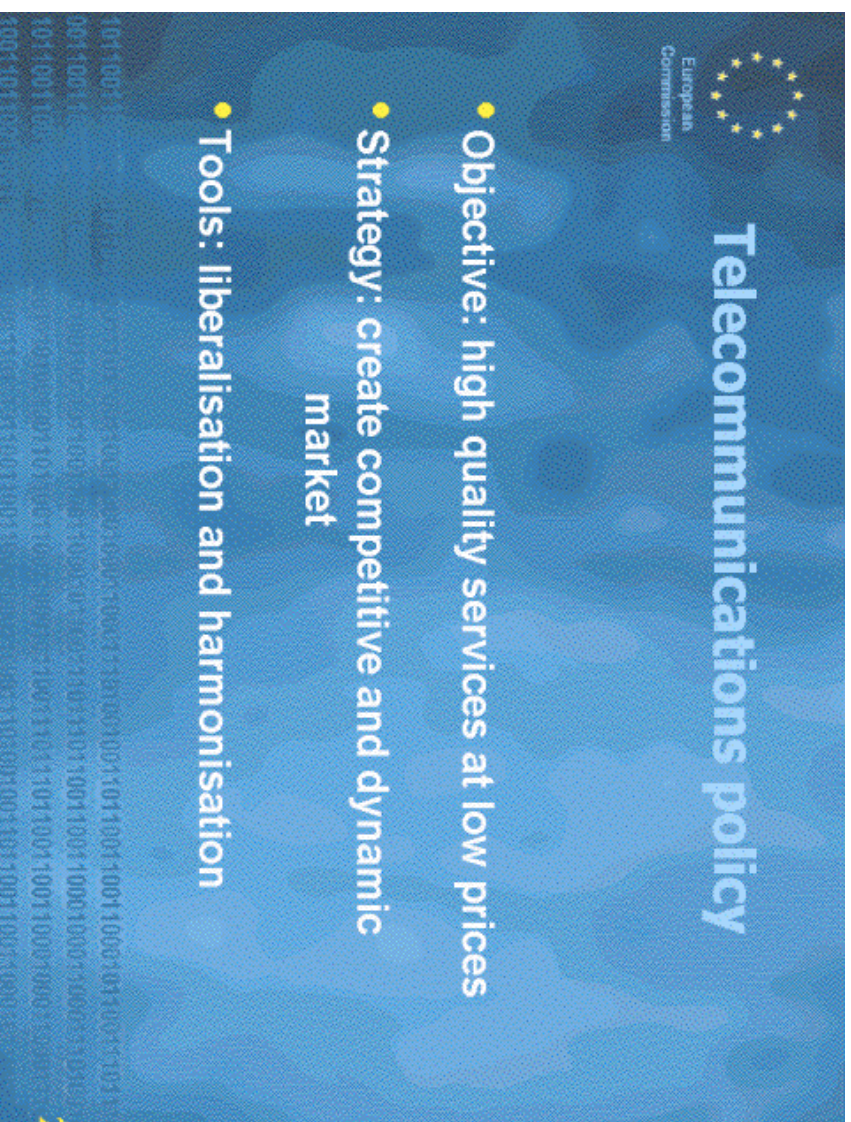


Slides 14-25, 36, 38-40 and 42-44 by courtesy of European Commission/Brussels

Liberalisation is the success story



Telecommunications policy



European Commission

Telecommunications policy

- Objective: high quality services at low prices
- Strategy: create competitive and dynamic market
- Tools: liberalisation and harmonisation

2

eEurope 2002



The slide features a blue background with a light blue abstract pattern. At the top left, there is a logo for the Information Society (a stylized 'i' and 's' in a square) and the text 'Information Society'. Below this, the title 'eEurope 2002: Progress Made' is written in a bold, yellow font. A list of five bullet points follows, each starting with a yellow dot. At the bottom left, there is a small European Union flag logo and the text 'European Commission'. At the bottom right, there is a small logo for 'EPKI Liberman' and the text 'May 29, 2002 - 2'.

eEurope 2002: Progress Made

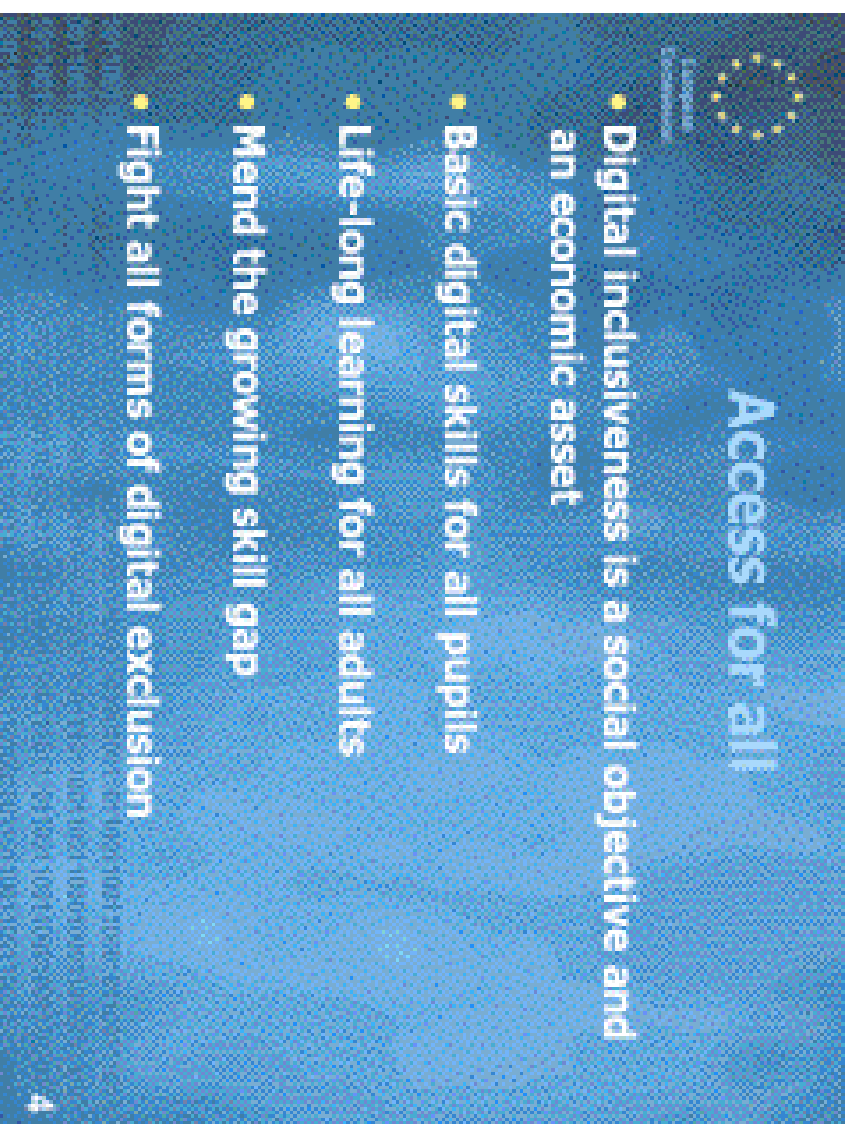
- Internet access: lower prices, doubled penetration in homes
- Telecom & eCommerce legal frameworks
- Most Companies & Schools connected
- GEANT: world's fastest research backbone
- more Government services available online
- smartcard infrastructure emerging
- Web accessibility guidelines adopted and recommended in Member States

European Commission

EPKI Liberman - May 29, 2002 - 2



eEurope 2002

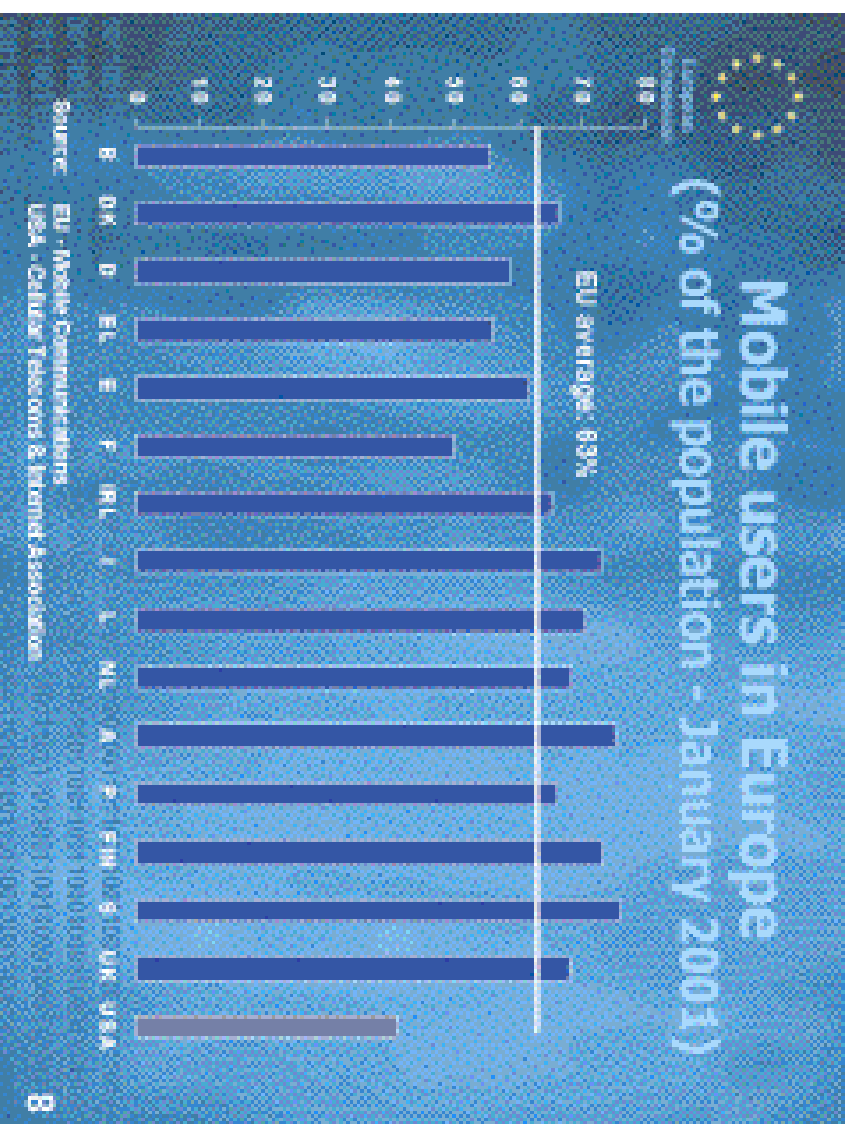


The slide features a blue background with a faint grid of binary code (0s and 1s). In the top left corner, there is a small version of the European Union flag and the text 'European Commission'. The main title 'Access for all' is centered in a large, white, sans-serif font. Below the title, there are five bullet points, each starting with a yellow dot. The text is white and clearly legible against the blue background.

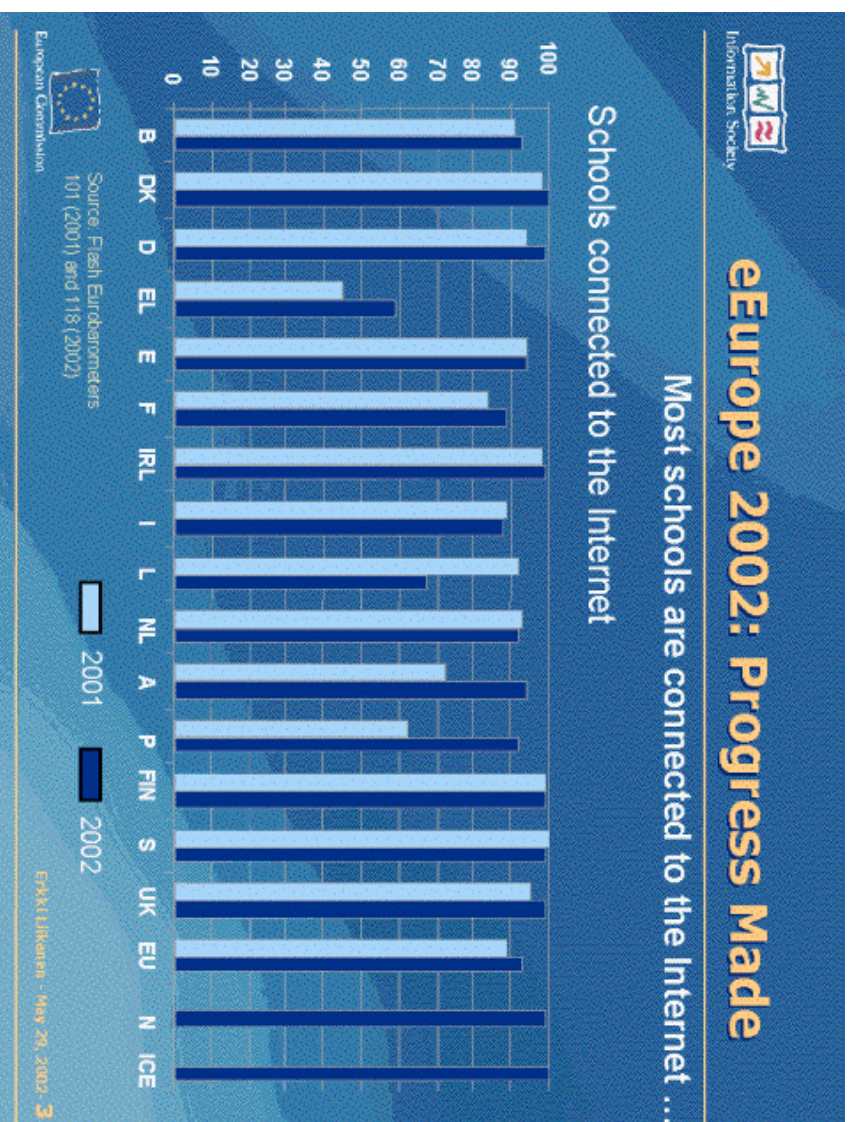
- Digital inclusiveness is a social objective and an economic asset
- Basic digital skills for all pupils
- Life-long learning for all adults
- Mend the growing skill gap
- Fight all forms of digital exclusion

4

eEurope 2002



eEurope 2002

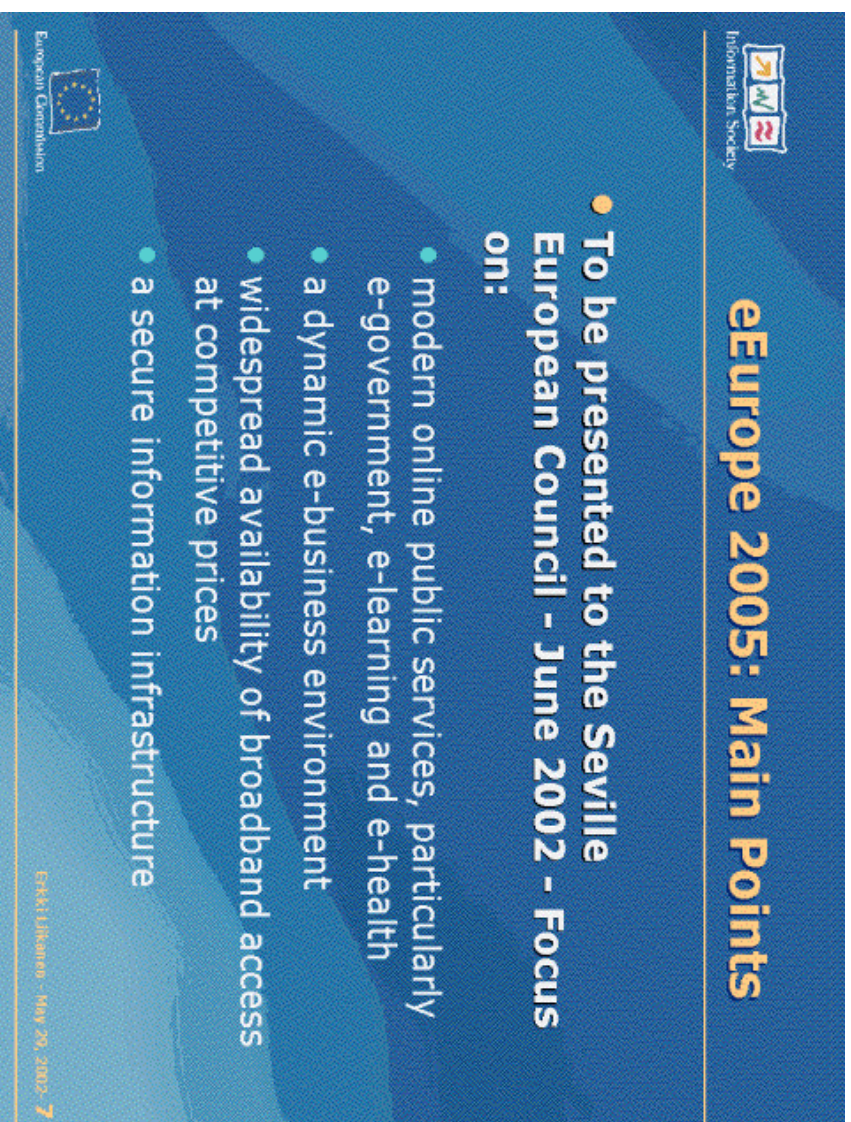


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15.07.2002



eEurope 2005 at a glance



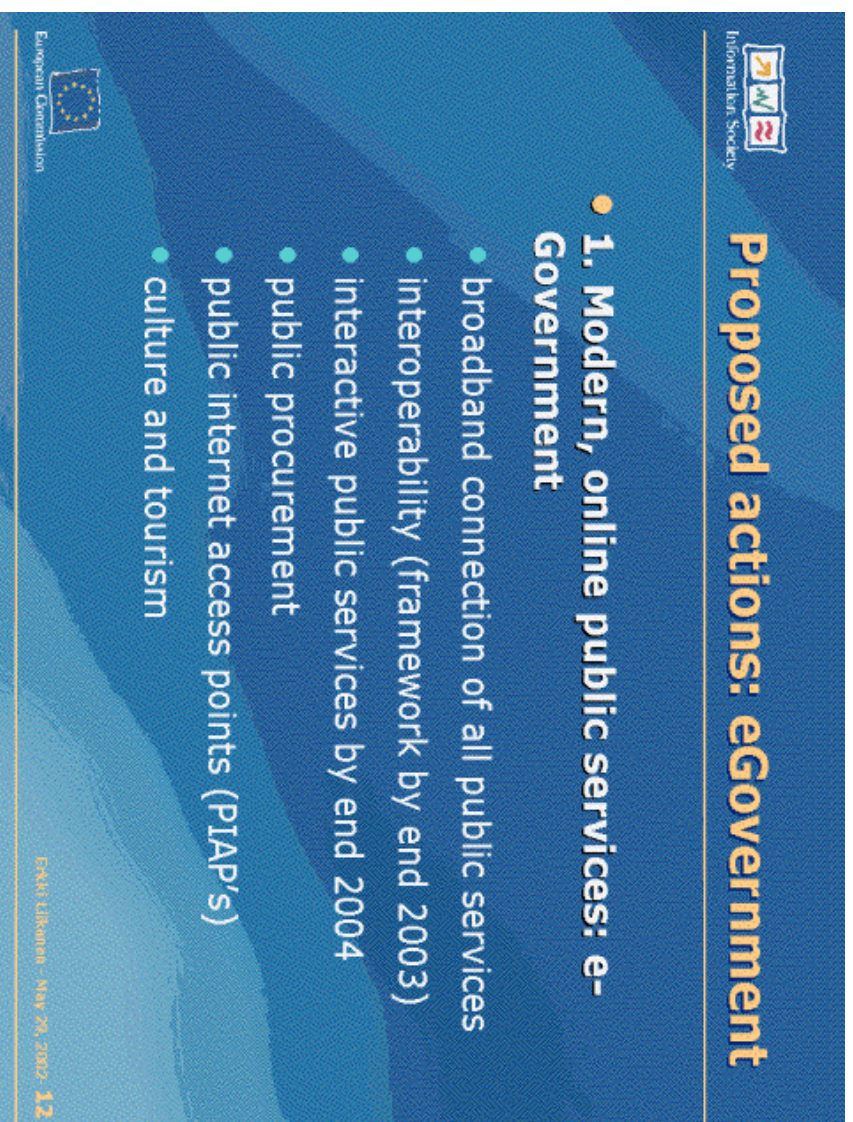
eEurope 2005: Main Points

- To be presented to the Seville European Council - June 2002 - Focus on:
 - modern online public services, particularly e-government, e-learning and e-health
 - a dynamic e-business environment
 - widespread availability of broadband access at competitive prices
 - a secure information infrastructure

ERFKI Lüksemburg - May 29, 2002 - 7



eEurope 2005 – eGovernment



The slide features a blue background with a white and yellow logo in the top left corner that reads 'Information Society'. Below this, the text 'Proposed actions: eGovernment' is written in a bold, yellow font. A horizontal line separates this header from the main content. The main content consists of a single bullet point: '1. Modern, online public services: e-Government'. This is followed by a list of five sub-points, each marked with a small teal dot: 'broadband connection of all public services', 'interoperability (framework by end 2003)', 'interactive public services by end 2004', 'public procurement', and 'public internet access points (PIAP's) culture and tourism'. In the bottom left corner, there is a small European Union flag logo and the text 'European Commission'. In the bottom right corner, there is a small logo that reads 'EKKI LIBRARY - NOV 24, 2002 - 12'.

Information Society

Proposed actions: eGovernment

- 1. Modern, online public services: e-Government
 - broadband connection of all public services
 - interoperability (framework by end 2003)
 - interactive public services by end 2004
 - public procurement
 - public internet access points (PIAP's) culture and tourism

European Commission

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eEurope 2005 - eLearning



Information Society

Proposed actions: e-Learning

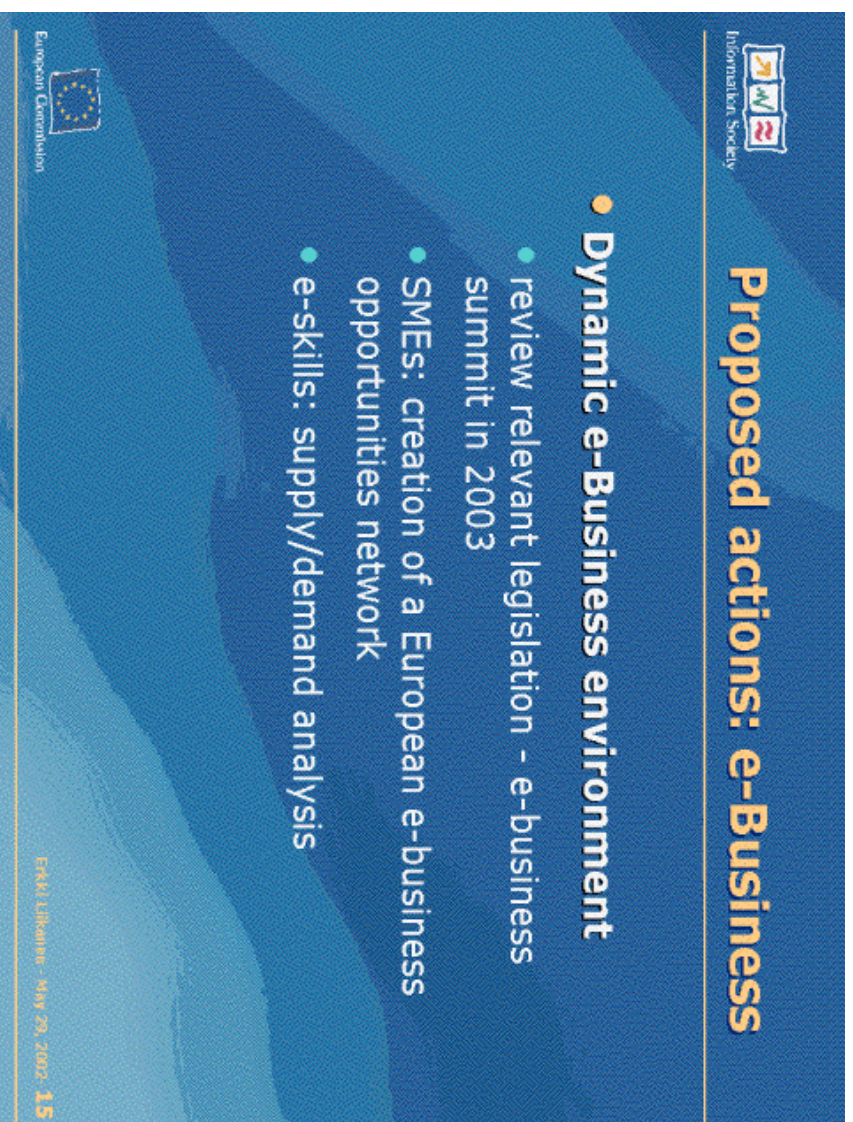
- **Modern, online public services: e-Learning**
 - broadband connections for all schools (end 2005)
 - e-Learning programme by end 2002
 - virtual campus for all students and researchers
 - actions for computer supported co-operative learning systems by end 2003
 - re-skilling for the knowledge society

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ENSKI Librarian - May 29, 2002 - 13



eEurope 2005 - eBusiness



The slide features a blue background with a white and yellow logo in the top left corner that reads 'Information Society'. Below the logo is the title 'Proposed actions: e-Business' in yellow. A list of three bullet points follows, each starting with a colored dot (yellow, green, and blue). In the bottom left corner, there is a small European Union flag logo and the text 'European Commission'. In the bottom right corner, there is a small logo for 'ERKL Librarian - MAY 29, 2002 - 15'.

Information Society

Proposed actions: e-Business

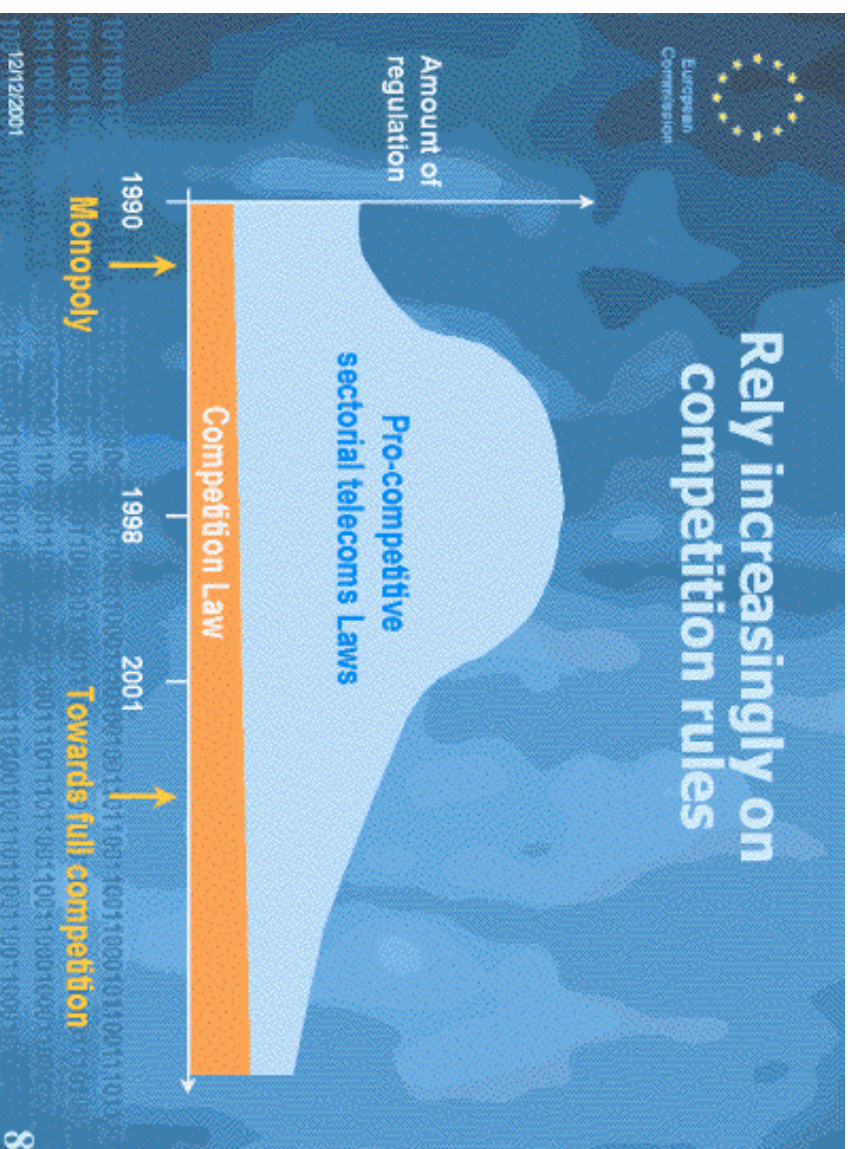
- **Dynamic e-Business environment**
- review relevant legislation - e-business summit in 2003
- SMEs: creation of a European e-business opportunities network
- e-skills: supply/demand analysis

European Commission

ERKL Librarian - MAY 29, 2002 - 15



eEurope and competition rules

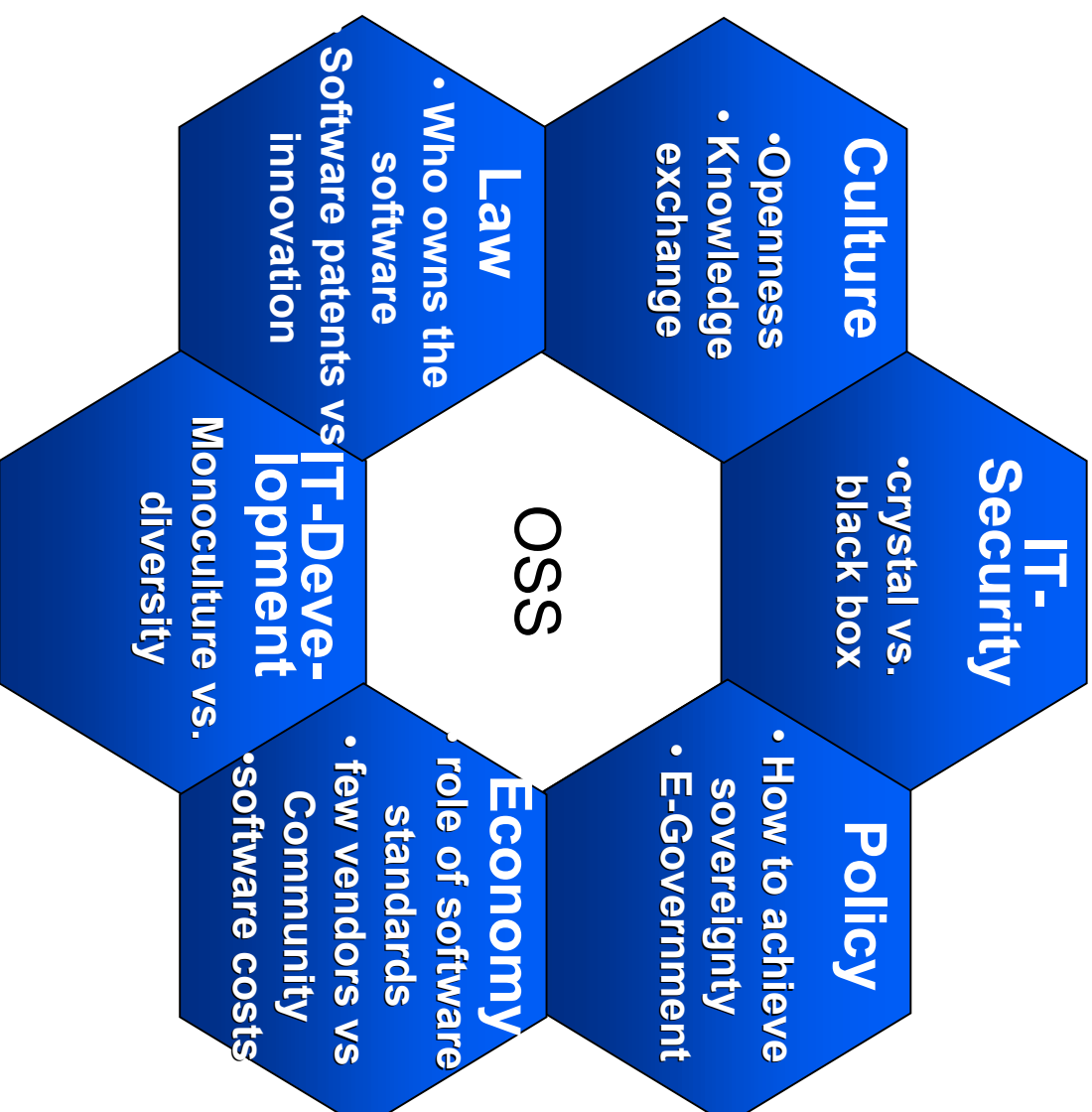


Strategic projects for cooperation

- 1. Building an open source software community**
 - Open source software might be a competitive advantage for emerging economies
- 2. Securing the information infrastructure**
 - IT-security is one of the major challenges and bottlenecks for further enhancements
- 3. Preparing the 2008 olympics in Beijing**
 - Establishment of broadband networks; content, services and applications are decisive
- 4. Building a common framework for governance**
 - E-Commerce will not expand if it not fits in an appropriate legal (governance) framework



Open Source Software has implications far beyond IT



The essence of Open Source Software [OSS]

The essence of open source software is that source code is 'free'

That is:

- **open**
- **public**
- **non-proprietary.**



Essential features of OSS

- It allows free redistribution of the software without royalties or licensing fees to the author.
- It requires that source code be distributed with the software or otherwise made available for no more than the cost of distribution.
- It allows anyone to modify the software or derive other software from it, and to redistribute the modified software under the same terms.



The economic success of OSS

Collaborative Open Source software projects such as Linux and Apache have demonstrated, empirically, that a large, complex system of code can be built, maintained, developed, and extended in a non-proprietary setting where many developers work in a highly parallel, relatively unstructured way and without direct monetary compensation.

The resulting piece of knowledge -- a technical artifact called software -- is remarkably powerful, efficient, and robust.



The process is what matters most

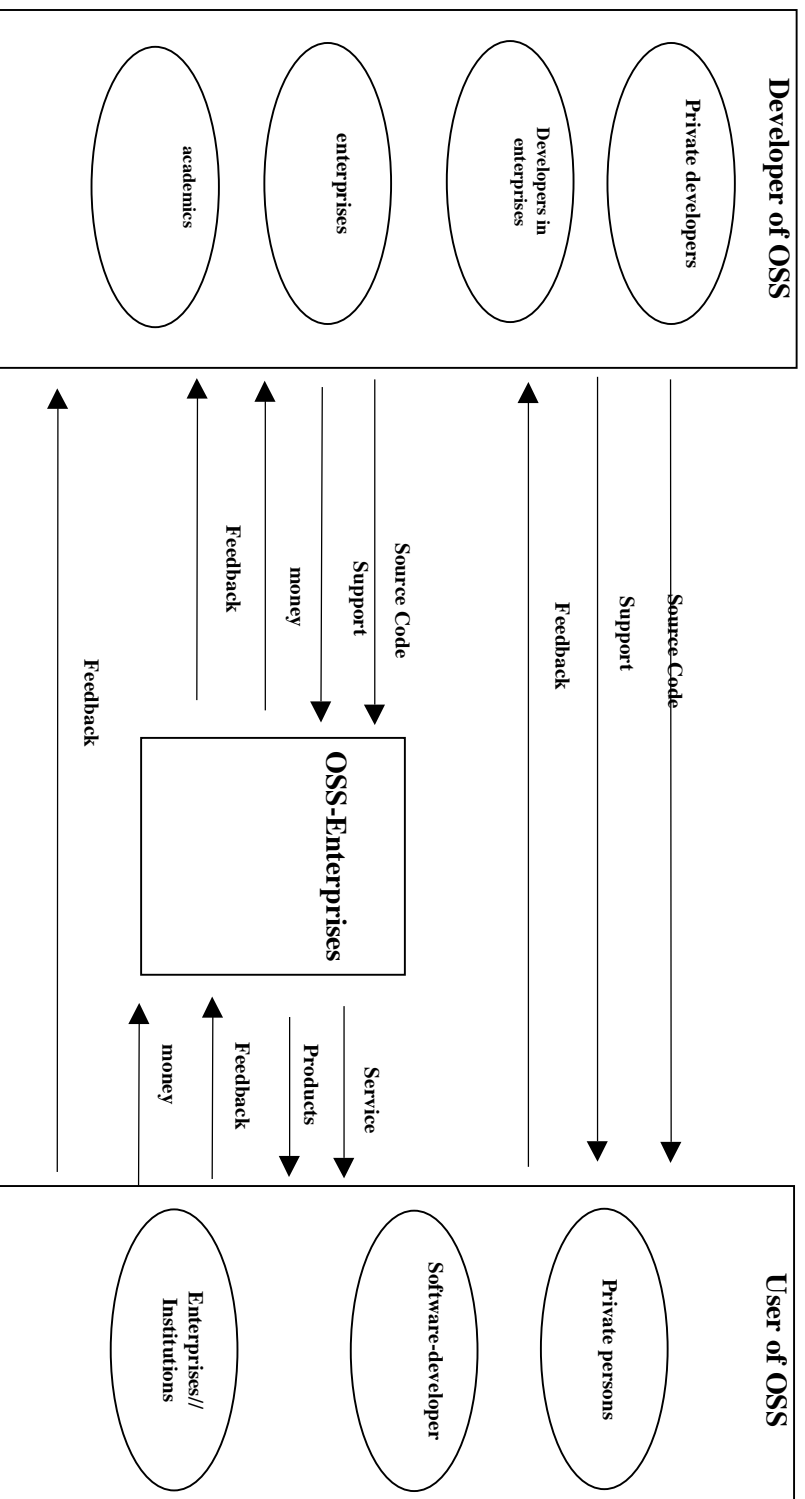
OS development is a great **babbling bazaar** of different agendas and approaches out of which a coherent and stable system could seemingly emerge only by a succession of miracles.

This contrasts sharply with a '**cathedral**' model -- the example of a hierarchically-organized, authoritatively-ordered division of labor.

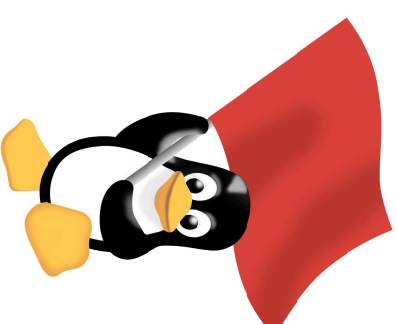
The software product itself is valuable but is not the key to understanding open source. The essence is to create a process. **The process is what matters most.**



Roles in the process of developing OSS



OSS in China – Courtesy of Liu Bo



Liu Bo

President and CEO

Red Flag Software Co. Ltd

January 11, 2001

http://www.iandiasia.com/presentation/Liu_Bo.ppt

«What's Linux Special for China»



- «China government strong support
- It is hard for Chinese to afford too much software royalty fee
- China is a big Unix Country
- China is still a big piracy market
- China is one of the biggest electric appliance market and the early believer of information appliance (eg. Venus Project)
- China will be the biggest telecomm market soon»



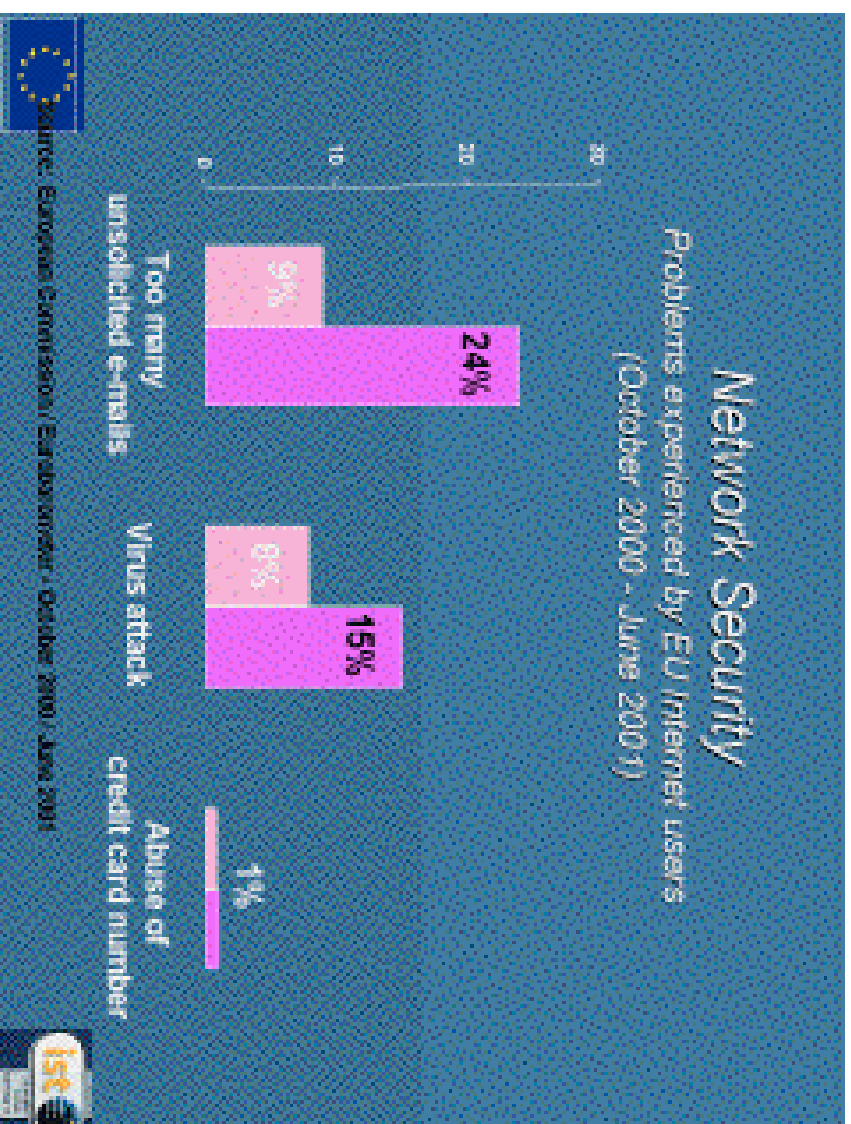
«Why China Government Support Linux»



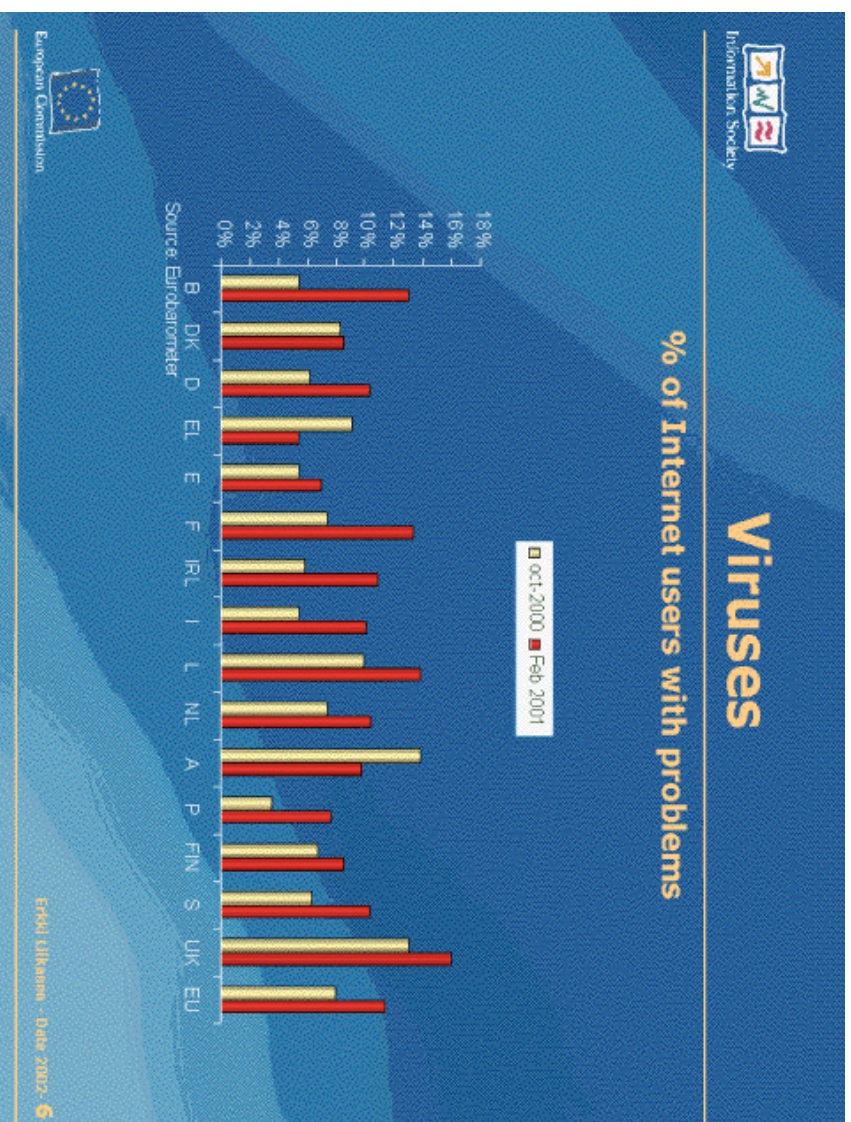
- «Political reasons
 - Information security = National Security
 - Avoid the risk of information being controlled by others
 - Don't like Microsoft's monopoly
 - Be able to own the core technology to develop the OS which has own IPR
 - Make people have right sense for legitimate software
- Economic reasons
 - Don't need pay X00 Million USD to Microsoft
 - Increase the competence of local software industry»



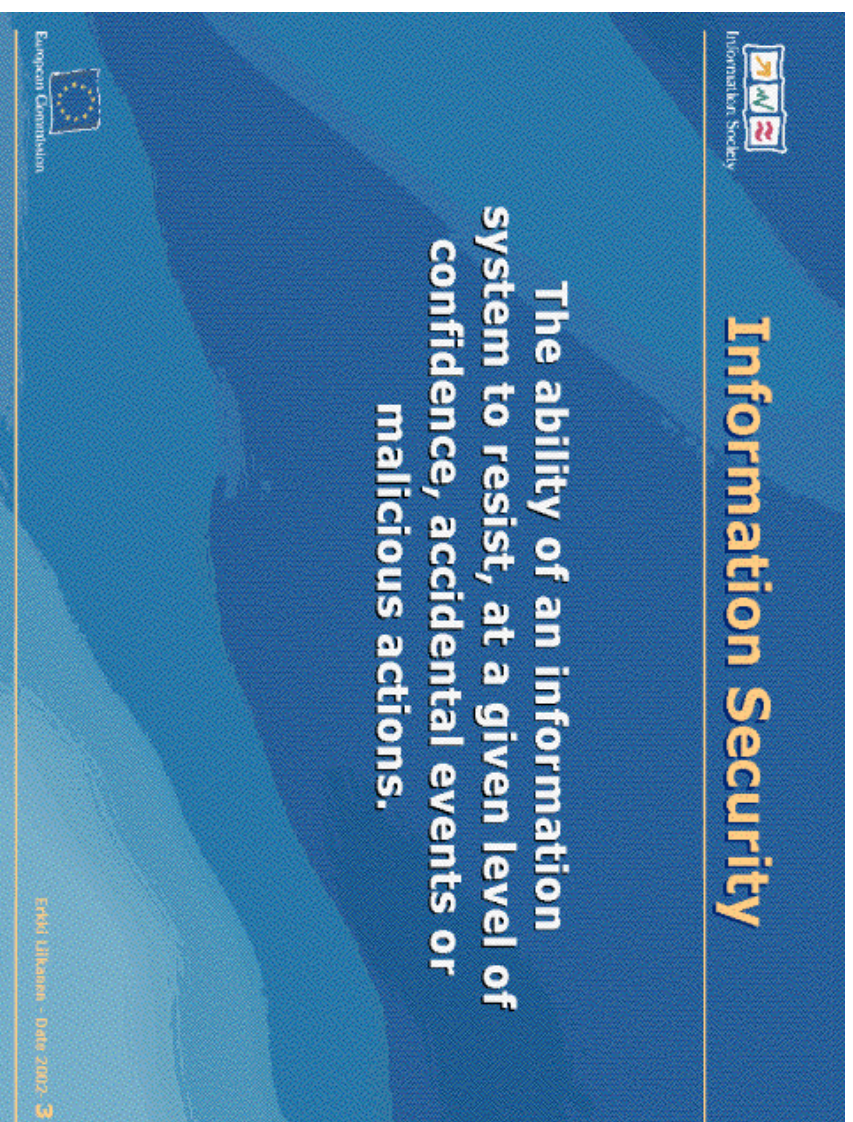
Network security



Internet and viruses



Information security



Security is a process

«Security is not a product; it's a process.

You can't just add it to a system after the fact.»

Bruce Schneier:
Digital Security in a Networked World. New York 2000



eEurope 2005 – IT-security

Proposed actions: Security

- **3. Secure Information Infrastructure:**
 - cyber security task force (CSTF) - mid 2003
 - supported by Member States and Industry
 - centre of competence on security issues
 - 'culture of security' (end 2005)
 - develop best practice and standards
 - report on progress issued end 2003
 - secure communications between public services

Information Society

European Commission

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Preparing the 2008 olympics in Beijing



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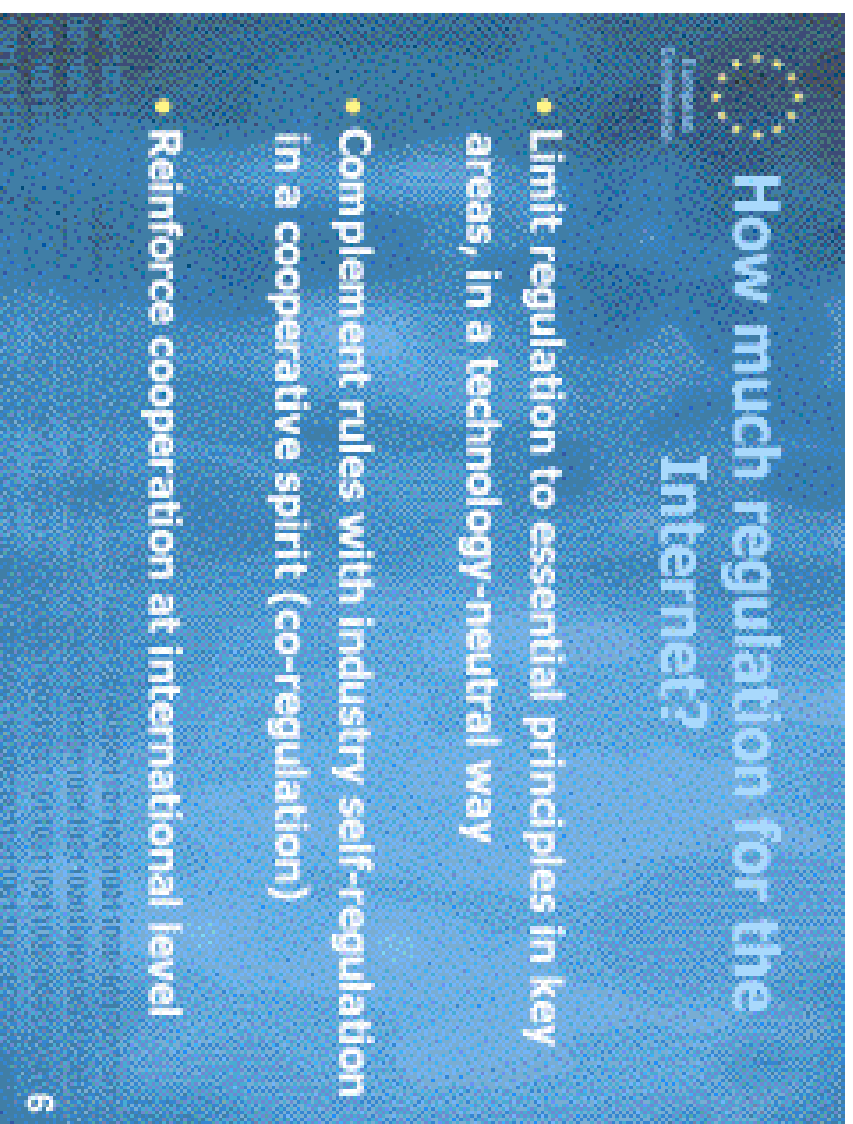
15.07.2002



Building a common framework for governance



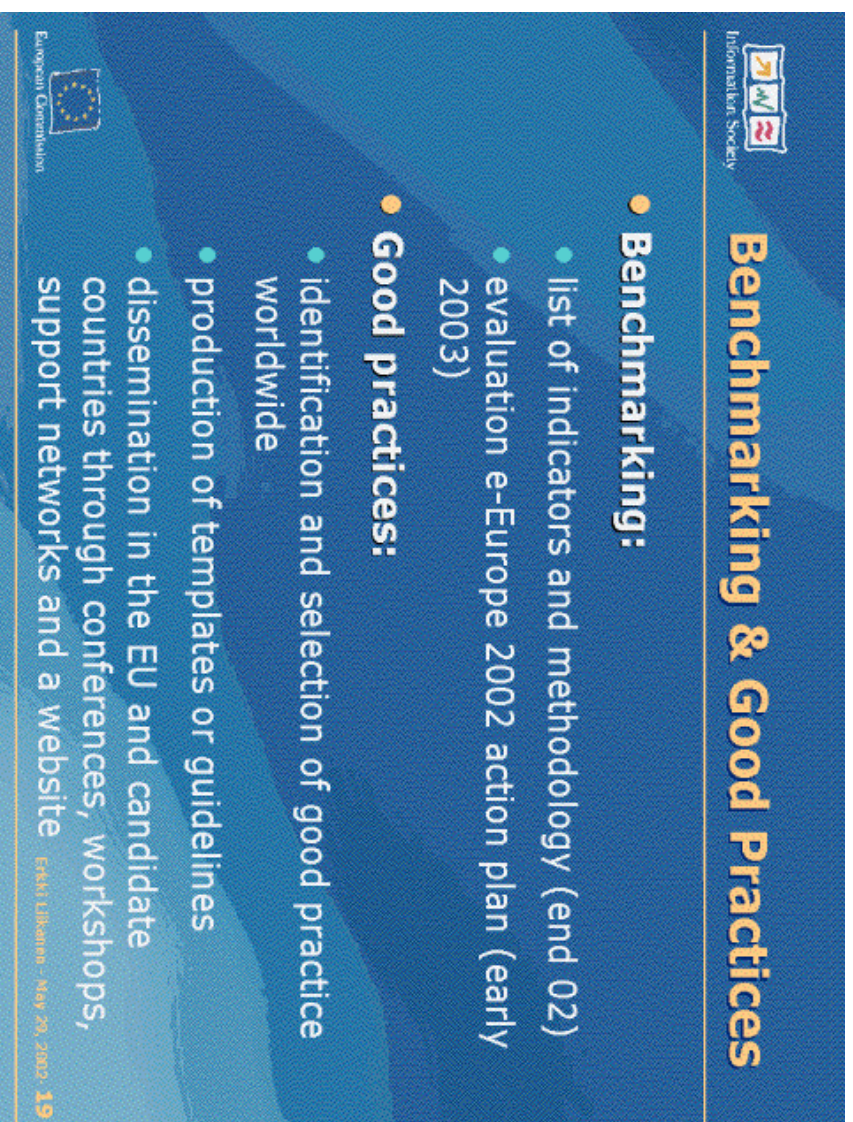
How much regulation for eEurope 2005?



The slide features a blue background with a grid of binary code. At the top left, there is a logo for 'Lutterbeck & Partnerinnen' consisting of a circle of yellow dots and the text 'Lutterbeck & Partnerinnen' below it. The main title 'How much regulation for the Internet?' is centered in a large, white, sans-serif font. Below the title, there are three bullet points in yellow text. At the bottom right, there is a small white number '6'.

- Limit regulation to essential principles in key areas, in a technology-neutral way
- Complement rules with industry self-regulation in a cooperative spirit (co-regulation)
- Reinforce cooperation at international level

eEurope 2005 – Benchmarking



Benchmarking & Good Practices

- **Benchmarking:**
 - list of indicators and methodology (end 02)
 - evaluation e-Europe 2002 action plan (early 2003)
- **Good practices:**
 - identification and selection of good practice worldwide
 - production of templates or guidelines
 - dissemination in the EU and candidate countries through conferences, workshops, support networks and a website

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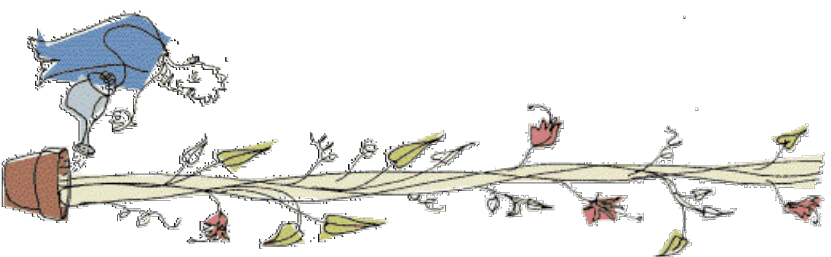
A legal framework is a cultural setting

Exporting goods may be easy, exporting laws and statutes is hard work!

Thus bridging legal frameworks is an extremely difficult job.



Planting needs a lot of care



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...Kong Tsi's 孔子 wisdom

The economy is not just about selling goods and services and making much money.

It is also about ethics and the appropriate behaviour of the market participants.

If you miss this point you may loose all!

谢谢！

