

**A POLITICAL ECONOMY OF  
MOBILE TELECOMMUNICATIONS  
IN SOUTH AFRICA**

by

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April 2016

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requirements for the degree of PHD  
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# ABSTRACT

The thesis is in part a political economy of telecommunications in South Africa, in part a discourse analysis of the field. While the thesis investigates issues around ownership, control and regulation of the big telecoms companies in South Africa, it also considers some facets that do not really fit comfortably into traditional political economy approaches. The dominant discourse within telecommunications is a neoliberal technological determinism, despite the developing context. However, there are lesser known narratives of consumption, commodification and control, which demand a cultural studies approach. Together these form alternate, ignored yet important facets emerging from the sector. The thesis foregrounds these alternate discourses as they relate to wider systems of control in the modern empire's hegemony.

# DECLARATION

I,.....declare that:

1. The research reported in this thesis, except where otherwise indicated, is my original research.
2. This thesis has not been submitted for any degree or examination at any other university.
3. This thesis does not contain other persons' data, pictures, graphs or other information, unless specifically acknowledged as being sourced from other persons.
4. This thesis does not contain other persons' writing, unless specifically acknowledged as being sourced from other researchers. Where other written sources have been quoted, then:
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Signed:.....

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Finally, finally, to the late Mrs Soubagiam Moodley who imparted the love of reading, and the late Mr C.P. Naidoo who imparted the love of writing, this work is dedicated to you.

# LIST OF ACRONYMS

APECTEL: Asia-Pacific Economic Cooperation Telecommunications and Information Working Group

ATU: African Telecommunications Union

BBBEE: Broad based Black Economic Empowerment

BITF: Black Information Technology Forum

BUSA: Business Unity South Africa

CCSA: Communications Cabling Association of South Africa

COSATU: Congress of South African Trade Unions.

CSSA: Computer Society of South Africa

EIF: Electronic Industry Federation

FCPA: Foreign Corrupt Practices Act

GPRS: General Packet Radio Service

GSM: Global System for Mobile Communications

ICASA: Independent Communications Authority of South Africa

ICNIRP: International Commission on Non-Ionizing Radiation Protection

ICT: Information and Communication Technology

IDCR – ACACIA: International Development Research Centre

IISA: Information Industry South Africa

IMF: International Monetary Fund

INDPR: Individual Property Rights

IPR: Intellectual property rights

IPSA: Internet Service Providers Association

ITA: Information Technology Association

IT: Information Technology

ITU: International Telecommunication Union

LINK Centre: Learning Information Networking and Knowledge centre

MMS: Multimedia Messaging Service

MNC: Multi National Corporation

NAB: National Association of Broadcasters

NCRF: National Community Radio Forum

NITOSA: National Independent Telecommunications Organizations of South Africa

NMT: New Media Technologies

NSMI: New Structures and Machines of Information

NWICO: New World Information and Communication Order

OAS: Organization of American States

OECD: Organisation for Economic Co-operation and Development

PDAs: Personal Digital Assistants

PIC: Public investment Corporation

PRS: Poverty Reduction Strategies

SACCOM: South African Contact Centre Community

SACF: South African Communications Forum

SAVA: South African VANS Association

TCC: Transnational Capitalist Class

UNCAC: United Nations Convention against Corruption

UNDP: United Nations Development Program

UNESCO: United Nations Educational, scientific and Cultural Organization

UNGC: United Nations Global Compact

USA: Universal Service Agency

WICT: Women in ICT

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# CHAPTER ONE: INTRODUCTION

Over the last two decades mobile telecommunication devices have proliferated across the globe dissolving and transforming some of the more traditional communication spaces. The fervent adoption of mobile telephony has led to unprecedented global growth in the telecommunications industry. South Africa has also experienced its healthy share. Since inception the industry has grown to a phenomenal R179 billion in 2010, with a projected forecast of growth to R250 billion by 2020 (Web 1). Given the phenomenal growth in this industry, the thesis takes up the question of effects, i.e. how has the mobile telecommunication industry impacted on the individual and society? To this end the thesis explores the discourses around cellular telephony focusing on industry, policy and consumption.

The central hypothesis of the thesis is that the discourses around cellular telephony in South Africa remain discordant; as a result, development in the sector has been lopsided. While industry growth has been phenomenal the normative imperatives around development and consumption have been deficient. The strong emphasis on industry growth alone has led to a commodification of information. The information commodity has been further fetishized leading in the first instance to an increasing and unhealthy divide between the constructions of the *citizen* and the *consumer*. In the second instance information fetishism has supported a consolidation of power leading to an unhealthy hegemony of the ruling elite in South Africa – unhealthy, as this nexus results in a greater accent on the further consolidation and maintenance of power, and a far lesser accent on core developmental needs. The concluding reflection indicates that major strides in mobile telephony in South Africa have been finally limited by the increasing commodification of information. This has led

to infringements and monopoly abuses within the industry and those all-important missed developmental opportunities to utilize mobile telecommunications to initiate an active and responsive citizenry in the service of a truly participatory democracy.

In chapter two I begin by a survey of the literature reviewing the field of political economy and its relevance to telecommunications analyses. This includes more current studies of telecommunications in the South African context, within which this study is located.

In chapter three I outline the theoretical framework building the conceptual map from key theorists in the field of political economy of communication. This framework also takes into account less prolific authors in the field who have nonetheless made a significant contribution that has applicability to the study at hand.

In chapter four I outline the methodology, the ethical considerations of which were minor as the dominant part of this study utilized data already in the public domain. Nonetheless, the methodology is clearly delineated with the relevant institutional clearances disclosed where necessary.

In chapters five, six and seven I present and analyse the data collected. Chapter five investigates ownership and control within the South African telecoms sector located within the global telecommunications scene. Chapter six takes up and analyses the public narratives of individual consumer experience of the industry in South Africa. Chapter seven locates a global debate in the local space. Here the troubling spectre of surveillance is examined as it relates to the telecoms industry.

Chapter eight consolidates primary research conducted where one hundred and ninety five respondents were asked about their experiences around mobile

telephony in South Africa. Chapter nine considers the range of further study in this sector. Finally chapter ten attempts to summarize and reiterate the key deductions arising out of the study. Included in this final section is an outline of recommendations.

Given the way technology has metamorphosed, one may legitimately question the relevance of investigating cell phones close to twenty years after inception. A 2011 Cell C<sup>1</sup> magazine sported the following cover story:

“Are tablet PC’s the new cell phones?” (Cell C magazine 2011, issue 4, 12)

When the question arises of whether the cell phone has been replaced by a new compacted computing device altogether, perhaps it is time to acknowledge that the novel phase of cell phones in South Africa lies somewhere in the not so distant past. The tremendous excitement at inception in 1994 (Web 2) was not unlike the anticipation and exhilaration over a century and a half ago at the promise of wondrous connectivity between two somewhat isolated continents.

In 1866 The Great Transatlantic Sea Cable cut communication down between America and Europe from two weeks to a little over twelve minutes. Apart from changing trade and basic communication the cable would effectively minimize the recurrent problem of truces declared in England and wars continuing in America primarily as a result of the communication lag<sup>2</sup>. This cable is often referred to as the ‘earliest wiring of the world’ (Jones 2005). Approximately one hundred and fifty years later again communication technology would take a leap

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<sup>1</sup> Cell C is the third mobile operator in South Africa.

<sup>2</sup> This refers to the war of 1812 which continued weeks after the peace treaty was officially signed (Jones 2005).

forward and cell phones would unyoke connectivity from the constraints of wire, enabling the possibility of wondrous connectivity...*anywhere, anytime connectivity*.

A flurry of multi-disciplinary research ensued soon after inception, some of which shaped the regulatory framework we find ourselves in, others concluding that cell phones have irrevocably changed the communication landscape, charging the little device with the definite capacity to deliver democracy or anarchy! Vincent Mosco (2004) refers to this rather technologically deterministic belief as “*the digital sublime*” (also the title of his book). Often new technology is so very novel and exciting that it tends to invite the conjuring up of myths around super abilities far beyond its scope, perhaps also as a means of transcending the ordinary and sometimes oppressive reality we find ourselves in.

*The arrival of Rail was supposed to bring peace and communication across a continent of diverse nations and languages...*

*The onset of Electricity was said to be the antidote to crime...*

*Cable TV was expected to change the face of consumption...*

*The internet was believed to deliver democracy... (Mosco 2004, 12)*

At the inception of certain new inventions, history proves that the sheen or novelty arising from any of these technologies appears to generate lofty predictions as their effect. With the appearance of each new technology, History also tends to repeat itself with the reaction being a great optimism for the possibility of whatever new technology to address and eliminate society's current ills.

While Mosco defines this line of thinking as *the digital sublime*, he also argues that when novelty around new technology recedes and new technology becomes old...part of the quotidian, that is precisely the time that one may unearth and understand what the real impact of it is and what it could be. Issues of



*communications commons, the public sphere* and (the pursuit of) *enlightened self-interest* remain as relevant today as a century and a half ago. Technology does not erase the need for these debates, it certainly adds new dimensions, complicating rather than eradicating. Given the diminishing sheen of cell phones, the contention of this thesis also is that this is precisely the time that analysis starts where one may unearth and understand the real impact of cell phones, especially given the fact that it is now close to a R200 billion rand industry and incidents of torture appear routine:

*A senior Bangladesh telecoms executive was arrested and handcuffed so that he could neither sit, nor lie down and administered with electric shocks in routine intervals<sup>3</sup>. Sutherland (public lecture, WITS, 13 March 2012)*

Despite the potential for great benevolence in relation to public good/s, an industry with this phenomenal a turnover lends itself to proving the old adage true, which is of money, too much money, provoking greed and avarice. The sombre note is deliberately rung as a fitting precursor to this unwieldy topic of telecommunications. It is a harbinger to the complicated, often tricky balancing act required to keep the interests of civil society and that of commerce on an even keel.

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<sup>3</sup> This was perpetrated by the Rapid Action Brigade (Web 3).

# CHAPTER TWO: LITERATURE

## REVIEW

This chapter begins with a review of the South African context of information and communication technologies (ICTs) with a close focus on the concept of the 'digital divide'. This was deemed necessary as a preceding step to the literature review as many of the key arguments and absences are laid out here. Thereafter, the review takes up local literature in the field, locating lacunae which essentially form the space for this study.

### Introduction

*At its heart, development – if it is to be sustainable – must be a process that allows people to be their own agents of change: to act individually and collectively using their own ingenuity and accessing ideas, practices and knowledge in the search for ways to fulfil their potential. It requires what economist Amartya Sen calls 'real freedoms', the capacity for people to participate in a diverse range of decisions that affect them, and to enjoy specific functional aspects that constitute a healthy life...Enabling greater numbers of people to speak, engage and respond to one another is ultimately equipping them to take political responsibility, which is a key ingredient to establishing deep and sustainable change (Warnock, Schoemaker and Wilson – Web 89).*

The heart of Sen's definition of freedom is self-determination. This theme reverberated through-out South Africa in the early 1990s. Post-1994, the transition from South Africa's apartheid past saw the hegemonic ideoscape<sup>4</sup> laid down by the State through the Bill of Rights and the constitution. It assertively promotes an all-embracing historical redress that seeks to remedy the legacy of Apartheid, which systemized discrimination and disempowerment across all

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<sup>4</sup> Arjun Appadurai (2002) offers a useful method of analysis and description. He introduces five metaphorical 'landscapes' to define five broad areas of globalization, one of which is the 'ideoscape'. This refers to the increasing acceptance of citizenship and rights which includes political discourses of democracy.

facets of society. This reparation was intended to permeate through a series of legislation (Web 4).

While these Acts in part address the communications industry, there remains dissent as regards the depth and actual 'transformation reach' of the various Acts. The Black Economic Empowerment ICT Charter (final draft, 2004) has been one response to absences in legislation (Web 5). The Charter follows on from The Broad-Based Black Economic Empowerment Act, with the central objective being to "bridge the digital divide". The charter was developed by the ICT empowerment charter working group which was formed by representatives from a number of organizations related to the broader ICT sector. The group is as follows: Black IT Forum (BITF); Communications Cabling Association of South Africa (CCASA); Computer Society of South Africa (CSSA); Electronic Industry Federation (EIF); Independent Communications Authority of South Africa (ICASA); Information Industry South Africa (IISA); Internet Service Providers Association (ISPA); Information Technology Association (ITA); The ISETT SETA; The MAPPP SETA; National Association of Broadcasters (NAB); National Community Radio Forum (NCRF); National Independent Telecommunications Organizations of S.A. (NITOSA), NEDLAC (Community) and NEDLAC (Labour); South African Communications Forum (SACF); South African Contact Centre Community (SACCCOM); SMME Forum; South African VANS Association (SAVA); Universal Service Agency (USA); Women in ICT (WICT) and finally Business Unity SA (BUSA) (Web 6).

The direct causes identified for the lack of development were multifold. The lack of basic and supporting infrastructure resulted in a high cost of roll-out in rural areas. This has a knock on effect on the high cost of services in rural areas, which is complicated by ineffectual governance and regulation. This has led to

the unfailing tendency of corporates to focus most on commercial rather than any other clients.

The challenges identified by the ICT charter are the lack of equity ownership, equity management and skills development<sup>5</sup>. Certain areas have been identified as having critical shortages in skills. Research has been identified as problematic as it is either duplicated or inadequate and incomplete. There has also been a lack of promoting open source platforms. Given the infrastructural problems cited above, rural access was indicated as an area needing growth in addition to the urban poor. Finally there was emphasis on promoting fairness, transparency and consistency in adjudicating matters related to the ICT sector, ownership and control (Web 5).

If development and democracy are to be the cornerstones of progress in Africa, then New Media technology (ICTs) must be acknowledged as development catalysts if utilized in a carefully considered way. A series of development analysts<sup>6</sup> testify to this causal link, bringing ICTs to the fore in development initiatives (Richard Gerster and Sonja Zimmerman, 2003). Former President Mbeki urged Africans, “to participate fully in the information revolution...to devise concrete ways of harnessing this new phenomenon for the advancement and enrichment of our democracies” (Web 7). Apart from improving quality of life, the most critical role ICTs could play is lending its potential towards democratic participation. Nicholas Garnham (2004, 358) rightly indicates that technology only facilitates participation but does not guarantee it. “The internet and related technologies have created new possibilities for conversation - how these

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<sup>5</sup> This indicates a meaningful participation of black people, women, disabled people and the youth in the growth of ICTs.

<sup>6</sup> The World Bank, the Panos institute and the Link Centre (WITS University) are other telecoms analysts who have concluded this link.

potentials are actualized is not up to the technology itself, but to human decision and commitment”<sup>7</sup>.

Cellular telephony is the cheapest type of telephony and fastest growing in Africa and is therefore probably the most applicable to development initiatives. In the past twenty years, Africa has experienced a mobile explosion. Mobiles now outnumber fixed lines at a ratio of 10:1. The demand for telephony has not been met with a satisfactory and corresponding supply. This phenomenon speaks directly to development themes. The challenges in the field of ICTs and development emerge on the level of the normative discourse, globalization, local policy and the economy.

A consistent rhetoric evolving out of the development discourses is the focus on democracy and the need for ordinary Africans to claim self-determination over their material, social and economic conditions. New media technology is cited as the key facilitator for democratic intercourse. This rhetoric recurs consistently among many African leaders.

*There must be greater clarity and less ambiguity about fostering democracy...It is important, therefore, that as we consolidate our democracies and use them as necessary platforms for the acceleration of our development, that the progressive movement ensures that the orientation of our parties is informed by the need to empower the masses of our people, so that they themselves can participate as a conscious force in the renaissance of Africa (Web 7).*

The democracy rhetoric is strikingly reminiscent of Jurgen Habermas’s (2004, 350) ideal public sphere. Indeed the ‘conscious force’ that former president Mbeki refers to communes well with principles of the public sphere where public opinion can by definition only come into existence when a reasoning and critical public is presupposed.

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<sup>7</sup> The Internet is also said to have the capacity to connect people from diverse backgrounds but the trend seems to be fragmentation into smaller and smaller groups. The Internet can also be used for flaming conflict rather than for rational discourse (Karvonen 2004, 348).

*Public sphere means a realm of our social life in which something approaching public opinion can be formed. Access is guaranteed to all citizens. A portion of the public sphere comes into being in every conversation in which private individuals assemble to form a public body.<sup>8</sup> They then behave neither like business or professional people transacting private affairs, nor like members of a constitutional order subject to the legal constraints of a state bureaucracy. Citizens behave as a public body when they confer in an unregulated fashion – that is, with the guarantee of freedom of assembly and association and the freedom to express and publish their opinions – about matters of general interest (Habermas 2004, 350).*

Habermas's public sphere has much to offer to development initiatives, providing a template against which to measure ideal democratic participation. This is as long as the public sphere is pursued as Habermas conceived it, and issues are not just aired as a matter of publicity. Karvonen notes this difference:

*At one time the process of making proceedings public was intended to subject persons or affairs to public reason, and to make political decisions subject to appeal before the court of public opinion. But often enough today the process of making public simply serves the arcane policies of special interests; in the form of 'publicity' it wins public prestige for people or affairs, thus making them worthy of acclamation in a climate of non-public opinion (2004, 348).*

South African leaders often exhibit a heightened sensitivity to the media's critical eye on the government's work. On many occasions the South African media and intellectuals have been reproached for being too critical of government. Habermas points out that, "although state authority is so to speak the executor of the political public sphere, it is not part of it. The state and public sphere do not overlap, as one might suppose from casual language use. Rather they confront one another as opponents" (2004, 346 – 7).

The confrontation between the state and public opinion (criticism) is a core ingredient for self-determination and the creation of democracy. Public opinion<sup>9</sup> must be acknowledged as vital to nurturing democracy and must be most aggressively promoted for the good health of the state. It is in this climate of

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<sup>8</sup> Habermas' concept of the public sphere is not to be equated with that of 'the public' i.e. of the individuals who assemble. His concept is directed instead at the institution, which to be sure only assumes concrete form through the participation of people. It cannot, however, be characterized simply as a crowd.

<sup>9</sup> This is qualified as 'critical' public opinion.

critical public debate that new media technology will realize its full potential for achieving renaissance ideals. It is indeed troubling that the South African state increasingly appears to use the very tools of democratic engagement (the new media) as tools to close society. The issue of surveillance is extremely disconcerting and will be discussed in the latter part of the thesis.

## **Technological determinism and social shaping**

Comparative political economy is concerned with regulation and developing the best model towards the end of universal communication equity. This simply translates into the creation and maintenance of equal conditions for all citizens to receive, produce, and distribute communication messages. Consequently, a host of normative assumptions circulate to form the regulation discourse and it is interesting to take a closer look at these.

As the neoliberal agenda permeates the economic spheres of society, it also brings with it supporting ideologies to govern the other spheres of life. A tendency of Neoliberalism is its role in hegemony, the maintenance of ruling class ideology, alongside which lies the ideas of technological determinism and technological neutrality. This subtle permeation will be explored as it emerges in the ICT sector. In this site neoliberalism manifests within a technologically deterministic framework which promotes the commodification of knowledge; together this triad (as it were) privileges a dominantly free-market approach despite the location of a developing context.

Two major theories examine the relationship between media and society. Simply put, the one examines how media technologies determine culture and society and thus falls into the technological determinism category. The other asserts that society shapes technology, never the other way around; hence the social shaping category.

Marshall McLuhan (Web 8) is always associated with being a key proponent of technological determinism in the context of media. His oft quoted pithy maxim, '*The medium is the message*', refers to the unyoking of content as a determining factor. This means that irrespective of content or consumption of media products, the technology which transmits this content changes human perception of the world and hence their own practices within it. '*The medium is the mass-age*' was McLuhan's pun on his media maxim which encapsulated the power the dominant media of an era had over society, shaping as it were the thoughts, words and deeds of individuals. For McLuhan, media determines consciousness.

Although dated, McLuhan's arguments have value as he saw media as an extension of the human body and found society quite immersed in media, likening the phenomenon to fish in water. Thus he stated the effects of media are subliminal yet determining even though the individual consumer may not cognize the effects.

In recent times, media products (and mediums) have flooded the individual's environment such that one is almost totally media-saturated. From iPod to iPad, smart phones and the DSTV walka, technology appears to move consumers to a point of never being disconnected. The user is thus interacting with geographical space (for want of a better term) via digital space which is more one dimensional.

As regards the media changing other aspects, much has been made of shortened words and phrases. Use of this rather limited stock of daring, sometimes strange abbreviations have increased along with another limited stock of emoticons<sup>10</sup>. Some theorists claim that this shift is shaping our youth in particular into 'iconic' individuals as opposed to literate ones which may have interesting implications for the pursuit of a robust civil society.

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<sup>10</sup> Emoticons refer to icon 'faces' showing a range of cartoon-like, exaggerated expressions (such as happiness, sadness, love, anger etc.).



While McLuhan points to subtler aspects of the influence of technology on the individual, other technological determinists take the overt view of technology being an agent of social change that is free from social pressures and human agency. They prescribe a technological fix for societal ills and ascribe agency to technology itself. Progress is defined along technological lines relative to each successive stage in development.

An example would be Moore's law. Moore was the co-founder of Intel. He predicted in 1965 that "the number of transistors that can be placed inexpensively on an integrated circuit doubles approximately every two years" (Web 9). This prediction was transformed into law as a result of being uncannily accurate. Moore's law simply put means that processing, speed and memory capacity increases exponentially every two years. Moore's law may be demonstrated in visual terms below (Web 9):



This picture indicates a bulky computer – the *Osborne Executive* portable computer from 1982. Alongside it is an *iPhone* released in 2007. The *Executive* weighs 100 times as much, has nearly 500 times the volume, cost 10 times as much, and has a 100<sup>th</sup> of the clock frequency of the *iPhone*.

Technological determinists would define and celebrate progress along such technological lines asserting that as technology is refined and improved, so too does knowledge increase simultaneously at that pace. While the visual impact certainly indicates the convenience of this kind of technological progress, one must be reticent at the wholesale acceptance of all other implications. The idea of knowledge doubling or increasing exponentially at the pace of technological development does not indicate any deliberation on the quality of knowledge that is increasing and increasingly available. Hence one must necessarily enter the discourse (taken up a little further on in this chapter) on the distinction between knowledge, data, information, etc.

Even if information available was generally of a respectable quality, there is the ironic manifestation of information wealth with simultaneous information poverty. As it is, there is simply too much information available for the capacities of the layperson to assimilate and digest. However, reiterating the conveniences of cellular telephony, McLuhan's central message of the transformative power of the medium is helpful as the cell phone has affected communication and mobility, positively, resulting in new potentials for development.

A key counter theorist who disagreed with some of the key thoughts of McLuhan was Raymond Williams. Williams (Fourie 2007, 142) had Marxist leanings and insisted on a cultural materialist perspective and did not accept technological determinism as sound or adequate. He argued that technology could not be ascribed with 'a power of its own' without taking into account the political, economic and social milieu within which it found itself. Although Williams agreed with McLuhan on some aspects, he argued that no media could engineer change as the media was a by-product of pre-existing socio-economic and political hegemonies. Therefore the medium will only reproduce those existing patterns of use and exchange (ibid).

The social shaping theorists evaluate technological determinism and find it wanting as an inadequate description of technological innovation and social / cultural change. Theorists within this camp assert that technological determinism fails in establishing technology as an instrumental cause for change. They further assert that social factors do not only shape the utility value of media technologies but also shape their design and implementation. Social shaping theories thus emphasize the primacy of human agency (Lievrouw 2002, 183- 189).

It is important to summarize these two trajectories of thought on media technologies as both permeate the development media discourse in different and sometimes contradictory ways.

For the developing context the primacy of human agency applies in a very qualified way and cannot be interpreted as a universal given that is experienced equally. When addressing the development context, human agency is circumscribed tightly by the political and economic environment, perhaps even more than the consideration of media technology itself.

Following on from Moore, technology has progressed in leaps and bounds to deliver highly sophisticated devices that have become an integral part of those individuals' lives that are able to afford them. Circumventing the technological determinism - social shaping debate, one may reflect that at a larger scale, new media technologies have expanded economic connectivity and consequently increased accessibility of different national markets to one another, thus injecting growth into the global economy. Developing countries like China and India have harnessed the potential of new media technologies (NMTs) to speed up their growth, while other developing nations have used NMTs to support development efforts. Given that NMTs have such a transformative effect on the social/cultural,

political and economic sphere it is critical that it is made to be universally accessible. However, alongside this tremendous technological revolution:

*There is a profound contradiction in the information age. Gulfs of inequalities in the world are growing deeper as electronic and other forms of connectivity are drawing people and communications even closer to one another (Youngs 2007, 143).*

## Digital divide or data trash?

The digital divide manifests as a lack of digital technology in some form or the other and crosses age, gender, ethnicity, class, race, nations and sometimes even education levels. It is of course most often used to emphasize the digital technology disparities between the developed and developing worlds. John Pilger in his award winning documentary *New rulers of the world* reflects:

*This is the age when technology has advanced so much that it gives us the potential to solve the problem of poverty, disease and other social issues, ironically never before that the gap between the 'haves' and 'the have-nots' been greater (Pilger, 2001).*

It is indeed ironic and almost contradictory that while technology gallops forward at breakneck speed, simultaneously technological scarcity abounds. While Pilger points to the ever widening gulf between the 'haves' and 'the have-nots', it is also a phenomenon which is exacerbated by a troubling expansion in the number of the 'have-nots'.

Marshall estimates that less than ten percent of the world's population of approximately six billion are internet users. Marshall also points out that with regard to technology the 'have-nots' are categorized as *data trash*, "made up of the discarded groups in any culture who are not connected to the new structures and machines of information" (Marshall 2004, 35). While there is greater connectivity celebrated by mobile telephony, there still remains large tracks of citizens disconnected effectively negatively branding them as *data trash*.

This appears a rather ruthless categorization; however, given the brutality of treatment and indifference towards those occupying the wrong side of the digital divide, it is a fitting term, embedded with a most accurate connotation. However I will use the categorization 'digital divide' (temporarily) for the purpose of clarifying a more comprehensive definition.

The digital divide describes the disadvantage of those who are unable to or choose not (for a variety of reasons) to use new media technologies, or as Marshall puts it, *the new structures and machines of information*. The divide is further refined according to a range of access or rather the lack thereof.

Lesame (2005, 3) describes access to technology giving greater clarity and depth to the more simplistic, existing definitions. *Mental access* refers to the lack of basic experience with new structures and machines of information (NSMI). This could be as a result of a lack of interest, a lack of perceived need or technophobia. *Material access* refers to the lack of technological devices by way of actual hardware, a lack of software and / or a lack of connectivity. It has been stated that with regard to the new media, content is no longer king. Connectivity is king (Evans, 2010). Rural areas are particularly affected by this lack as are war-torn regions or those wracked by political instability.

*Skills access* refers quite obviously to the lack of requisite skills to utilize new machines and systems of information (NSMI) which is caused by inadequate education and insufficient user-friendliness. This means not having enough exposure and experience with NSMI. A repeated critique of the attempts to address the digital divide is that provision of hardware and software is counter-productive without the concurrent investment of education (Lesame 2005, 3-4).

*Usage access* extends the category of *material access* and refers to the lack of sufficient usage opportunities. Linked to *usage* are the various levels of

*familiarity* present in users. *Familiarity* of the full range of what is possible in the digital environment may be considered as a contributing factor towards the divide making users fundamentally unequal. An example elucidating this point is when users in more rural areas of South Africa (and some users in the older possibly technophobic category) utilize their cell phones for basic first generation telephony only, as a result of a lack of familiarity of the full range of services and applications<sup>11</sup>. This is regardless of the availability of a host of 2<sup>nd</sup> and 3<sup>rd</sup> and 4<sup>th</sup> generation applications (Lesame 2005, 4).

*Enviroms access* refers to the impact of space and place. The places in which people access online determine how they will utilise NSMI. The public/private divide comes into play affecting what content would be accessed and also determines the diversity of ones use (ibid).

*Language* is perhaps the final variable theorists cite as a limitation augmenting the digital divide. This refers to the predominance of English across NSMI, which severely limits those who do not understand English, or use a minority language (Lesame 2005, 5).

While the access types of *mental, material, skills, usage, familiarity, enviroms* and *language* provides a concise description of the digital divide, other theorists' further refine the category. Following on from the conclusions of NWICO and the MacBride commission<sup>12</sup> theorists of this trajectory reflected on the 'core-peripheral' imbalances that occur in the global information market place.

According to Hamelink (1994, 143), the root cause of information imbalance is the historical colonial form and pattern of trade that was imbalanced in favour of the colonisers. Within the South African context one may clearly observe the way earlier historical inequalities compound present attempts at development.

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<sup>11</sup> This aspect will be revisited in greater detail when considering planned obsolescence.

<sup>12</sup> NWICO refers to the New World Information and Communication Order.

Apartheid geography still lingers both in relation to the rural – urban divide as well as with the urban poor. Thus digital inequalities are interwoven with other historical categories of inequalities such as class, gender, race, disability and even age.

While much has been made of the possible potential for the developing regions to leapfrog into the digital age, failure to address historical and structurally embedded inequalities would prove detrimental to the potentials of the digital age. Global and local attention with regard to the developing regions appear primarily to be on addressing the question of material access, and further focusing on meeting basic needs first. This effectively neglects other forms or causes of the digital divide. A compounding factor is the speed at which the digital economy develops. This adds to increasing inequalities as those who are already behind may get left further behind as the digital age gallops ahead. Conversely, new media in this infrastructure lends the capacity to increase the power and influence of already dominant groups.

Some theorists like McPhail (2013, 26) argue for an extension of the cultural imperialism thesis, stating that this phenomenon has morphed into an electronic colonialism. This creates and maintains all sorts of inequalities and imbalances which remain unfavourable to the developing regions. Hamelink states that, “the inadequate information capacities of most periphery countries are a serious obstacle to their own efforts to combat poverty and other deprivations” (1994, 148). Information imbalances limit sovereignty in that decision making is limited to the extent that decision makers lack information about their own region. This applies at the level of parliament as well as for the individual or citizen. However, the digital revolution has led to ever-increasing control and tightly guarded interests of a narrow band of global information owners.

The global information market place may be divided into the following variety of stakeholders:

- *the owners of the information 'highways' or the 'common carriers'*
- *the producers of information hardware and other infrastructural hardware*
- *the producers of information software*
- *information producers*
- *information consumers (McPhail 2013, 115).*

The information highways refer to the mechanisms of actual connectivity, which are satellites; fibre-optic cabling, digital switching technology; and microwave towers. Without pre-empting the analysis which follows this chapter, these carriers are dominantly owned by MNCs from the core countries and mark the starting point of informational inequity.

Information and other infrastructural hardware refers to devices at the point of connectivity such as fixed line telephones, cell phones, televisions, various computing devices and personal digital assistants (pdas). Most hardware processors and carriers are installed in the core countries. The technology is manufactured, designed and developed and controlled by the core. If there is any participation, Youngs states that, "...the technological know-how remains under the control of the transnational companies and the periphery countries play a minor role just in assembly" (Youngs 2007, 297).

Information software apart from the obvious one of programming, refers to the media as in the press, broadcasters, libraries and 'infopreneurs'. The critiques from NWICO-MacBride debates remain similar in this instance in that the volume and course of information flows appears largely uni-directional. Furthermore, information moves among the core countries and from the core to the periphery and rarely between the periphery countries.



*The capacity to produce, distribute and access pertinent information is very unequally distributed among the world's countries and the core countries have infinitely more control (Youngs 2007, 297).*

As regards information consumers, the earlier descriptors of the digital divide are applied to the individual end user within the developing world. For Africa, this situation is worsened by the high cost of access, inappropriate or weak policy regimes, inefficient telecommunication services and a lack of locally created content.

While there may be an emphasis on solving the problem of informational under-development there are different approaches to how this may be achieved; the first focuses on the interdependence of the worlds' nations thus necessitating the integration of the periphery into the global economy. The critique of this approach is that it locks peripheral regions into playing 'catch-up' according to the terms and conditions dictated by the core, thus drawing out the dependency of the periphery to the core, which could be indefinite.

An alternative approach is where the periphery would collectively take the initiative through stronger bargaining power to pressure the core for fairer trading schemes. This amounts to playing catch up by self-defined terms and conditions.

A third approach would be for peripheral countries to radically disassociate themselves from the core regions and focus on self-reliance. This seems an unlikely possibility as the global economic infrastructure is unyielding and dominantly neoliberal in nature, with far too much investment of the core regions in the peripheral regions. Hence it would be difficult to disassociate from the core-based MNCs among other things. The periphery is also still haunted by the demons of the past such as poverty, conflict and health issues which weigh down decision making processes for change.

Thus one may conclude that with regard to the digital divide there are no quick and easy solutions. A few general propositions may be for developing regions to address the issues of illiteracy by establishing community centers for public access, and encouraging the development of relevant content in the vernacular. Regulation is also important and in this context becomes a complex issue and development leaders ought to monitor this closely. This is because the digital media is global in scope and requires a more inclusive international cooperation and agreement between national legislators, and the digital media evolves so rapidly while regulatory arms (nationally and globally) move very slowly.

The *million yen* question is who ought to be responsible for addressing the issue of the great divide. The options sway between formal political–economic institutions such as the rich core nations, MNCs, intergovernmental organisations, and civic lobby groups and the individual citizen/end user herself/himself.

## **Global Constructions of the digital divide**

Wilson (2002) provides a valuable analysis of global NSMI discourses as she scrutinizes policy statements, unearthing a set of fundamental assumptions that appear to inform policy discourses. This refers to the technologically deterministic vision which is compounded by the construction of technology as a neutral tool for development. Wilson's survey of the literature spans 101 key documents and general but relevant websites such as UNESCO; UNDP; USAID; World Bank; IDCR – ACACIA program; ITU and the Global Knowledge program. This survey results in three salient themes:

- 1) *The construction of the category of 'information poverty';*

2) *The construction of what counts as legitimate/valuable information and knowledge;*

3) *The development aims of these programs, in particular models of progress and catch-up to industrial country ideals (Wilson 2002, 1-4).*

## **Forced to play catch up**

Wilson indicates that most development programs are framed in a modernization theory paradigm. This results in a vision of the developing regions:

- *as stagnant needing the injection of technological progress*
- *as stuck in the past of dominantly agrarian activity while trying to meet basic needs*
- *as behind in terms of technological progress thus living in a kind of information darkness.*

Wilson quotes from the United Nations Development Program and the World Development Report (1999, 1) which respectively reads:

*Knowledge is like light. Weightless and intangible, it can travel the world, enlightening the lives of people everywhere. Yet billions of people still live in the darkness of poverty – unnecessarily (Wilson 2002, 1).*

*Time will be of the essence. Already the fruits of the information revolution are skewed and inequitably distributed: developing countries are largely left behind and are a little more than fringe players at best, observers at worst of the dynamics and benefits enjoyed by many industrialized countries. Indeed, a new type of poverty – information poverty – begins to afflict developing countries...Information technology has a place alongside adequate food, health care, education, and other fundamentals. By taking this place it has broadened our definition of poverty. Those people or countries who cannot or will not participate fully in the new information economy will find it all the more difficult to climb out of poverty (Wilson 2002, 3).*

These two quotes indicate the way in which information poverty as a category is delineated. The idea of the digital divide is extended to wealth and poverty with time and individuals included as crucial determinants. Knowledge is equated in an unqualified way to abundance and success while the lack of knowledge is equated to poverty and darkness. The analogy in the first quote thus betrays a subtle implication of poverty being a result of ignorance - an unnecessary

ignorance at that. Thus a binary opposition emerges with regard to NSMI and may be tabulated as follows:

### **The NSMI Development Binary**

Developed	Developing / underdeveloped
Rich	Poor
With NSMI	Without NSMI
Information rich	Information poor
Modern	Traditional
Knowledge	Ignorance
Light	Darkness
Proactive	Passive
Winning the race of the digital divide	Losing the race of the digital divide

Wilson's third quote was extracted from the United Nations Development Program (Web 10) and represents a further extension of the binary of the digital divide.

*And let me lay my cards on the table at the start by saying that in my mind there really is no more critical question facing the developing world today than how to face up to the challenges and opportunities offered by the Information Revolution, and particularly the phenomenon of the Internet. It is now the two edged sword that is leading the process of globalization: wounding those who don't quickly enough grasp how to use it by leaving them ever further behind, but providing unprecedented benefits for those with the courage and willingness to grasp its potential to drive change ....ICT is transforming everything it touches, from politics, to business, to culture, to education and to health. And what we have seen so far is just the*

*tip of the iceberg. But it is an iceberg the developing world is currently at more risk of crashing into than making use of (Wilson 2002, 4).*

This quote reveals assumptions of passivity amongst those considered information poor. In addition, technocratic solutions are assumed to be the magic solution to the social ills related to poverty – a sort of *digital sublime* (Mosco, 2004) as it were. Furthermore referring to information poverty devalues knowledge of people of the developing world implying a lack of knowledge altogether. Information poverty ought not to be seen on its own devoid of or excluded from general poverty. The binary extends information rich and information poor to include another dichotomy which is the equation of the traditional and the modern to the information poor and the information rich. Devaluing traditional culture occurs as a result of the particular way in which technology is cast. The concomitant effect is equating information to knowledge and classifying particular kinds of knowledge as valuable, rendering other types valueless, if they are regarded as knowledge at all.

The critique centrally is that these kind of assumptions are problematic as they inform development programs which are designed to provide as much technology as possible to developing regions so as to emerge as a reasonable facsimile of the North Atlantic region, as this is taken finally as the benchmark. The technocratic solutions do not often take into account the political, economic and cultural climate of the regions in question. A further and serious weakness is to assume a technological solution to poverty. when these very problems emerge from very complex political milieu and thus the effects of the problems are not really connected to the right causes. It requires more than just access to create a climate of assimilation with technology that will have positive returns. Thus it remains questionable how achievable these programs carrying such assumptions could be.

The tenor of the quote also implies that the fault or responsibility lies with the end user to assimilate NSMI. Wilson states that the theme recurs across the ICT development discourses – and one may even find echoes across local leaders.

Former South African President Mbeki states:

*in an age of globalization, every country needs to create capacity in the area of communication and information technology or face the risk of permanent global marginalization of our countries and peoples. We cannot begin to be fully integrated into the global economy if we do not develop the necessary skills to participate in the increasingly knowledge based communication society (Web 7).*

There cannot be a wholesale transfer of responsibility for assimilating the information society onto the developing world as there are complex global issues at play. Trade regulations, international technological standards, and the tightening noose of MNCs and their exertion of control particularly in the developing regions, are the range of variables limiting the possibilities for universal access in the fullest sense of the term.

*The information revolution offers Africa a dramatic opportunity to leapfrog into the future, breaking out of decades of stagnation or decline. Africa must seize this opportunity, quickly. If African countries cannot take advantage of the information revolution and surf this great wave of technological change, they may be crushed by it. In that case, they are likely to be even more marginalized and economically stagnant in the future. (Talero and Gaudette, World Bank Group Strategy quoted in Wilson 2002, 11).*

The tendency across development ICT discourses also seems to lay down an imperative of time – i.e. that it is of extreme urgency for the developing regions to participate in and *win the race* towards an information society, or risk the real possibility of marginalization, stagnation and decline. The discourses never reveal the complex political and economic quagmire that the developing peoples face in trying to achieve a win in this race. As the introduction of this thesis points out, the industry is far from benign or benevolent and often beset by greed and avarice which itself adds a troubling dimension of a global scale to the political and economic quagmire mentioned above.

Despite the global political economic quagmire, policy makers still emphasize NSMI as the key to fast tracking developing nations out of stagnation and decline. While critics are not necessarily in opposition to the potentials of NSMI, the key assumptions of value neutrality and technological determinism are regarded with some degree of scepticism. In addition NSMI are promoted as tools for development in an unqualified way. Thus what is questionable is the assumption of a wholesale acceptance of the information society 'as it is' in the developing context.

Following on from McPhail's elucidation of electronic imperialism and in spite of the counterpoints of the east (the "Asian Tigers"<sup>13</sup>), it remains clear that apart from hardware and software dominantly disseminated to the developing world, the production of knowledge, information and entertainment has assured the reproduction and maintenance of western style hegemony via established practices of knowledge production and validation. Holtendahl quoted by Wilson (2002) states, "the criteria of what counts as knowledge continue to be defined in the academic centres of the West. The dissemination of this knowledge is based on notions of *transfer of knowledge* from the West to the South".

One issue that emerges is the constant reliance on solutions for development problems derived in the West as a result of the developing world's increasing dependence on western solutions as local, indigenous knowledges and understandings become ever increasingly under-valued, de-valued or ignored<sup>14</sup> altogether. Another rather troubling issue that emerges as a result is the over reliance on knowledges and understandings defined in western academic centres. A disturbing trend is that western academic centres are not really

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<sup>13</sup> China, India and Korea

<sup>14</sup> One example is the effort in India to invest in a rural area (Malavli) by providing better housing with indoor toilets. Predominantly a farming community, families who benefitted from this scheme often housed their livestock in the anterooms and still utilized the fields as toilets as they believed that indoor toilets were unhygienic and unlucky. Had there been greater consultation, the construction could have been done to suit these belief systems.

independent free institutions of knowledge production. In some ways, institutions have become hegemonic instruments, propping up neoliberal ideology. Wall Street, the World Bank and the IMF have been known to fund academics from leading institutions in the west to endorse policy thus putting intellectual weight and adding credibility to a host of policies that together form the western economic model in which the market is deified.

This is the way in which the deck is unfairly stacked against development endeavours as alternative modalities cannot even be brought into the discussion.

*The global relevance of the information society and an information economy is assumed. The global economy is taken as a given and there is no suggestion that perhaps technology or the market should slow down as has been argued by various critical development theorists and environmentalists...Rather, developing countries are impelled to work harder to catch-up (Wilson 2002, 12).*

Within this political economic framework critics remain sceptical of the achievement or even pursuit of social goods like universal access, global commons, and a healthy public sphere as Habermas originally envisaged it. This is because if such things are left to market solutions, the proven track record of *the market* has been a primary concern with the “bottom line”, to the exclusion of other concerns such as social goods: *the res publica*.

The knowledge society set against the backdrop of the neoliberal economic model defines information as an economic category. Talero (a member of the World Bank) quoted by Wilson states that “information is a factor of production, in a category with land, capital, and energy” (2002, 9). The information society is hailed as a global panacea to social ills but what is remarkably silent about the information economy is that not all information is equal and not all information is valued equally. Information has emerged a commodity like any other, playing in the market place to fetch the highest exchange value. Thus information that can



translate into high exchange values is regarded as valuable while information that does not translate into exchange values is regarded as insignificant.

An increasing characteristic of the knowledge economy is the way the terms knowledge, information and data are used interchangeably, meant to signify the same or similar things. In the context of the information society and NSMI discourses knowledge, data and information are largely seen to be commodities signifying an economic facet; in addition, information poverty is couched in economic terms.

*ICT's serve as a transmission belt to generate, access, disseminate and share knowledge, data, information, and communications and best practices. Three central features are at the heart of the knowledge revolution. Information and knowledge are instantaneously accessible, they are transportable and can be simultaneously distributed to an unlimited number of users. Indeed, they cannot be depleted. The use by one does not prevent the use or consumption by somebody else. They cannot be owned, though their delivery mechanisms can. Selling them entails sharing, not exclusive transfer. Indeed, information and knowledge represent a global public good (UNDP quoted by Wilson 2002, 14).*

While the UNDP report represents an understanding of the utopian vision of the knowledge society, there is not enough acknowledgement of the very real, tangible barriers to access across a series of levels to this alleged 'global public good'. Burkett (quoted in Wilson 2002, 16) alerts us to this issue when she states that,

*it seems that what is needed to resolve these 'real' problems is not further information, but rather things which are much more difficult, time-consuming and probably not as glitzy as ICT development – that is, political will, recognition of personal and social responsibilities, and ultimately action on the part of governments and civil society...a call is made for a turn to social and human development to counter the increasing emergence of a "cyber-elite alliance" which is neatly camouflaged within much of the largely apolitical ICT and development discourse..*

Simone and Fernback (2006) point to a deeper immobilizing conflict at the heart of the matter. They argue that the difficulty with communications policy broadly speaking lies in the attempt to converge two divergent theoretical traditions. One tradition relates to neoliberal market theory and the other tradition relates to the

public sphere. As a result, Simone and Fernback argue that “problems in developing normative guidelines and implementing consistent policy measures have reoccurred” (2006, 288). Notions of the public sphere, a global commons and even universal access are ideas that do not in the best of times co-exist within a predominantly market model as the market model distorts social and productive relations. With regard to the knowledge economy, commodification of information is the next frontier.

## **The commodification of information**

Commodification generally speaking refers to the imposition of exchange relations onto social relations, while commodity fetishism refers to the distortion of use values and exchange values. Within the knowledge economy, commodification and commodity fetishism manifest via the imposition of seemingly apolitical and value neutral market apparatuses. These coercive market apparatuses of repression and consent effect a blurring of boundaries between the private and the public producing an effective distortion of the ideas of knowledge, information and data. The distortion of the different categories of *information* is a necessary precursor to the manipulation and profiteering of private information.

The idea of apparatuses was first introduced by Althusser (2001, 79-89) who rejected the simple determinant of economics. He asserted that individuals live in a symbolic universe and meaning is made out of the process of interpellation or identification with sets of ideological representations which function to maintain dominant social relations by producing conformist subjects. Althusser identified ideological state apparatuses such as the nuclear family, education, religion, and the media whose purpose was to constrict such subjectivities. He also identified repressive state apparatuses which were the military, the police and the legal

system etc. Both ideological and repressive state apparatuses colluded as it were to maintain the dominance of the ruling class, the former through consent, and the latter through (the threat of) force.

Althusser's apparatuses are extremely useful in analysing the information society. In the information society the state recedes a little in its role of creating ideological and repressive apparatuses. Technology via immensely powerful telecommunications MNCs create the technological apparatuses of new structures and machines of information (NSMI) and together with political regimes give business interests a democratic patina. Marshall (2004) first introduced the term *new structures and machines of information* as a means of encompassing an ever widening terrain of the digital world.

The technological apparatuses of NSMI give rise to twin hegemonic strategies, one ideological and the other repressive. The technological apparatus of coercion creates familiarity to generate consent with new technology via a set of representations designed to create an environment of adoption of NSMI and to manufacture consent for a world of digitally based consumption. As Marshall aptly puts it: '*producing us as technological subjects*' (2004, 33). Apart from the obvious advertising for specific products, the media has provided niched areas of space by way of columns and specialized sections in the press and programming on television to construct the public as 'technological subjects':

*Each Thursday the New York Times includes a section entitled 'Circuits'. 'Circuits' is devoted to new technologies generally connected to digital gadgets and new computer programs. Reviews of new pdas, discussions of digital effects in film, or new functions in the next generation of mobile phones are regular features. The critical edge is even more lightly applied than to the entertainment sections of newspapers. For eight to ten broadsheet pages, the articles express a celebration of technology and the cult of the new. 'Circuits' represents a very long tradition with relationship to technology; new inventions express the superiority of the modern over anything traditional. It is a reading of technology in a new Darwinism: each succeeding technology improves on its previous generation and liberates humanity just that much more. The New York Times is not alone in providing a regular space for this celebration of the future in the present manifestations of technology. Every major newspaper in the world allows for*

*these fluff pieces about the promise of technology. In the last decade, they have developed into a larger niche of the press and have become regular features on television with whole shows such as Tech TV devoted to the love of new electronic and digital gadgets (Marshall 2004, 29).*

One South African version of ideological apparatuses is the Tech@work show screened on a local free to air channel (Web 11). One of the telecoms giants in South Africa - Vodacom - has created Vodaworld, located in Johannesburg (Web 12). These are examples of how ideological apparatuses have evolved from meagre press columns and television features to a manifest, tangible show of digital life. Again, the critical edge is diminished as newer features are celebrated with no reference to the multitude of difficulties within the sector.

Althusser's repressive state apparatuses were identified as the coercive forces of the state. In this case, the repressive technological apparatuses manifest as *legalese*. *Legalese* refers to the legal discourses around the adoption of NSMI. These are lengthy abstruse legal texts which upon adoption forces compliance via the threat of legal action and force from the original state repressive apparatus: the police. The prime cause for the rise of the collusive forces of these twin discourses is the economic value ascribed to the circulation of information, as information in the information society is a commodity, "a factor of production, in a category with land, capital, and energy" (Talero, quoted in Wilson 2002, 9). As with commodities like land, property and energy, an entire legal discourse emerged to enforce the protection of these digital commodities, at the centre of which lies Intellectual Property Rights (IPR).

Intellectual property covers any idea or product or process that has an economic value or potential economic value. Intellectual property rights also include patent, copyright, trademark and trade secrets. In the US, IP legislation is being used to change ideas into commodities thus turning information into 'goods', and 'perishable goods' at that. Currently the extension of copyright law appears to benefit corporations more than individuals even though technically copyright now

covers all creative acts, extending to e-mails, a poem and even text messages (Correa 2000, 50-61). The extension of IP law is due to the characteristics of NSMI, one of which is digitalization. Digitalization marks the shift from analogue to binary code as a means of recording, storing and reproducing data. This renders digital texts dematerialized as they are disconnected from the physical form and may be reproduced ad infinitum, very easily and cheaply. While IP law extends to protect the rights of authors as they are cited as the key stake holders in grave danger in this new information society, it is really big business interests that IP law really works for, protecting software codes and what may arise as other valuable pieces of informational commodities.

Some theorists argue further that IPR is effectively closing the once open domain of the virtual sphere and instead assert the need for *information commons*, where information is freely exchanged without economic value or with minimal economic value ascribed to it. Others argue that IPR goes against the fundamentals of the public sphere and the fourth estate as it is aggressively utilized to hide illicit information about industry malpractice or corruption, whereas the public has a right to information. The converse practice of surveillance also arises as problematic as IPR tends to protect industry rights to privacy but not citizens.

Following on from Zimbardo's ideas of *Big Brother* (Web 13), the virtual space is one where there is ample potential for surveillance. Thus anonymity is a myth because of the digital trace referred to as 'cookies'. Two salient questions arise. The first asks how behaviour changes when individuals internalize the constraints of surveillance in the virtual world<sup>15</sup>. The second question which is of mounting concern asks who has control of and access to surveillance; and what

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<sup>15</sup> One has only to review Zimbardo's work (though dated: Web 86) to see that surveillance has a direct behavioral change effect on individuals.

are the implications of this control or access. The key issue is whether MNCs colluding with political regimes have acted on their power for surveillance in order to seek out and restrict, punish or eliminate dissenting or anti-hegemonic voices.

## **The real digital divide**

Gandy (2002, 448) presents the idea that the real divide in the digital age has been the increasing gulf cultivated between notions of the citizen and the consumer. This divide raises debate about the role and responsibility of government for ensuring a well-served citizenry. Gandy argues that the Reagan administration was credited with dismantling the welfare state and with ushering in the era of the *sovereign consumer* whose interests reign over that of citizens as the primary basis for evaluating social systems:

*Neoliberal political philosophy has found a comfortable berth in an intellectual stream of post-modern thought that denies the possibility of an institutionalized representation of common or collective interests...Ironically, despite the obvious inequalities we observe within the marketplace, the market is praised as being more responsive than political systems to individual interests (Gandy 2002, 449).*

Tracey (in Gandy 2002, 452) asserts that these intellectual constructs took hold after the continuous election of right-wing governments which resulted in the centrality of the *individual-as-consumer* alongside which followed the interests of *the corporation*. Hence notions of public good, public interests, community, public culture, citizenship, governance and even the nation state were “buried in the rubble of the old order” (2002, 452) – the welfare nation state.

Accompanying these ideas of the centrality of the consumer, a market logic or “marketization” ensued. This referred to support for market solutions as efficient and self-regulating, paving the way for the dominant role private corporations would come to play in managing public culture (Gandy 2002, 451).

This raises important questions as to the health of public culture; democracy; and civic activities. Calabrese and Borchert as explained by Gandy, indicate that the construction of the individual proportionately as consumer or citizen will ultimately determine the role technology will play in '*post-industrial democracy*':

*They suggest that the network environment stratified and segmented, and that a 'new class of technical and professional intelligentsia' will be engaged in activities that will be 'exclusionary, both by default and by design'. Interestingly, they suggest that the civic activities of this new class will be financed primarily by the revenue generated by the lower social strata who will be involved in the network primarily as consumers, rather than participants, or sources of argument and analysis (Quoted in Gandy 2002, 456).*

Although Gandy's reflections are somewhat dated, a more recent critical survey of EU (European Union) mobile narratives (Lillie 2009), embedded in which lies the likeness of the ideal EU citizen of the mobile world, yields three notable findings. Policy goals articulated in "Working in the Knowledge-Based Economy" section of the EU action plan white paper for the EU Commission focuses on the need for public access as a necessary precursor to training of IT low-tech workers seen as important to stimulate 3G development. Thus public access is seen in terms of training and development of a new information workforce as opposed to the idea of information commons and universal access (ibid).

In relation to the construction of mobile users, individuals are cast in a seamless identity of work and play, "switching from information worker to media consumer" (Lillie 2009). Mobile users are further constructed as a fraction of the world representing only the elite who can afford the expensive gadgetry and accompanying packages:

*Money rather than nationality or residency is the ticket to access in these commercial narratives...The libertarian spirit of cyberspace translates to freedom of agency and choice in the mobile universe, but the notion of "participation for all," which was key to so many cyberspace manifestos, is lost to the "pay per" market criteria... Mobile citizenship is the providence of a "pay per" nation of liberated citizen-cyborgs (Lillie 2009).*

In the information society consumption reigns over citizenship and individual consent is not derived so much from the state apparatuses as from contemporary technological apparatuses. The idea of technological apparatuses is distilled to include apparatuses of coercion / consent and the repressive apparatuses of legal discourses around NSMI. It is these apparatuses that the thesis attempts to explore and understand in the next chapter. Regrettably, Barber's postulation rings true that technologies can help democracy only if they are programmed or designed to do so, and otherwise remain further constrained by the politics and paradigms that inform them. "Left to the market it is likely only to reproduce the vices of politics as usual" (Barber quoted in Gandy 2002, 456).

## **The South African context**

### ***Introduction***

Literature on the media in South Africa is vast and within the sector of telecommunications, it is also extensive. However it was found that there was not much holistic treatment of the telecommunications industry from a political economy and cultural theory perspective. This necessitates investigating the industry in terms of ownership patterns, regulation, consumption, and most importantly, in terms of ideology in its fullest application. The attempt here is to give narrative voice to the lesser told stories (particularly in relation to consumption and end use) and link patterns emerging to wider systems of control. The thesis thus explores some alternate and covert discourses that arise in the telecommunications sector.

### ***The South Africa media***

The South African media studies landscape is governed by a few key journals and key scholars. The scholarship of media in South Africa tends to be divided



according to the different tiers of media, i.e. commercial media; community media, and the public service broadcaster or SABC. Further divisions occur across film, communications, journalism and the public sphere which tends to include some consideration of the internet and finally telecommunications. The regulatory frameworks controlling each of these sectors are often dealt with alongside other discussions of the media or field in question.

In relation to the relevant journals addressing the telecommunications sector, *The African Studies Review*, *The Journal of Southern African Studies*, *The Review of African Political Economy*, *The Journal of African Law*, *Alternation*, *Critical Arts and Communicatio* all feature articles related to telecommunications in South Africa. While these will be considered and are deemed relevant, the journal exclusively dedicated to telecommunications in South Africa is, *The Southern African Journal of Information and Communication*. The thirteen editions since inception will be closely considered in this literature review as this Journal represents the dominant discourse in the field of telecommunications in South Africa.

The review focuses on post 1994 and post the triple enquiry and merger of the Independent Broadcasting Authority (IBA) and the South Africa Telecommunications Regulatory Authority (SATRA) (Web 14). The study also focusses more dominantly on the period after 2000, when competition was first stimulated with the promotion of the third mobile operator.

### ***Telecommunications***

Literature on telecommunications falls within a range of related fields and may be grouped in associated areas such as legal and regulatory issues, e-governance, e-commerce, best practices, sectoral reviews, case studies, gender, development discourses, and universal access. The telecommunications sector

generates a range of literature and for the purposes of this study, all literature focusing on the technical aspects of telecommunications such as fibre optic cabling; the mechanics of microwave towers; switching technology; reducing noise or interference with voice-over protocols etc. are excluded as it falls beyond the purview of this study.

With regard to e-commerce and e-governance, literature is prolific and focussed on comparative studies of the state of e-commerce in the SADC region and South Africa (Esselaar and Miller 2001, Moodley 2002, Melody, Currie and Kane 2003, Oyomno 2003, Verhoest, James, Marias and Audenhove 2007, Mitrovic and Bytheway 2010, Olst 2011, and Naidoo 2012). These studies also consider factors of e-readiness in relation to e-governance and e-commerce. Burke (2012) and Cloete (2012) offer two historical reviews of e-governance research within Africa and South Africa respectively. Ochara balances the literature (2012) indicating that there needs to be some consideration of the demand side of e-life as it were. One cannot only be focussed on the supply of e-commerce and e-governance, its sustainability requires the meaningful participation at grassroots level. Stavrou (2000) located the communication debate within the development context; however, none of these early developmental discourses are revisited in a substantial way. The focus rests on e-commerce and e-governance. Alongside these considerations some space is given to regulatory issues such as licensing and IPR.

One of the earliest articles related to telecoms and legal frameworks was by Horwitz (1994) who contemplated the contradictions between political reform and economic reform in the telecoms sector in South Africa. Burns (1999) later takes up the issue of regulation of telecoms in South Africa at the cusp of ICASA<sup>16</sup>'s birth and Zlotnick (1999) raised the timely question of telecoms monopolies in

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<sup>16</sup> The Information and Communication Regulator in South Africa.

South Africa given the then fixed line monopoly of Telkom and the mobile duopoly of Vodacom and MTN. Collins (2004) later reviewed the state of media policy and convergence in South Africa against the spectre of concentrations (monopolies, virtual monopolies and oligopolies) and Sutherland (2010) discussed the challenges facing the South African markets given the high charges of international roaming.

In terms of regulation and licensing, apart from Zlotnick (1999), Collins (2004) and Sutherland (2010) who deal directly with the vital need to manage the monopolistic tendencies of the telecoms sector, most of the other literature around regulation focusses on sectoral reviews within South Africa and Southern Africa (Esselaar and Gillwald 2006, Esselaar, Gillwald and Stork 2007, Westerveld and Maitland 2002), and challenges from a business perspective (Henten, Samarajive and Melody 2002, Muhuro and Kennedy 2005, Bur and Galperiner 2005, Broek and Lievens 2007, Abrahams, Bakker and Bhyat 2007, and Pierson, Baeden and Lievens 2007).

Studies addressing universal access focussed again on reviewing the field (Benjamin 2001, Oyedemi 2004, and Armstrong and Ford 2006). Lewis (2012) highlights an important disjuncture when considering universal access. The awkward fit of developed nation's doctrines on a developing world context results in little or no impact of such policies towards universal access.

With regard to gender and disability case studies tended to focus on affluent areas and were at best anecdotal (Hyde-Clarke 2006, and Wasserman 2007). Literature related to gender was a little more prolific focussing on rural women and the development potential of ICTs (Schreiner 1999, Gillwald 2000, Marcelle 2000, and Pade, Mallinson and Cannon 2005); however, there was no real focus on disability issues.

In relation to IPR and privacy concerns the focus of the literature was largely on technical protection for businesses and government (Masango 2006, Keats 2006, Baude, Hofman, Kitz, McDaniel, Rens and Riley 2006). In terms of surveillance, Cohen (2000) sounds one of the first warning bells highlighting the lack of clarity in legal frameworks covering this field. She emphasized the dire need for the law to catch up with better protections for more sophisticated crime. Hosein (2001) represents the only other focus on privacy; he too reiterates the need to update policies governing surveillance given the rapidity of convergence. Finally Cassim (2011) addresses that hidden yet growing threat of cyber-crime in South Africa indicating that the more pressing problems of poverty, HIV and AIDS, and traditional crime have kept government preoccupied without allowing much vision to tackle cyber-crime. Though the act lays out certain protective provisions, the public at large lacks knowledge of it and hence remains unprotected.

## **Concluding thoughts**

Horwitz's (1999) early review of telecommunications policy reform in South Africa indicates that a key positive is that the reform process took place in a democratic context allowing for debate and consultation within the public sphere. Cheru (2001) discusses the complex problem of poverty in South Africa and the proposed neoliberal strategy as a key means of poverty alleviation. Cheru reflects that there is a price for the over reliance on market led solutions for the problems of poverty and inequity as nowhere internationally has neoliberal adjustment resulted in socially progressive and equitable outcomes, not least in a developing context. This has its implications for telecoms as the sector has been marked by liberalization, privatization and internationalization – in short, neoliberal policies. Gillwald (2005) later supports the view as she asserts that this model was inappropriate for the developing context. Cohen (2003) considers

the impact of regulatory capture by market forces in the telecoms sector and concludes that the flaw in defining regulatory independence needed to be addressed for the sector to *bear development and economic fruit*. One of the most useful articles for this study was Wilson's (2002) reflections on national and international discourses of development and ICTs. Mansell (2004) offers some interesting thoughts on ICTs for development; however, Wilson remains the most profound on developmental issues.

Esselaar and Soete (2007) note the incoherence of ICT policy in South Africa given the rapid rate of convergence and growth in the sector. Joseph and Parayil (2008) analysed the performance of development countries, post the Information Technology Agreement (ITA) and trade liberalization of information and communication technology, concluding that bridging the digital divide needs complementary investment in capacity building as opposed to depending solely on trade liberalization to deliver developmental goals. Singh (2010) reveals the disjuncture across policy, legislation, rhetoric and implementation. Singh asserts that the over-arching approach to ICTs is technologically deterministic which has created contradictory and inconsistent views from Government on ICT policy in relation to the digital divide and what mobile telephony can offer development. Ochara (2012) offers a most interesting account of best leadership for the sector asserting that the electronic age demands a development-oriented, socio-technical ontology of leadership.

The review reflects a largely technocratic approach to ICT discourses which is satisfactory if well balanced with alternate discourses (also of development). The review indicates that gender, development and transformation receive consideration via specific case studies with a few articles offering a deeper theoretical treatment as is the case of Wilson (2002), Mansell (2004), Collins (2004) and Ochara (2012).

The literature reflects prolific work in the field of e-life (e-governance, e-commerce, e-readiness etc.) as well as in the technical area of regulation and licensing, while less is reflected in the area of universal access. Copyright and IPR forms a large part of the literature; however, this is not surprising given the rise of information as a commodity alongside ICTs. Thus the space emerges to investigate more thoroughly the alternate discourses within the sphere of telecommunications, including the discourses of the end user or consumer.

# CHAPTER THREE: THEORY

This theory chapter takes a chronological path delineating the birth of political economy and the growth of political economy of the media. Classical political economy in some ways leads into the Frankfurt school of critical political economy which is differentiated from the later development of contemporary political economy. The review takes into account the plethora of work post-convergence<sup>17</sup> which has resulted in the clustering of ‘*medium*’ (specific) studies within media studies, fostering inter-disciplinarity across theoretical approaches and methods.

## Classical political economy: the birth of the approach

The official birth of classical political economy is said to have occurred during the 18<sup>th</sup> century Scottish Enlightenment via Adam Smith; however, earlier philosophers contemplated similar trajectories of thought. In the philosophical heyday of Greece and before his disillusionment with politics, Plato was reputed to be a great consultant for statecraft (Durant 2006, 26 – 28). In *The Republic* Plato considered the ethical, political, and the psychological problems affecting ‘just’ rule. Plato’s analysis of the deficiencies of different forms of statecraft rings a sombre note centuries later. It is rather interesting to briefly revisit Plato’s misgivings (quoted by Durant 2006) and rather lucid insights on democratic rule.

*But even democracy ruins itself by excess – of democracy. Its basic principle is the equal right of all to hold office and determine public policy. This is at first glance a delightful arrangement; it becomes disastrous*

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<sup>17</sup> Convergence is utilized in its broadest connotation of merging across various platforms, i.e. telematics and computing leading to telecommunications or telephony; policy; previously distinct and separate intellectual traditions; and across previously distinct and different communication channels/mediums/pathways.

*because the people are not properly equipped by education to select the best rulers and the wisest courses...*

*The more Plato thinks of it, the more astounded he is at the folly of leaving to mob caprice and gullibility the selection of political officials – not to speak of leaving it to those shady and wealth-serving strategists who pull the oligarchic wires behind the democratic stage. Plato complains that whereas in simpler matters – like shoe-making – we think only a specially-trained person will serve our purpose, in politics we presume that everyone who knows how to get votes knows how to administer a city or state. When we are ill we call for a trained physician, whose degree is a guarantee of specific preparation and technical competence – we do not ask for the handsomest physician, or the most eloquent one; well then, when the whole state is ill should we not look for the service and guidance of the wisest and the best? To devise a method of barring incompetence and knavery from public office, and of selecting and preparing the best to rule for the common good – that is the problem of political philosophy (Durant 2006, 26 – 28).*

Durant's observation of Plato's insights emerge as a significant canvas against which one may examine the current quandaries of our age, where politics and statecraft remain the office of those whose skills appear limited to securing votes. The problem of political philosophy and the problem of ethical philosophy were perhaps the early thoughts heralding the discourse of political economy.

Some of these earlier thoughts of just rule, ethics and individual fulfilment resurrect later in Adam Smith, whose most well-known text was *An inquiry into the nature and causes of the wealth of nations* (1776), abbreviated to *Wealth of Nations*. The questions of ethics and individual fulfilment are, however, addressed in Smith's earlier and lesser known text, *The Theory of Moral Sentiments* (1759), while the *Wealth of Nations* came to be seen as an inaugural text in the discourse of political economy. Political economy then came to be the study of wealth creation and wealth distribution.

However, the contemporary shifts in the disciplines may be reflected in Adam Smith's unyoking of the science of wealth creation *from* moral sentiments and issues of distributive justice. Neoclassical economics in this sense gave rise to the modern discipline of economics, a science centrally focused on the creation of wealth within a nation-state, with little consideration for distributive justice or Smith's *Moral Sentiments*.



Thus the great divide arose separating 'pure economics' which was mathematical, statistical and value neutral, from political economy which tempered the view of economics with considerations of history, ethics, and just rule by way of men pursuing "the thing to which [their] nature is best adapted" (Stumpf and Abel 2002, 463). If Adam Smith inaugurated the field of political economy, then Karl Marx must certainly be acknowledged for populating it. Marx remains ever relevant in the field of political economy, as his conceptual legacy of historical materialism, ideology, the labour theory of value, and commodification and commodity fetishism came to be applied to contemporary economic analyses in addition to media and communication. Echoes and adaptations of his legacy emerge across most of the more contemporary figures in the field, therefore a more detailed account of Marx's contribution is not pursued at this stage as it is deemed more useful to consider the adaptations and applications of Marxism/neo-Marxism by earlier and contemporary theorists.

While the field of political economy of communication was advanced through considerations of Marxist theory, the early figures of Theodore Adorno and Harold Innis seem somewhat neglected, or summarily dismissed, and should be revisited to acknowledge the contribution they made to the political economy of communication and media. They may be seen as the pre-contemporary figures of influence of the political economy of communication.

## **Key figures (pre-contemporary era)**

This section begins with considering two early theorists of the Frankfurt School: Theodore Adorno and Max Horkheimer; it is their contribution to the conceptual building of a political economy of communication that is considered. Other theorists (not of the school) are reviewed as theorists of influence featuring in the

pre-contemporary era: Harold Innis, Antonio Gramsci, Dallas Smythe, Paul Lazarsfeld, Louis Althusser and finally Marshall McLuhan, once hailed by Playboy magazine as '*the metaphysician of the media*' (Playboy Magazine, March 1969).

## **The Frankfurt School and others**

Much has been written about Adorno's brooding pessimism over the decline of high art and independent artistic endeavour due to the development of a capitalist-controlled industrial mass culture generating mass conformity. Some works dismiss Adorno as being elitist at best or irrelevant at worst. Adorno was part of the Frankfurt School, a highly influential institution regarding the development of a political economy of culture.

Arguably Adorno's most known work was the 1944 book *Dialectic of Enlightenment*, written with Horkheimer. The most significant chapter for our purpose is, "*The culture industry: enlightenment as mass deception*". This could arguably also be the most rejected of Adorno's work. Even so, echoes of Adorno and Horkheimer's critical perspective inherent in this work may be found in recent analyses of the communication industry, post-convergence: *The Middle Mind* (2003), *Amusing Ourselves to Death* (1985), *Cult of the Amateur* (2007), and *The Shallows* (2010) are four relatively current titles that continue to investigate the demise of "culture" and the problems of cultural conformity and mediocrity as a result of mass culture. These themes also feature strongly in the latest trajectory of media studies – surveillance studies.

Robert E. Babe (2009) resurrects some of the salient parts of Adorno's contribution in a recent and extensive review of political economy and cultural studies. Babe also reasserts Adorno's Marxist-inspired contribution as an important one towards a political economy of communication. Adorno was really

the first theorist to introduce the analytical construct of *culture industries* which connected communication processes and products to wider systems of political and economic control. After the first experimental radio broadcast in 1910 (Web 15), mass media was extended beyond the press and an industrialized media gained traction. Many believe that it was Hitler's manipulation of the media and perhaps even Roosevelt's '*fireside chats*'<sup>18</sup> that stimulated Adorno's thesis on culture. Whatever the catalyst, Adorno's experience of mass culture in America led to a few rather ominous projections<sup>19</sup>.

*Culture is a paradoxical commodity. So completely is it subject to the law of exchange that it is no longer exchanged; it is so blindly consumed in use that it can no longer be used. Therefore it amalgamates with advertising. The more meaningless the latter seems to be under a monopoly, the more omnipotent it becomes. The motives are markedly economic (Adorno, Web 16).*

Adorno saw a 'sameness' within cultural production in America and linked this uniformity in cultural products to systems of political and economic control. He was also the first to clearly focus on and articulate the notion of cultural goods as commodity forms. The commodification of culture was therefore capital's extension into leisure time and individual desire, both subject to capital's rationalization, unification and "negative integration".

*The culture industry, which involves the production of works for reproduction and mass consumption, thereby organizing 'free' time, the remnant domain of freedom under capital in accordance with the same principles of exchange and equivalence that reign in the sphere of production outside leisure, presents culture and the realization of the right of all to the gratification of desire while in reality continuing the negative integration of society (Babe 2009, 19).*

The notion of culture as a commodity brought with it a range of other imperatives identified by Marx. Cultural commodities, like all other commodities, have exchange value superseding their use value. This process in turn leads to the

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<sup>18</sup> In 1945 President Franklin Roosevelt addressed his nation, explaining over the airwaves how they were going to collectively recover from the multitude of crises plaguing the American people. This event was one of thirty one radio shows referred to as "Fireside chats".

<sup>19</sup> The pessimistic approach of Adorno was aligned to the Frankfurt School's approach to the nature of modernity as a whole (Habermas 2006, 168).

manufacture of false consciousness where, “pseudo-individuality replaces individuality, pleasure is confused with happiness, consensus is mistaken for freedom” (ibid).

Adorno viewed the inception of cultural conformism as a sort of fascism that was not simply a benign allocation of leisure time, but a process that instilled a sort of psychological dependency which promoted passivity in audiences, removing any possibility for critical engagement: “No machinery of rejoinder has been devised” (Web 16).

Adorno’s assessment of culture was to be highly contested by the more current cultural studies theorists. It is this factor that Mosco takes into account when delivering a set of conceptual tools for a political economic analysis, deliberately including the concept of structuration as a means of accounting for the dynamic play of human agency within structures of dominance (Mosco 1996, 212-245).

Adorno’s thesis extended to the portals of power as he argued that cultural industries, in spite of the circulation of vast sums of money, were not omnipotent as they depended on the “real holders of power” who are defined as the nexus of political, financial and industrial interests. Culture industries were subservient to this nexus of power and were agents carrying out the mandate of manipulation and control of the masses. These were the early days of the culture industries but Adorno’s conception of culture industries’ dependency on the powerful elite does need to be modified as media industries – often global conglomerates - are now being included as major elements of the economic, but his central question regarding power relations remains significant as ever: “No mention is made of the fact that the basis on which technology acquires power over society is the power of those whose economic hold over society is greatest” (Web 16).

In the current age media organisations are powerful entities in their own right and the telecommunications revolution has led to the emergence of global economic empires. Jill Hill's *Telecommunications and Empire* (2007), deals with the increasing drive by powerful nations to centralise control of the telecommunications industry and bypass the presiding international bodies regulating the industry. Innis was the first to pursue the link between communication and the dominant power blocs within societies (See pages 55-56).

Though not part of the Frankfurt school, Gramsci greatly clarified and expanded the notion of culture as being bound up by and in power relations. In his seminal *Prison Notebooks (1929-1935)* (Web 17), Gramsci invigorated the concepts of ideology and hegemony, observing that class rule can be affected and maintained by the circulation and dominance of a certain set of ideas or ideologies that are professed to serve perhaps a greater end or express a normative status quo (representing the way things ought to be) but in reality only serving the ends of the ruling elite. These particular sets of ideologies are promoted as the societal norm and are actively pushed towards acquiring a 'universal status'. This concept becomes extremely relevant as we shall later see when considering the technologically deterministic discourses informing regulation and consumption of ICTs.

The terrain of culture was for Gramsci vitally important for the reproduction and contestation of capitalist domination, as political revolution depended upon cultural transformation among the subaltern classes. For Gramsci, class struggle did not only take place on the factory floor, but also within the mass media, where everything depended upon the struggle over meaning, that is to say the competing world views of the elite and the people.

## **Paul Lazarsfeld and Dallas Smythe**

Paul Lazarsfeld (1941) was an interesting contemporary of Adorno, though not of the Frankfurt school. While Lazarsfeld's contribution strictly speaking was not directly to the political economy trajectory of media studies, he did offer a sort of binary opposition within the field which clarified further what it was and what it was not. He distinguished between what he called "administrative research" and "critical media research". Administrative research of the media dealt with servicing the media industry itself: conducting research into how to make radio advertising more effective; establishing trends in media taste culture; and research into audiences or reception. Critical media research, on the other hand, dealt with the media within a social totality, taking the historical context into account and deviating from value neutrality (Babe 2009, 17 -25). Lazarsfeld's offering was important and remains an influential marker of contemporary political economy of the media. Current theorists in the field are often at great pains to declare the "critical" in their media research, which in turn brings with it a rich historical tradition and a very distinct field of inquiry.

Dallas Smythe was probably the first actually to teach a communication course in the critical tradition. In 1949 he taught a course on the political economy of communication and so brought forth the American tradition of critical media studies (however marginalized). A key article emerged from Smythe in 1960, "On the political economy of communications", which centrally distinguished Adorno's concept of "culture industries" from what he coined as "consciousness industries". In media and communications industries, Smythe argued for the creation of audiences as the primary commodity which was hitherto neglected. His 1981 text, "Dependency road" was the next seminal text contributing to the American tradition of political economy of communication and in it he developed

early ideas of the audience as commodity and the extension of capital into leisure activity (i.e. the consumptive labour involved in media entertainment).

## **Harold Innis**

Babe makes a strong case for including Innis as a key contributor to the early conceptual framework of the political economy of communication. Innis did not occupy the center in many respects perhaps due to being Canadian and developing the history of the communications industry in Canada. He was centrally known for his work *Empire and Communication* (1950). Contrary to some of his contemporaries and those writing after him, Innis presented a case for the incredible power of communication, “the sword and pen worked together” (Innis 1950, 8). He argued that shifts and advances in communication affected the dominant power bloc within a civilization, ancient or modern. Thus he put communication firmly at the center, as a prime mover of social change with the capacity to bestow power and wealth and creating new classes of ruling elites (Innis 1950, 6).

Innis is known for the Staples thesis and Medium theory. The Staples thesis, simply put, refers to the way in which the rise of a new staple (Innis offers the examples of fur and wheat) gives rise to shifting or new relations of power (1950, 5-6). He proposes communication and changes in the mechanization of communication (knowledge) as ever emerging new staples which like their tangible counterparts, effect new modes of social organization and new power relations. When Innis considers the Greek, Egyptian and Roman empires, he concludes that management of large empires depended much on the ‘efficiency of communication’ (1950, 13-140). Their decline can be traced to shifts in the mechanization of knowledge which necessarily affected ‘monopolies of knowledge’ (another useful construction Innis offers). A clear example is the rise

of printing presses at the end of the fifteenth century in Europe which led to the rise of the authority of printing presses and publishers, and also marked the decline of the 'spoken word' and the dominance of the Church (1950, 91).

*The impact of printing was evident not only in the philosophy of the seventeenth century but also in the rise of parliament. It contributed to the efficient conduct of business in the parliamentary system (ibid).*

The birth of the printing press and the subsequent freedom of the press, the freedom to publish, and the growth of the media industry promoted a particular monopoly of knowledge. The lowered prices towards the end of increased circulation led to a decline in the rights of owners (publishers), many of whom over time were squeezed out of the market. Apart from narrowing the marketplace of ideas and producing the commodification of news, this led to fewer independent voices, the rise of a legal and intellectual property rights or copyrights framework, and greater advertiser control as the need for more advertising increased (Babe 2009, 35-42).

Innis's contribution especially in terms of framing the mechanization of communication and its effects becomes quite salient when considering new or digital media, and his final words remain significant: "The ability to develop a system of government in which the bias of communication can be checked and an appraisal of the significance of space and time can be reached remains a problem of empire and of the Western world" (1950, 07).

## **Marshall McLuhan**

*"The more sophisticated technology becomes the more it disengages us from life..." (Henry Skolimowski, 1984).*

Marshall McLuhan gained tremendous popularity during the 1960s – 1970s. Such was his fame that he was featured on the cover of Playboy magazine and even appeared in the 1977 film by Woody Allen, "Annie Hall" (Web 18). He rapidly gained popularity in the public and entertainment sphere due to repeated



pithy aphorisms on the changing media of the time. Perhaps most recognised is his analysis of media both in relation to content and form, “The medium is the message” (Branston and Stafford 2010, 239 – 260). McLuhan was at times deterministic, at times deeply insightful, and finally equivocal and contradictory. The “medium is the message” became a media studies mantra and signified the importance of analysing the form of media as a shaping agent of consciousness. For McLuhan, the hidden power of the media is not the content but the way in which it affects and transforms society and social practise.

McLuhan introduced concepts like “remediation,” referring to the way in which one (older) medium gets incorporated into another (usually newer medium). The form, social significance and techniques of old mediums are delivered via new mediums in an innovated way. This occurs so rapidly in current times that the term has even become passé (ibid).

He also suggested the subliminal effects of media consumption: “We become what we behold. We shape our tools and then our tools shape us (Web 19).” Given the ubiquitous nature of media today, this idea is now even more relevant. McLuhan updated his early mantra to “the tedium is the mass-age”, meaning that the dominant media of an age shapes how individuals will think, feel and act in addition how society will reorganise itself. McLuhan also commented on the electronic media saying that “electronic communication means the end of secrecy and hence any monopoly of knowledge” (ibid). This remains to be seen in our current hyper-electronic age, yet McLuhan’s idea of media’s provision of artificial perceptions and arbitrary values to individual consciousness rings true when considering the pervasive and ubiquitous nature of new media: “In this electronic age we see ourselves being translated more and more into the form of information, moving toward the technological extension of consciousness” (Fourie 2007, 151-153).

Overall there are mixed reactions to McLuhan, some finding his thoughts far too contradictory to apply while others seeing his contribution as fundamental in the field and hence ever relevant. McLuhan's ideas of the subliminal effects of media mark the start of a very significant trajectory of the political economy of communication.

Thus ends the cursory glance at the pre-contemporary era of political economy of communication. It serves as a brief history of the field, paying homage to a few pioneering thinkers, outlining the deep, critical and valuable history of enquiry in the field. The following section reviews contemporary theorists in the field drawing on a few key concepts that frame contemporary methods of analysis.

## **Contemporary political economy of communication (post-convergence)**

### **Crossing the divide?**

The great debate of 1995 amongst four prominent scholars of political economy and cultural studies is revisited by Babe (2009, 97-111) in the search for theoretical integration, a necessary integration given the evolution of and consequent complexity of digital media today. The debate raged over economic determinism, class, consciousness, ontology, production, and reception.

The cultural studies theorists argued against economic determinism emerging out of the continued application of Marx's base/superstructure model. Lawrence Grossberg and James Carrey (both part of the colloquy) and later others like Stuart Hall and Angela McRobbie argued for a deficiency existing in political economy approaches (ibid), particularly the over-emphasis on the defining authority of economic power over consumers (subjects are viewed as obedient

and subservient to the system) and hence the under-emphasis or total neglect altogether of the potential of consumers of cultural goods to have interpretive and hence resistive capacities (Web 20).

From the political economy side Nicholas Garnham and Graham Murdock (also part of the colloquy) argued that cultural studies had over-emphasized the free agency of individual subjects without consideration of agency only ever existing within an economic and political framework of power (Web 21). Free agency implied empowerment emerging out of the resistive pleasure derived from consumption and even production of cultural goods. In this sense cultural reception/production was viewed as oppositional. Political economy theorists railed against what they considered to be a wholesale categorizing of all reception and now production or pro-sumption as oppositional or resistive. Babe (2009, 99) offers Grossberg's rather useful submission which clarifies the contested idea of false consciousness and resistive practices, though not employing the former term itself:

*Cultural studies does assume that people live their subordination actively; that means, in one sense, that they are often complicit in their own subordination, that they accede to it, although power often works through strategies and apparatuses of which people are totally unaware. Be that as it may, cultural studies believes that if one is to challenge the existing structure of power, then one has to understand how that complicity, that participation in power, is constructed and lived, and that means not only looking at what people gain from such practices, but also at the possibilities for rearticulating such practices to escape, resist, or even oppose particular structures of power (Grossberg quoted in Babe 2009, 99).*

Garnham did concede that cultural studies provided a rich contribution to clarifying the site of individual consciousness, consent and resistance via "sophisticated theories of textuality...extending the notion of domination from class to gender and to race" (Babe 2009,101), and now even disability, ethnicity and sexual orientation. Grossberg emphasized that the weakness of political economy was having neglected reception/consumption (and now pro-sumption),

having little to say about the surrender of consent to particular modes of power, while attention to this aspect by cultural studies finally accounted for its strength.

Babe concludes that Garnham's agreement with Grossberg "is surely not to support the continued segregation of political economy and cultural studies, but rather to press for reconciliation" (Babe 2009, 101). He goes further to find nodes of unity such as Hall's concept of *articulation* and *rearticulation* which suggested the possibility for ideological warfare (where signifiers from a dominant system were disarticulated and rearticulated with other signifiers) to occur at the site of language.

While political economy would view articulations in the context of macro-economic power, Babe maintains that cultural studies also considers articulations relationally to a broader dominance and dependence. Babe's concluding thoughts demonstrate a cognizance of oppositional fault lines within cultural studies itself and he argues that the greater possibility for reconciliation between the approaches would be between the cultural materialism strand of cultural studies and political economy, as the former tends to relate articulations back to sutures of power (Babe 2009, 110-111).

## **Contemporary political economy**

Vincent Mosco concluded in the 1996 text, *The Political Economy of Communication*, that political economy can no longer be separate but must instead take up challenges from its borders, namely cultural studies and later policy studies (1996, 246 - 249). A review of contemporary political economy reveals interdisciplinarity, a necessary interdisciplinarity given the current complexities compounding analyses of the digital age.

Mosco is also a key contributor to the field who resurrects the historical preoccupation with materialist perspectives. Mosco clarifies ‘critical’ political economy as a focus on material relations, examining the role of power in the production, distribution and exchange of communication. It unearths and addresses the conflict that arises over who benefits from control over communication and technological resources.

*The rise of the media industries in the twentieth century led business to take a close look at the economics of communication. The result was research on everything from how to produce and market radio and television receivers to how to sell products to mass audiences. The growth of critical political economy was built in part on an effort to understand this process critically, i.e., to connect mass marketing to wider economic and social processes and to criticize them from a range of humanistic values (Mosco 1996, 12).*

Calabrese highlights the vital pivot on which Mosco’s work revolves, marking a return to the preoccupations of classical political economy.

*Of more importance at this historical moment is the attention Mosco pays to the political in political economy, noting how the discipline and language of contemporary economics have evolved to profess value neutrality. Unlike political economy, contemporary economics tends not to explicitly engage moral considerations and political questions that have historically been central to political economists (2004, 2).*

This pivot has become more significant as neoliberalism’s reach has extended to developing contexts bringing with it the supporting ideologies of technological determinism and a manifestation of value neutrality. McChesney, another resolute political economist, clarifies critical scholarship as a healthy scepticism towards societal systems, as opposed to a naturalizing tendency towards leftist assumptions and perspectives.

*In my view, critical scholarship is predicated not on socialist principles, but on liberal and democratic principles. It is committed to political enfranchisement, freedom of speech and intellectual enquiry, and social justice. It grows directly out of the Enlightenment experience...A critical approach, then, will by definition question the dominant interests in society. In the case of the United States, and the world today, that means coming to grips with the market and neoliberalism. Critical research does not presuppose that capitalism is evil and unacceptable; there is simply skepticism to the existing order and its theoretical justifications (Calabrese 2004, 47).*

McChesney (2004) reflects on the importance of understanding how power operates within and through culture to influence the macrostructure. He states:

*...a delimited social group, pursuing economic or political ends, determines which meanings circulate and which do not, which stories are told about what, which arguments are given prominence and what cultural resources are made available and to whom (2004, 165).*

Louis Althusser, writing some decades after Gramsci, vitally clarified the *processing* of ideology as it were. He asserted that ideological state apparatuses which included the mass media functioned to create a field of representations which interpellated individuals into conformist subjectivities in accordance with the interests of capital (Lee 1993, 137 – 142). Both Gramsci's concept of hegemony and Althusser's of ideological state apparatuses gained much currency in new media debates as enormous power and importance was given to culture, ideology and the mass media.

In the 2000's several theorists took stock of the field and arrived at a few defining characteristics of contemporary political economy (Payne 2006 and Youngs 2007). The contemporary research agenda of political economy delineates itself along four sub-themes. *International political economy* deals with issues of globalization which is concerned with neoliberalism as it relates to the spread of market capital. *Comparative political economy* focuses on policy discourses and governance which includes the consideration of legal and regulatory frameworks. The theme of *political economy of development* is concerned with questions of equality and distributive justice and conjoins with comparative political economy as one cannot deal with regulation in a developmental context (for example South African) without raising questions of equality and distributive justice. Normative issues of universal access, pluralism, diversity and the public sphere are also relevant within this theme. The fourth sub-theme is the *political economy of the environment* which focuses on ecological sustainability (Payne 2006, 6). While Payne's research agenda remains very useful as a lead into political

economic analyses, it is important to note the porous nature of these categorizations. This thesis is dominantly located in the paradigms of international political economy and political economy of development.

Finally it is Mosco's *co-ordinates* for a framework for a political economy of communication that prove comprehensive and most useful. These co-ordinates are 'built on the entry processes of commodification, spatialization, and structuration' (Mosco 1996, 42). More than a decade later, this triad still retains applicability and remains the best entry point to communication issues, incidentally parallel to all four sub-themes of Payne's contemporary research agenda. For the purposes of this study, Spatialization (which incorporates much of Globalization theory) remains the fundamental entry point and will be explored as such, while commodification and structuration will be considered as complimentary. Globalization is a vast field and hence precedes framing in some ways the discussion of spatialization and the other entry points. The only addition to or extension of Mosco's entry points is the idea of 'the digital divide' which was taken up in the literature review section. Thus the theoretical framework moves from history to key concepts where the following entry points will be discussed:

- Globalization
- Spatialization
- Commodification
- Structuration

## **1. Globalization**

Globalisation as a phenomenon defines, shapes and impacts on almost all sectors of society and individual experience, yet remains very elusive to definition. Littered across globalization theory there ranges a cacophony of perspectives such as: the pro-globalists; the anti-globalists; the traditionalists; the transformists; the hyper-globalists; the sceptics and the media imperialists. There

is even contention with regard to what period exactly refers to globalization. However, there is agreement that 'contemporary globalisation' has created a more compressed world where time and space are condensed and productive relations defy some of the former classifications. Disagreement still abounds as to whether this is a positive or negative phenomenon.

*Contemporary globalization has undoubtedly changed the relationship between time and space and, in the process, rendered the world a more compressed place. But opinions as to its consequences are sharply divided, especially in respect of cultural globalization. It is proposed by some as a thoroughly progressive and liberating phenomenon, opening up the potential for greater human connectedness and the spread of human rights, democracy, health care and improved inter-cultural understandings world-wide... Conversely, it is widely attacked as heralding in a new and voracious phase of Western capitalism and the imposition of Americanized culture (in the form of television, videos, pop music, films and adverts and other Western goods) on vulnerable communities unable to protect themselves from the sheer volume and intensity of foreign imports. The talk is of electronic imperialism through the unequal flow of media, such as entertainment (building on English's unique position as a global language) from America as the world's sole superpower and the growing disparity between the world's (technology-owning) 'information rich' and 'information poor' (Beynon and Dunkerley 2000, 2).*

Guillen introduces some over-arching issues in the field of globalization and while he asserts that these are not exhaustive, they remain central. He raises four questions in relation to globalization which addresses the mythical nature of globalization, the authority of the nation state, convergence and global culture (2010, 4-19). Ritzer offers an almost comprehensive account of the 'globalization phenomenon' (2007, 2010a, 2010b, 2011) distinguishing these debates under Political economy and Culture respectively. For the purpose of this study, the accent remains on the political economy side.



## Political economy and globalization

Ritzer (2010) is prolific in the range of sub-sections explored under political economy and globalization. However, only five areas are deemed most relevant to the project:

- Origins
- Empire and the Nation State
- Neoliberalism
- Informationalism
- Normative challenges

### *Origins, definitions, demarcations*

As with most topics within the field of Globalization, there is dispute as to its origins. Some argue that Globalization began at the dawn of civilization when the earliest recorded trade across continents started to occur. Others argue that globalization is a myth asserting that it is simply an old project of the divine right of kings continuing into this compressed and terribly fast era.

Roland Robertson, Arjun Appadurai and Manuel Castells offer useful conceptions of Globalization. Robertson's chronology marks the different phases of early globalization until its current form. Appadurai offers conceptual demarcations of the field and Castells usefully extends thinking into the new modes of productive relations, from industrial capitalism to informational or networked capitalism (dealt with under *empire*).

In Robertson's chronology the earliest phase of globalization predates modernity and the rise of capital. The early phase was between 1400 and 1750 marked by global exploration, mapping and the Roman Catholic Church (Robertson 1992, 9). Francis Bacon identified three inventions in roughly the same era that he stated would alter the face of the world. These were the printing press, gun powder and the compass (Eisenstein 1980, 43-45). Bacon's pronouncement

appeared prophetic as these three inventions came to represent the matrix of power in the globalized world. Gun powder represents the power of compulsion and force emanating out of sophisticated weaponry, the printing press representing the centrality of global communication which depends on access and speed, and finally the compass representing mapping of first the geographical and natural boundaries to the calculations involved in measuring the human or individual via biometrics. Thus in this early phase the seeds of the globalized world were sown.

Robertson indicates the 'take-off' phase as 1875-1925 during which time most of the world came under a common time zone and date line with the global adoption of the Gregorian calendar (Robertson 1992, 9). During this phase the communication advances increased political and economic connections. Sirus Field's 'Great Atlantic Sea Cable' is one example, linking America to England. In addition the first radio broadcast occurred in 1910 which really paved the way for the electronic mass media of latter decades (Jones 2005).

Robertson indicates the final period of Globalization as 1969 to date, marked by the end of the Cold War, space exploration, the emergence of global institutions and the rise of the debates globally around race, ethnicity, sex, gender, sexuality and human rights (Robertson 1992, 16).

Other theorists relate globalization firmly to the growth of capital. Giddens asserts that globalization is directly related to modernity and the growth of industrialization, distinguishing the current phase of globalization as 'high modernity' which signifies modernity moving to a global stage (Giddens 1990, 8).

Lash and Urry (1987; 1994) call the current phase 'post-fordist disorganized capital'. Here capital's drive moves to the global arena to seek out and exploit new markets for the maximization of profit. Lash and Urry highlight a few key

characteristics of globalization which are interesting as they echo aspects of spatial agglomeration (to be discussed later in the Spatialization section):

*More inter-state connections and the decreasing effect of state policy; the development of increased transnational communication and activities; a decline in the importance of the nation state; the emergence of global political, economic and cultural organizations and bureaucracies; the emergence of what King (1990) aptly terms 'global cities' (like London, New York, Paris and Tokyo) as local sites of global interaction; a huge increase in the flows of commodities and cultural products; and the world-wide spread of Western-style consumerism.*

"Postmodernity is capitalism in its post-Fordist guise, hungrily creating new opportunities, arenas and areas in which to operate, but still driven by profit" (Beynon and Dunkerley 2000, 12). In this post-modern phase, culture and consumption are key sites as it is here that a significant contestation occurs between commodification and 'prosumption' (produser)<sup>20</sup>.

Waters (1997, 5-6) adds to these key characteristics. He asserts that apart from increasing speed and volume, shrinking space and permeable borders, reflexivity<sup>21</sup> and risk and trust are important features of contemporary globalization.

Massey (1994, 17) argues that cross-cultural transfer has occurred throughout the ages but the compression of contemporary cultural globalization has accelerated this process. As a result of new media technology being central agents of contemporary globalization, western consumer culture is assured of having an almost viral reach across the globe.

The question of agency (and the individual) must necessarily surface when investigating contemporary globalization. Robertson (1992, 36-7) opposes the imbalanced approach of viewing globalization as a 'macro-scale' affair. The

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<sup>20</sup> Cultural Studies theorists view the labour of consumption as an important site of resistance (Marshall 2004).

<sup>21</sup> Reflexivity refers to the occurrence of greater global intercultural communication which has resulted in like-minded citizens responding to instances of atrocities or injustice in alternate parts of the world. Reflexivity implies a resurgence of human rights discourses and perhaps is a more political site of resistance.

individual and the question of agency are equally important to understand the paradoxes of globalization such as: localization or glocalization; centralization and a simultaneous decentralization; and permeable borders and stronger national identities. He conceives of a subjective and objective globalization, where the latter refers to the play of the global economy within the telecommunications and media infrastructure. Subjective globalization refers to the experience of globalization which has resulted in the unpredictable and complex identity formations which sometimes reposition themselves, rooting in stronger ethnic and religious (sometimes fundamentalist or even new age) foundations.

Appadurai's contribution is extremely useful to map the texture and range of globalization. He (2002) offers a useful method of analysis and description. He introduces six metaphorical 'landscapes' to define six broad areas of globalization. These are the "Technoscape, of diffusion and adoption of mechanical and informational technologies" which has resulted in the birth of the concept of *real time* and instantaneous movement of communication. This intersects with the "Financescape of global capital", creating an inextricable global economic grid that subjects all nations to its ebb and flow. Appadurai brands the increasing acceptance of citizenship and rights as the "Ideoscape" which includes political discourses of democracy and human rights. Ideoscapes also refer to the counter ideologies currently prevalent. "Ethnoscape" refers to the movement of people in terms of tourism, migrancy, refugees, exiles, and guest workers. The "Mediascape" refers to the "movement of images and narrative reality bites." Finally, Appadurai cites the Sacriscape which refers very generally to "religious ideas and their associated values" (2002, 37-38).

Most political economists generally concur on the parallel movements of globalization and the consolidation of economic power. This is dealt with in the following section.

## ***Empire***

Empire is a term encompassing discussion around the nation-state and shifting power relations in a globalized information age, and also signifies a shift from old notions of imperialism. The sovereignty of the nation-state has been challenged in the information age what with permeable borders, industry operating across borders (if not continents), and the rise of global discourses with the power to supersede local discourses. Despite the challenges, the nation-state has endured; however, the key question remains as to its longevity and the constitution of its power.

The idea of the global community of nation-states emerged in 1659 with the Treaty of Westphalia referred to by Strange as the ‘Westfailure system’ (Strange 2010, 161). She asserts that the state structures are a mismatch for managing global crises of the information age. This idea also emerges with Whitaker (1999) who sees the current infrastructure as largely Victorian in nature, grown in industrial capital, but ill-suited for informational capitalism. Strange demonstrates that the nation-state has shown a lack of capacity (in her words an ‘abject failure’) to deal with a few very serious problems like the economic crises of the last two decades and the demands of social equity. The two are related as the problem of the former, the inability to control excesses within the economic system within national boundaries, is further complicated by economic agents operating trans-borders, hence not within the control of any single nation-state (Strange 2010, 161-164).

Levine (2010, 159 - 162) introduces a few factors that account for the decline of the nation-state, one of which is shifting allegiances from the nation-state to the sub-national (which is local), or the transnational via multinational corporations, and finally the supranational (Levine 2010, 159). This certainly applies at the macro level, but consideration must be given to the play of the individual in an information age. New media and systems of information have unyoked personal interaction from face-to-face, geographically-bound communication, affording a plethora of possibilities for new relationships to emerge across the lines of simple social networking, the heady range of sub-cultures, and fandom, in a sense fulfilling McLuhan's prophesy of new media retribalising the world beyond geographic boundaries.

Weiss (2010, 172-3) raises an important assumption as regards the primacy of the nation state, arguing that theorists tend to exaggerate its past power and reach in order to over-emphasize its current weakness. Weiss also questions the myth of powerlessness of nation states as some were facilitators of globalization (as is the case of the Thatcher-Reagan administrations dealt with under *Neoliberalism*), while others may be constructed as victims. Therefore Robinson (2010, 179-181) insists on a paradigm shift from studying nation states to the multidisciplinary study of the world as an object of knowledge. This is echoed by Sklair (2010, 184) who advocates a 'global systems theory' as a means of understanding the contemporary world due to changes in power relations between state and non-state actors.

In the South African context, prominent state actors have in the recent past sustained the imperialist 'victim' construct very much on imperialist terms. Post-colonial, post-Apartheid South Africa has via various forums, articulated a need for greater self-determination. Former presidents of South Africa, the late Mandela and Mbeki have, within the context of the African Renaissance,

acknowledged the importance of Information and Communication Technologies (ICTs) as a focal point in the transition to stable and sustaining democracies, as well as towards self-determination. At the fiftieth national conference of the ANC (December 1997) President Mandela summarized principal development aims as the need, “to strengthen, the genuine independence of African countries...enhancing our collective role in the determination of the global system of governance in all fields, including the economy, information..., science and technology” (Mzamane 2001). Following on from the late President Mandela, former President Mbeki embraced the grand narrative of the African Renaissance, popularizing its political, economic and cultural ideals via various state addresses and through his foreign and domestic policies (Mzamane 2001).

*In an age of globalization, every country needs, in Mbeki's words, to create capacity in the area of communication and information technology or face the risk of permanent global marginalization of our countries and peoples. We cannot begin to be fully integrated into the global economy if we do not develop the necessary skills to participate in the increasingly knowledge based communication society (Mzamane 2001).*

While ICTs as a whole have been identified nationally as key catalysts to development, communication appears to be consistently marginalized in global development analyses (Warnock, Schoemaker and Wilson – Web 89). A further factor constraining the debate is the material reality of South Africa and other developing nations, what Moore refers to as a ‘premodern reality’ beset in part with primitive accumulation and sovereignty construction (2010, 215). Communication becomes a contentious site as it is sometimes charged with bringing the cultural manifestation of imperialism.

*Mbeki cautions against ‘succumbing to “Coca-Cola culture” at the expense of our own cultures, identities, and national heritage’. The pervasive dominant culture denies that there are other solutions to our challenges other than those imposed by the dominant culture (Mzamane 2001).*

Mzamane sees the pursuit to self-determination and independence as a conundrum due to keeping South African doors open to Western capital, on the

one hand, and keeping out the cultural baggage that comes with capitalism and consumerism, on the other hand. The sentiment is very much along the lines of the Cultural Imperialism thesis, which came to the fore in the 1970's, drawing attention to the strong economic dominance of the North Atlantic region, particularly America. The effects are multifarious, ranging across the economic to the cultural and technological. However, the thesis does not take into account fully the complex interplay of the forces of globalization and individual agency which has resulted in some instances as a cultural hybridity. The counter points to the thesis have surfaced mostly in Latin America, Japan and India, indicating the complexities to achieving cultural homogeneity via Western products in these regions.

Cultural imperialism is often interchanged with or nuanced with alternative terms such as media imperialism, structural imperialism, electronic colonialism and communication imperialism. These terms simultaneously reflect the common thrust of the thesis and some gradations of difference. The common thrust is that the flow of information occurs unequally across the globe. This is seen as problematic as certain nations (the West, particularly America) dominate in disseminating information in the form of cultural content: programming, news, and other products like food, clothing, music, electronic goods and lifestyles.

The general consensus is that this dominance manifests as a foregrounding of lifestyles and choices that may not be appropriate or even healthy in every context around the world. Developing countries do not have the means to compete with the mass onslaught of these products. This results in what is argued to be a cultural dominance as locals are less able to participate on an equal footing by disseminating their own messages and having some self-determination in communication and information.



One of the off-shoots, structural imperialism, refers to the economic structures dominated by the North Atlantic region. Policies favoured are said to be neoliberal in nature designed to loosen the hold of government or national control and increase the freedom or independence of the market. The continuity of the status quo is ensured by internationalization.

*McPhail refers to 'Electronic colonialism' as the dependency relationship established by the importation of communication hardware, foreign-produced software, along with engineers, technicians, and related information protocols, that vicariously establish a set of foreign norms, values, and expectations which, in varying degrees, may alter the domestic cultures and socialization processes (White 2003).*

Internationalisation simply put, refers to 'teaming arrangements' and strategic trade alliances between different nation states (Mosco 1996, 203). Among globalization theorists, a small fringe deems globalization to be something of a myth. While they do acknowledge global shifts in time, space and productive relations, this is understood simply as the internationalization of neoliberal policies, most aggressively driven by the Thatcher-Reagan administrations of the late 1970s and early 1980s. Following the oil crisis of the 1970s, Thatcher coined the ideological acronym TINA *There is no alternative*, to promote and defend the expansion of neoliberal policies across the developing world. These theorists, who see globalization simply as internationalization of particular fiscal policies, also regard with great scepticism the promise of 'greater human connectedness and the spread of democracy and human rights' etc. Those in this camp view globalization to be shrouded in new garb: *Neoliberal globalization* (to be discussed next).

*Internationalization is a very significant process as it has developed new measures that enable the more powerful nations to exert a tighter control over global communication policy. These have brought about significant changes in international policy-making, including the decline of UNESCO (a site of the major support for the NWICO) and the opening of the International Telecommunication Union, to considerably greater private sector participation. These organizations are either less powerful or are transformed to reflect new power balances that all but eradicate equal representation among the world's nations (Mosco 1996, 204).*

Sklair (2010, 184-212) states that asymmetries across the globe could in the past be attributed to Western imperialism; however, this approach is dated, losing its theoretical efficacy as globalization moves away from state-centric manifestations of power.

*It is interesting to note that at the turn of the new millennium politicians, bureaucrats, and intellectuals in France were still displaying great suspicion about American influence in Europe. In the late 1990s France was the first government to break ranks on the OECD-sponsored Multilateral Agreement on Investment, and social movements against globalization, McDonald's, and le fast food were thinly veiled attacks on the Americanization of Europe. This populist rallying loses some credibility when it is discovered that the entrepreneur Ong Beng Seng from Singapore owned Planet Hollywood; Silas Chous of Hong Kong owned Tommy Hilfiger; Vincent Tan and Khoo Kay Peng, both from Malaysia, owned Kenny Rogers Roasters and Laura Ashley respectively. Western icons; Asian owners – such are the fruits of the global marketplace (Sklair 2010, 186-7).*

Thus in recent times, imperialist theory (including cultural imperialism) is quickly dispensed with as the concept of empire is quite a bit more flexible and inclusive; even though some theorists do maintain that a level of US imperialism remains in evidence (Barkawi and Laffey 2010, 228-234).

One of the ways of conceptualizing empire is by comparison. Hardt and Negri (2010, 214-219) link imperialism to modernity and the centrality of the nation-state with all its attendant and localized mechanisms of control. Empire is decentered, where power and dominance exist but not manifested in the same ways as imperialism. Empire is deterritorialised, and reterritorialised via global flows (Sklair 2010, 208). Empire also pursues differentiation of individuals who are then subject to new hierarchies of global power operating via the virtual world of new media technology. Thus for Hardt and Negri, 'empire is both everywhere and nowhere' (2010, 214).

A new kind of juridical power lies at the center of empire, based on notions of order, ethical truths and the tricky concepts of 'right and wrong' which may be invoked even to wage a military encounter.

*Empire lacks not only territorial but also temporal boundaries...It also can be seen as lacking a lower boundary in that it seeks to expand its control down into the depths of the social world. That is, it seeks not only to control people's thought, action, and interaction, but also, via biopower, to control people's minds and bodies. All of this makes empire far more ambitious than imperialism (Hardt and Negri 2010, 214).*

Sklair attempts to discontinue the binary logic emerging out of the lens of imperialism(s) by offering the paradigm of transnational practices, which are defined as a result of cross border activity but do not emerge from any state or state-ist institution. Sklair (2010, 185) argues that in this sense globalization or empire is pushed by the transnational capitalist class (TCC) as opposed to the modern state. These capitalists are not traditional in the Marxist sense as owners of the means of production as in empire, as owning the means of production is not a prerequisite for entering the circuit of capital. She identifies four groups that form the transnational capitalist class:

- TNC executives as the corporate fraction
- State bureaucrats that form the state fraction
- Globalizing professionals that form the technical fraction
- Merchants and media forming the consumerist fraction

The common features across all four groups are that they share global and local economic interests as long as it intersects with individual interests. These groups are often inhabited by people from different parts of the world who flirt with the idea of global citizenship and share the consumption of luxury goods and the high-end lifestyles their positioning affords. The central aim would be to create the right conditions to further TCC interests across the transnational or global and as it filters down to the local (2010, 188).

On the surface, this construction tends to appear unmovable within the matrix of powerful global interests. It is interesting to note that most theorists writing about empire take into account structuration theory (to be discussed at the end of the theory chapter) even if they do not refer to it as such. Hardt and Negri indicate that 'the sources of both our major problems and our liberation exist at the global

level. It is also more likely because while control is through communication and ideology, it is through that communication and ideology that the revolutionary potential of the multitude will be expressed, and it will be manifest globally' (2010, 215).

And Sklair (2010, 185) states that,

*the fundamental in-built instability of the capitalist global system, and the most important contradiction with which any theory of the global system has to grapple, is that the dominant ideology of the system is under constant challenge. The substantive content of the theory, how those who own and control the transnational corporations harness the transnational capitalist class to solidify their hegemonic control of consumerist culture and ideology, is the site of the many struggles for the global system. Who will win and who will lose these struggles is not a foregone conclusion.*

Concepts of empire are yet to be fully formed, however they offer a useful lens through which one may consider the play of citizens, consumption ideologies, and the operations of state agents as they interrelate with local industry which are at once also transnational. Empire is also a useful lens because it observes and accounts for seeds of contestation. It is the best of emerging political economy paradigms as it gives credence to individual agency and consumption/pro-sumption as key sites of resistive potential.

## ***Neoliberalism***

### **Historical roots**

Neoliberalism is a hybrid combining social liberalism with market liberalism; hence its roots lie in the Enlightenment and Classic Liberalism as well as in the 1950's with the key figures of Milton Friedman and Friedrich Hayek (Ritzer 2011). The early movement marked the struggle against the tyranny of feudal systems as it failed to accommodate emerging. It was also in part a response to the effects of industrialization which created a range of commodities and

changing ownership patterns which called for some corresponding regulation. The strong emphases in the earlier discourses were on individual rights and the development of contracts and property rights. Classic liberalism via Adam Smith, John Milton and John Stuart Mill accounted for civil libertarianism, an ideology that later became firmly yoked to twentieth century market liberalism.

Peters (2004, 78-80) argues that the ideals of classic liberalism have been attached to ideas of market liberalism, problematically articulating notions of freedoms related to the individual with freedoms related to industry; conferring an 'ideological camouflage...lending business interests a democratic patina and venerable intellectual lineage' (Peters 2004, 65). He warns us about the kind of people and society we would become if 'marketplace values of getting and spending alone prevailed' (ibid).

### **Neoliberal globalization**

Friedman's Chicago school served as the conceptual center (post-world war two) of the neoliberal approach, one that Klein (2007) calls the *shock doctrine*, pushed to the global stage as 'structural adjustment'. At the heart of the neoliberal ideology lies the conviction that the key driver of economic growth is the market – private market forces unimpeded by national regulation (an idea loosely based on the self-righting principle) (Ritzer 2011, 39). Neoliberalism thus refers to a way of managing or regulating a national economy. A set of economic policies are generally associated with neoliberalism, and the global expansion of these policies is referred to by some as *Neoliberal Globalization*. Neoliberal globalization was promoted as a natural progression or growth of economic systems and carried with it an ideology of naturalness<sup>22</sup>. Castells (2000, 145) argues that "neither technology nor business could have developed the global

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<sup>22</sup> This idea of natural progression may be considered a parallel discourse to value-free economic discourses.

economy on its own. The decisive agents in setting up a new, global economy were governments and, particularly, the governments of the wealthier countries, the G-7.”

A few interrelated policies created the foundation for neoliberal globalization. These were deregulation of domestic economic activity; liberalization of international trade and investment; privatization of publicly controlled companies; and reductions in nations’ spending on social welfare programs. *Deregulation* refers to a reduction in the protective laws surrounding national industries, and a lowering or removal of regulation in relation to trade barriers and imports and exports. *Liberalization* refers to direct state intervention to promote and increase competition, via the introduction of new ‘players’ in the respective fields. *Privatization* refers to when state enterprises are sold off in an attempt to liberalize the market and increase competition.

Neoliberal globalization hence signifies a particular trajectory in globalization theory which foregrounds the neoliberal nature of the financescape (Appadurai 2002, 37-38). In this phase of late capital, the dominant ideology of the day is the free market, dominated by global monopolies in the form of giant trans-national corporations.

The foundation of the theory was the self-righting principle or self-regulation. Within this framework, it was deemed probable that individuals’ economic activity is driven by self-interest and if they were allowed to act from this motivation without any state barriers, the best result would naturally emerge (e.g. In trade, consumers would consistently choose the best products and services. This consistent choice would naturally advance good businesses and inefficient or bad businesses would conversely suffer a natural atrophy due to a consistent lack of discerning consumers choosing inefficient or bad businesses). Thus any

privileges or restrictions ought to be discarded in order to give every individual the freedom to trade (Duncan 2007, 13-44).

The impetus for contemporary Neoliberalism emerged from the 1970s, due to a variety of simultaneous developments, the first of which was the oil price shocks which affected the US economy. The second factor was the decline of Keynesianism and the difficulty of developing public understanding and consent for this economic model. A third factor was the heat of the Cold war which resulted in any concept of collective action and too much state intervention signifying communism. A final factor perhaps was to tip the balance of power back in the hands of business who were at the time smarting from a working class with too much power (Couldry 2010, 52-64).

The central tenets of neoliberalism came to be 'income distribution' and 'aggregate employment determination'.

*Income distribution refers to how Neoliberalism asserts that factors of production (labour and capital) get paid what they are worth. This is achieved through the supply-demand process – payment depends on a factors scarcity and its productivity which affects demand...Aggregate employment determination refers to how Neoliberalism asserts that free markets will not let valuable factors of production – including labour – go to waste. Prices adjust to ensure that demand is forth-coming – economies adjust to full employment (Duncan 2007, 39).*

The neoliberal tools of privatization, liberalization and deregulation, were designed to, “weaken institutions of social protection; reduction of public and social expenses; weaken labour unions; reduce government intervention; cut top tax rates; open international goods and capital markets and abandon full employment goals” (Duncan 2007, 42). While the Thatcher-Reagan regime engineered the first wave of neoliberal globalization in the late 1970s to early 1980s, the *Washington Consensus* endorsed and promoted these standard neoliberal tools in a second wave (late 1980s – 1990s). The Washington

Consensus detailed a set of ten policy prescriptions<sup>23</sup> that were promoted as economic reform for the developing world. These prescriptions came from Washington based institutions such as the IMF, World Bank and the US Treasury department and was thus referred to as the Washington Consensus, hereafter synonymous for market fundamentalism.

Governments, especially in the developing region, are under enormous pressure from global companies to liberalize, privatize and deregulate their domestic environments. Developing regimes are eager to comply as they fear the very real threat of disapprobation if they act against the (flow of the) global 'financescape'. The fear is primarily of disinvestment or capital flight and speculative attacks on domestic currency (the Indonesian crisis is a good example).

*Deregulation and financial liberalization have accelerated the movement towards an integrated global market economy with serious implications for domestic macro-economics and foreign policy formulation. Technological advances are making national frontiers more porous as the movement towards a borderless world gains momentum, regardless of what states do or do not do (Magubane 2000, 274).*

Another problematic assumption underlying neoliberal economics is that of perfect competition. The efficiency of the market rarely occurs in an environment of perfect competition. Neoliberal globalization has lead increasingly to the monolith of large transnational corporations signifying monopoly *capital gone global*. Within this environment the conditions of perfect competition are not really manifest. A further assumption is that 'income distribution' and 'aggregate employment determination' occurs neutrally, without any of the coercive influences of various types of industry power.

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<sup>23</sup> The ten prescriptions were: fiscal policy discipline; redirection of public spending from subsidies to broad based provision of key pro-growth , pro poor services like primary education, primary health care and infrastructure development; tax reform – broaden the tax base; market determined interest rates; competitive exchange rates; trade liberalization; liberalization of foreign direct investment; privatization of state enterprises; deregulation – especially with regard to any regulations that impede market entry or restrict competition; and legal security for property rights.



### *The tendencies of Neoliberalism*

One of the earliest critics of neoliberalism was Polanyi (1944). Castells echoes his thinking, revealing the glaring contradiction of a proposed natural order to the free market system. Polanyi points out that laissez faire economic systems emerged out of tremendous state intervention and globally were engineered by a few powerful individuals<sup>24</sup>. Ritzer states that its continued existence is due to the state (Ritzer 2011, 44). Harvey (quoted in Ritzer 2010, 102) indicates that contrary to many theorists' predictions of the decline of the nation state in a globalized world, 'the institutions and practices of the state have been transformed to better attune them to the needs and interests of the neoliberal market economy'. Posner (2009, 41-48) describes how the market crash of 2007-2008 was created by a poorly regulated financial market sanctioning sub-prime loans and other types of irresponsible lending. However the bailout, in the region of \$700 billion came from (could only come from) government.

Polanyi, Klein and Harvey, writing at different times, are all critical of the neoliberal doctrine and indicate the danger of basing economic systems solely on 'self-interest' (Ritzer 2011, 101). Harvey points out the results have been a series of financial crises throughout the world, and Klein's critique reveals the terrible and unfair toll these policies have had on the world's poor (Ritzer 2011, 103).

Dunkley (2004, 3-9) argues against the ideology of free trade on the basis that it is over-simplified and based on questionable myths and assumptions. He states that a key oversight with neoliberal doctrine is that it disregards a range of important non-economic considerations, while encouraging structural changes

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<sup>24</sup> An interesting parallel with neoliberal ideology is patriarchy in Victorian England, where 'natural characteristics of femininity' were laid out by men, who then set up social structures accordingly to hold women to account. What remains unquestioned (until feminism) is whose interests were being served by these 'inherent characteristics' and if they were 'inherent' and 'naturalised', why were they not naturally occurring? (i.e. without any masculine intervention).

that are non-consensual, at times undemocratic. Often market efficiency is pitted against social protection and social benefits, using the guise of sophisticated econometrics. Given this sophistication, Posner (2009, 252-268) poses the interesting question of why so many academic economists and those economists in the system failed to predict the financial crisis.<sup>25</sup> He also makes the point that financial journalists and the general press were 'more alert to the impending crisis than economists were' (2009, 267).

Posner, Harvey, Klein, Dunkley, Polyani, Ritzer and a host of other theorists in different ways highlight an important crisis of legitimation of neoliberalism. Tournois (Milliot and Tournois 2010, 242) refers to this as a 'systemic crisis' where trust no longer exists amongst the interrelated global financial players. He states that, 'bankers and financiers have become sorcerer's apprentices, inventors of unimaginable alchemies, causing devastating explosions. This is the fact of paradoxical behaviours of rational bankers who have lost their minds' (2010, 240).

Ritzer (2011, 44) argues further that neoliberal ideology 'obscures the social and material interests of those who push such an economic system with its associated technological, legal, and institutional systems'. Giroux (2011, 101 - 108) criticizes the dominant media as 'a form of moral anaesthesia and political firewall' that legitimates a corrupt system while concealing the true workings of 'casino capitalism'. For Giroux, the political system has been corrupted by associations with a powerful matrix of control over the 'military-industrial academic complex', where public and social values are merely a hindrance to a market economy.

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<sup>25</sup> Posner does mention a few intellectuals who did anticipate the crisis, but they were mostly ignored (2009, 252).

Dunkley (2004, 4) overturns the heart of the neoliberal doctrine, i.e. that trade and economic improvements are natural human instincts. He refers to this as the 'Smithian Propensity'. While he agrees that the 'Smithian Propensity'<sup>26</sup> could arguably be a part of human nature, Dunkley persuasively argues that equally a part of human nature is to 'seek preservation of worthwhile traditions and social institutions and natural environments.' Dunkley refers to this as the 'Ghandian propensity', which forms a wonderful counterbalance to the overriding vein of *self-interest* running through neoliberal doctrine.

### **Some South African considerations**

*Liberalization* as applied by the South African government followed the Bretton Woods reform models<sup>27</sup>. Under these models, liberalization encompassed the three-pronged approach of privatization, competition and independent regulation.

Allison Gillwald of the LINK Centre<sup>28</sup> (personal interview, Johannesburg, 2004) argued that these models, which were based on the European and American experience of telecommunication reform, have limited applicability in the developing context. In some cases adoption of these liberalization models impacted negatively on access and development. Reform strategies need to be uniquely tailored to the specific demands of each development environment. Gillwald argues further that these models have emphasized privatization over other reform mechanisms such as effective regulation and competition. Effective regulatory strategies are vital to meeting development and growth objectives.

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<sup>26</sup> There are many versions of Smith's conclusions on human instinct and free trade.

<sup>27</sup> The Bretton Woods Project works as a networker, information-provider, media informant and watchdog to scrutinise and influence the World Bank and International Monetary Fund (IMF). By encouraging information exchange and debate, it seeks to move the Bretton Woods institutions (World Bank and IMF) away from simplistic approaches to development. Priority areas include: World Bank and IMF roles; structural adjustment & poverty reduction strategies (PRS); the environment; social issues; the World Bank as a knowledge bank; governance and accountability; country operations (Web 22).

<sup>28</sup> The Link centre is funded in part by the department of trade and industry and carries out research in the telecommunications sector in the SADC region.

The cost of not establishing or generating proper regulatory mechanisms is the widening of what is popularly termed as the “digital divide”. Jane Duncan (2007, 163) in her seminal account of the South African broadcasting climate argues further that the adoption of neoliberal policies that resulted in the commercialization of the public service mandate has comprised its delivery.

The general effects of Neoliberal policy is to create ‘pockets of growth’, leaving vast areas of poverty unaddressed. This kind of policy promotes labour market deregulation which in turn allows the proper value of minimum wages to fall (often under the guise of ‘workers being paid what they are worth’). The balance of power rests firmly in the hands of business and the general climate of employment insecurity lends itself to undermining the power of unions.

South Africa’s legacy of apartheid delivered decades of racially based oppression which still permeates the current economic and social climate. The underlying assumption of Neoliberalism is the existence of a level playing field. This is not the case, for most of the developing world, especially not South Africa. Thus Neoliberal policies super-imposed on an existing apartheid-based framework, tends to further entrench these inequalities.

Apart from the massive unemployment made incrementally worse by the global recession, there are several national questions that need to be addressed. The divisive ideology of apartheid created racially-based identities that were also framed as economic identities. In order to progress into a healthy democracy, South Africa needs to move to identifying with something of a national identity that is both cohesive and inclusive. National identity is linked to root growth rather than pockets of growth. This cannot occur if material conditions created by apartheid and further entrenched by neoliberalism, are so different for different parts of the populace. All aspects of information and communication (New media

technologies: NMTs) are overlaid on apartheid's economic and geographic frameworks, thus all citizens do not share a common pool of information. This has consequences for the ideals of responsible citizenry, democracy and nation building, making meaningful transformation more difficult. While the constitution enshrines rights of access, and rights to produce media and the like, these ideals towards bridging the digital divide and universal access are legislated but simultaneously compromised by neoliberalism (Duncan 2007, 137).

The role of government is crucial in a developing nation as regulation forms the key to ensuring transformation. As was the experience of 2008-9, governments particularly in the North Atlantic region played a crucial role in rectifying the effects of market failure by stabilizing the business cycle. Government also is key to the provision of essential direct services like health, education, safety and a climate of stability for job security and economic growth.

Governments in the developing world surely have an onerous task providing a meaningful democracy for its entire citizenry. The citizens' mandate requires stability, unity, peace and equality – essential ingredients for a progressive society. Thus developing-world governments must necessarily be service-driven, much more than market-driven.

Lastly, neoliberalism has not had a proven track record in combating harmful competition, nor does the market generate counter-incentives for the scourge of bribery and corruption. South Africa particularly has been rocked by the rise of 'tenderpreneurship'.

At the heart of the workings of neoliberalism is the corruption of concepts of liberty or freedom. Monbiot (2012, 31) explores this idea of the perversion of freedom by those who wish to exploit without restraint. Libertarianism was once a noble impulse but neoliberalism has made it synonymous with injustice.

Neoliberalism promotes free markets as a key driver of economic growth but what is always left by the wayside are key concerns around distributive justice, the environment, equity and other social issues:

*Modern libertarianism is the disguise adopted by those who wish to exploit without restraint. It pretends that only the state intrudes on our liberties. It ignores the role of banks, corporations and the rich in making us less free. It denies the need for the state to curb them in order to protect the freedoms of weaker people. This bastardised, one-eyed philosophy is a con trick, whose promoters attempt to wrong foot justice by pitching it against liberty. By this means, they have turned “freedom” into an instrument of oppression (ibid).*

Neoliberalism favours business, leaves its citizenry at the mercy of market forces and tends to relegate social delivery to charitable organizations and other benevolent bodies. The fundamental problem lies in the fact that the core character of neoliberalism is seldom normative in nature, servicing capital more than people, under the guise of “freedom”.

## ***Informationalism***

### **The information category**

When it comes to emergent notions of information, terminology is abundant with theorists rearticulating terms in order to unearth how meanings related to information are ideologically repositioned for mass adoption, consumption and consent (Hassan 2008, 35). Terms such as informationalism, credentialism, data, knowledge, technocracy, intelligence, surveillance and dataveillance are all richly rearticulated with ideologies unearthed for scrutiny; therefore information deserves some attention as a theoretical category.

Awareness of information as a category developed traction post world war two. This may be attributed to the advances in communication technology as well as in the mathematical and allied scientific fields. In 1948-9 Claude Shannon wrote *The Mathematic Theory of Communication* in which he outlined that information

was the quantitative measure of communicative exchanges, clarifying further that information was the resolution of uncertainty created by distortions as messages were transmitted over communication hardware of the era. This radical redefinition of the concept of information (as compared to more qualitative pre-existing meanings) took firm root in the communication industry when new networks of communication were being developed, as the primary occupation was the measurement of communication, or bits of information, which had to then be matched to appropriate bandwidth with enough carrying capacity. "The information resource in short, is different in kind from other resources...Not subject to the laws of thermodynamics, information is expandable, compressible, substitutable, transportable, leaky, and shareable. These inherent characteristics, Cleveland argues, 'divulge the vital clue to information's mounting economic importance' (Cleveland in Schiller 2007, 7).

Schiller asks, 'What if, however, we suppose that information is not inherently valuable? What if only a profound social reorganisation can permit information to become valuable?' (2007, 7) He proceeds to explain that information ideologues in economic theory created a supposedly new field and with it an analytical distance from history or the contested terrain of lived experience. In this sense information as a post-industrial economic category was reified with the scientific accents of value neutrality, the promise of progress and endowed with technological determinism (2007, 7 – 28).

Schiller argues that when information is taken on as a commodity form, its study necessitates the inclusion of historical context, material culture, individual experience, and hidden power relations, basically all the things *post-industrial information* excludes. Following the dot.com boom in the 1990's, information became increasingly central to the production and distribution cycle of capital. As big US companies expanded into information-type business, otherwise known as

'information resource management' (Schiller 2007, 3), the notion of information took on particular importance in the cycle of capital. Heralded as the catalyst to reinvigorating a sluggish world market, information evolved into a commodity.

### **The panopticon**

The panopticon, emerging from Jeremy Bentham's moral reformist thinking in the late 1700s, was energised by Michel Foucault (2001) to focus on modern hierarchies and infrastructures of control. Bentham famously conceived of a prison structure in the round, many cells packed next to each other, above and below, with the only illuminating feature being the guard house (or controller's space) in the centre. The lights illuminating the central controller's space are meant to render any prisoners' vision of it hazy and indistinguishable. As a result, prisoners would only ever be able to assume the presence of an all seeing eye (the guard) as opposed to actually perceiving the guards. Bentham's idea was to create certain psychological conditions of self-regulation without the added cost of too many extra guards. Nothing really came of Bentham's designs until Foucault resurrected it for modern application. Foucault (Rabinow 2001, 451) argues for the "trap of visibility", i.e. where modernist preoccupations were with capital expansion to the global markets, post modernism sought to rationalise the modern nation state – especially the control of its citizenry. Current surveillance theorists argue that the trap of visibility is created by informational mechanisms of hardware, software and hegemony. Schiller states that the 'means of anchoring mobile connectivity to an increasingly authoritarian capitalism via location based tracking of individuals has already been glimpsed...We are moving from batches of information about operations to continuous visibility...Surveillance practises are likewise being chillingly extended and normalized' (Schiller 2007, 172-173). The current panopticon is digital in nature; end users occupy and populate their individual devices which are connected to



centralised hierarchies of power. There are possibilities for scrutiny of individuals' digital activities from within the hierarchies of power, but no possibility of individuals returning the gaze. Scrutiny takes the form of locating consumers or dissenters; the former perhaps more benign than the latter which unequivocally embodies the threat of force.

Whitaker (1999) argues that intelligence gathering has been going on for centuries (the second oldest profession); in the defence of nation states, monarchies and governments would gather information covertly about bordering nations' intentions, arms and ammunitions. He distinguishes between intelligence as a by-product of mental effort and '*intelligence*' as a systematic and purposeful acquisition, sorting, retrieval, interpretation and protection of information. He insists that '*intelligence*' is necessarily covert and protected, predicated on hostility while intelligence is more open source and works on a competitive but co-operative model (1999, 8). Whitaker argues further that the outward '*intelligence*' gathering gaze of nation states has now turned inward partly as a result of the digital infrastructure affording it these possibilities. There has never been the possibility of having access to an entire nation state until the birth and evolution of informational infrastructures. Information or intelligence no longer needs to be covertly sought. Ironically it is tacitly surrendered by end users. While this intelligence is more robustly used by marketing companies seeking more consumers and sometimes a better understanding of consumptive practices, citizens are also subject to infringements by power brokers in different ways. These kinds of information practices are referred to as 'dataveillance'.

Morozov (2011, 143 – 178) indicates that surveillance or '*intelligence*' organisations are particularly keen for the individual's consumption of social media as social media sites are incredibly efficient at collecting information about individuals, groups, trends and even moods. The added bonus is that the

technology is cheap as opposed to the expensive older forms of surveillance technology needing extensive hardware and monitors (people).

Apart from the intrusive nature of a panopticon state, Køien and Oleschchuk (2011, 85 – 98) emphasize the importance of personal privacy in the face of an increasingly sophisticated ‘informational intruder’. They compare the intruder of two decades ago to the one operating a decade ago to current intruders and they project into the future (2020) that cellular systems will face a number of different kinds of attackers and adversaries: “in 2020 we expect the power of the intruder to have grown significantly”. Moore<sup>29</sup>’s law alone would give an increase in processing power by about 256 times (2011, 85). Hence they argue that the system architecture must provide firm support for personal privacy.

Drahos and Braithwaithe (2002, 150) question ownership patterns in the information society and imagine a sort of feudal order in which biogopolies and infogopolies predominate. The main tendencies are to secure monopoly (or cartel) control of knowledge that is related in some way or form to commerce and to reduce the cost of intellectual property rights to industry. Drahos and Braithwaithe refer to the chemical cartels like Monsanto and the entertainment cartels that restrict trade and engage in price fixing. ‘The authority and coercive apparatus of the criminal law is brought in to legitimate a morality of ownership which completely ignores the communal origins and value of knowledge’ (Drahos and Braithwaithe 2002, 186).

Feenberg explores the process of technocratic legitimation in social life.

*Technology need not impose a specific value based ideology vulnerable to critique on factual grounds. Rather it relies on consensus (social cohesion depends on technical prescriptions as social life is mediated by technological objects) that emerges spontaneously out of technical rules and tasks in modern organisations. Meanwhile, the underlying technical framework is sheltered from challenge. Technocracy thus succeeds in*

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<sup>29</sup> See page 17 - 18.

*masking its valuatative bias behind the facade of pure technical rationality*  
(Feenberg 1999, 102-103).

Morozov (2011) extends Feenberg's point as he refers to the tensions that arise out of the technocratic "solutionism" aggressively promoted by Silicon Valley (Listening post, 21 July 2013). He states that it is important to remember that not all social problems need technocratic solutions. Philip refers to this as a 'valorized dialect' (2000, 13). Philip states that capital is involved in the valorized dialects of law, politics and now technocracy (2000, 13). These dialects legitimate expertise and expertise legitimates power in society (2000, 18). Therefore it becomes vital to challenge such ideologies by unearthing the subterranean discourses of individual use of cellular telephony as it relates to issues of commodification, privacy, intellectual property rights, the panopticon and finally what I loosely refer to as an information commons.

## ***Normative Challenges***

### **Normative questions**

Held *et al* raise two issues which are highly pertinent to our purposes:

*First, while the processes of globalization may be uniting the globe physically, it is not necessarily inculcating a sense of global community and citizenship, a prerequisite for any future democratic global government. Second, what kind of politics is required in the emerging global order?*  
(2002, 11)

To answer Held, we must look to the global and local normative discourses<sup>30</sup>. The UN Millennium development goals<sup>31</sup> demonstrate an authentic will by the participating nations to address inequity across the globe. The goals focus on supporting and sustaining the implementation of pro-poor policies, which would include:

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<sup>30</sup> These discourses were dealt with in the literature review.

<sup>31</sup> The millennium development goals refer to an initiative by the United Nations Development programme which garnered support from 189 nations to commit achieving eight development goals by the year 2015.

*improved material conditions for everyone; greater equity in access to the world's natural resources and wealth; improved realization of human rights, freedom and security; improved choices, self-determination and power to influence one's own life and conditions; and sustainability (Warnock, Schoemaker and Wilson – Web 89).*

The normative values of the communications industry are complex because as was mentioned earlier, media is not exactly like any other business. The social responsibility imperatives which legitimate its existence mandate media industries to meet certain “civic” obligations. The flux of change in technologies and the organization of business itself complicate the nature of the social obligation and regulation. A few foundational premises pertain though, one of which is that Communication is a basic human right.

The Millennium development agenda acknowledges the strong role communication can play in achieving the eight goals. Thus media industries have to cognize this basic right and view the supply of adequate media products within this framework. Perhaps another way of envisioning communication rights is in protecting the industry by forming a counter- point to the over-arching tendency towards a rationalization of communication to only capital's ends. Robert Reich asks,

*So who is us? ... Neither the profitability of a nation's corporations nor the successes of its investors necessarily improve the standard of living of most of the nation's citizens. They are becoming disconnected from their home nations (Mosco 1996, 180).*

Mosco goes on to clarify that the question of whether companies retain a national base for the advantage of “preferential legal, regulatory and investment policies” is less relevant, “because, from a societal viewpoint, the issue is not where is the base, but, wherever it is, do companies create jobs, produce socially useful products and services, and can their behaviour be regulated in the public interest?” (Mosco 1996, 181)

While business has been rocked by unsteady waves of mergers and alliances, coupling and decoupling, it is important to note the important place of the media

industries. These industries (while separate business entities in themselves) provide the crucial hardware, software and marketing expertise to move products to potential consumers. In a way, the media industries form the gateways of the “global electronic services marketplace” (1996, 194). Thus there still lurks the danger of monopolization where a tight oligopoly controls the flow of communication, information and entertainment. Jeffrey Chester of the Center for Media Education (quoted in Mosco), states: “Unless there is a public outcry and it becomes a populist issue, we won’t be able to prevent these media monopolies from controlling the paths to the home” (ibid). This control effectively translates into control over the very communications messages that enter our homes.

A quick example of what Chester is referring to is the phenomenon of ‘electronic red-lining’ which describes a process where cable companies set up and allocate a greater provision for bandwidth in affluent areas only, and a much smaller capacity for poorer areas (if at all). This is a sort of infrastructural marginalization that becomes more apparent when one takes a closer look at spatial agglomeration.

In South Africa the residual effect of apartheid geography lingers as a sort of collateral damage, an automatic marginalization of *non-nodes* of power. Red-lining technology manifests across the rural-urban divide and also within the urban areas splitting the affluent from the urban poor. This technological geography as it were is only further complicated by an in-built exclusion of areas needing basic services first – who rather than *leap-frogging* play into an eternal *catch-up*. Cell phones by far have held the greatest promise for *leap-frogging* within these marginalized areas, but connectivity and capacity remains poorer. In such areas other complications that manifest is recurring cable theft. Illicit companies dealing in the use of copper for sale or other purposes often pay

locals for copper wiring embedded in fixed line cables<sup>32</sup>. Known instances of recurring cable theft have occurred in the Inanda (specifically lower Inanada) area of Durban – KwaZulu-Natal; in Giyani (near Polokwane) – the Northern Province and the Midlands in KwaZulu-Natal (Magubane 2012).

Though in different provinces and quite far apart, these two regions share a rural texture and consequently an erratic connectivity. Cell phone reception was reported to be very poor in these regions and therefore did not contribute much to alleviate the problem of basic first generation connectivity (The Witness 2012, 6). One set of respondents from the Inanda area complained that the consistent lack of connectivity as a result severely limited their domestic communication and also their business activity – being small scale vegetable farmers. Respondents from the Giyani region worked at a local school. Apart from the day to day administration and management of the school, curriculum and curriculum development were negatively affected as teachers were unable to access the internet or teach basic literacy classes. Here again, cell phone reception remained patchy, erratic and unclear. One can also presume that the lack of domestic connectivity in the region resulted in frustration and perhaps limited business transactions as well.

A Midlands farmer reported that cable theft occurred four times in one year which resulted in a repair bill of R 86 000 (Ngqulunga, 2012). In the Underberg, Bulwer, Ixopo and Highflats area (Midlands, KwaZulu-Natal) approximately five kilometers of telephone cabling was stolen. The Telkom spokesperson did not respond to e-mails and did not answer his phone when affected citizens attempted to get some clarity on how to resolve this ongoing problem. Respondents in these affected regions state that the lack of connectivity has

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<sup>32</sup> The researcher gathered data from a basic interview with respondents from these areas as these respondents were available for comment on the issue.

become a mounting problem that fixed line monopoly (Telkom) refuses to address.

*The source said that affected people would have a lengthy wait to have their phone lines restored, depending on where they were (Magubane 2012).*

*A farmer in the Howick area said phone cables to his farm were stolen a year ago and Telkom told him it would not be replacing the lines. "We are really battling. We can't do anything, and even our Internet service is very poor" (Magubane 2012).*

This small piece of seemingly anecdotal evidence does not imply that the problem of cable theft is limited only to the two locations of Giyani and Inanda. The researcher did not have more resources to investigate other rural regions more thoroughly. Given the attendant problems of poverty in rural areas and a desperate need for some means of survival, the offer of purchase from opportunistic though illegal copper related industries in these areas have created an environment ripe for recurrent cable theft.

As reports indicate, the fixed line (very nearly) monopoly Telkom refuses to address the problem. The effect is the structurally embedded cultivation of a freshly marginalized class referred to as *Data trash*, "made up of the discarded groups in any culture who are not connected to the new structures and machines of information" (Marshall 2004, 35).

*There is a banding of the middle classes in many countries that begins to resemble their counterparts in other parts of the world. The experience of new media culture in the way we have described it is fundamentally banded and branded with this socio-economic divide (Marshall 2004, 35).*

In attempting to construct normative values it becomes apparent that these values are tied into (perhaps aggravated by) economic systems and economic tides. In articulating values, policy must also articulate the various contexts that frustrate the achievement of these values. Another aspect that impinges on

normative values is that of space due to its ability to define and shape human experience.

## Space

The quality of time and space are so mutually dependent. It is difficult to speak of one without inadvertently constituting the other. Spatial agglomeration simply put refers to urbanization, and the way in which space is divided into economic and political hubs which seem to control the vast 'other spaces' responsible mainly for agricultural production and other types of 'early manufacture'. The information and communication revolution being not so time and space bound held the promise of destroying barriers of time and space, reducing centralized nodes of power, and thereby heralding a new dispersed equilibrium of connectivity across the globe. However the promise of decentralization remains unrealized. Mosco states:

*In addition to corporate restructuring, changes in the spatial patterning of business activity also prompt a rethinking of business concentration. Specifically, and contrary to forecasts that telecommunication would necessarily decentralize business activity, the concentration of business activity in New York, London, Tokyo, and other international cities provides grounds for thinking about spatial agglomeration as a major form of business activity (Mosco 1996, 199).*

Mosco thus extends the thought around corporate concentration to spatial agglomeration and proximity. While proximity only brings with it the possibility of connectedness, isolation or remoteness certainly guarantees little or no possibilities for networks and for such connections to flourish as there is no conducive environment. This has implications for governance as those sectors falling outside of the "power-geometries" or "economic-political nodes" would need very careful regulation in order to guard against further marginalization that would naturally occur due to these sectors lack of ready or easy access to, among others, information, connectedness to lobbying groups (political power), and the means of self-definition.



*Spatial agglomeration, as well as ownership agglomeration, is a significant form of business concentration. It brings together companies, whether connected or unconnected by ownership ties, in dense networks of producers, suppliers, and customers whose mutual dependence, consolidated geographically in global cities and dispersed electronically across the globe, creates significant forms of concentrated economic power (Mosco 1996, 199).*

The significance of 'concentrated economic power' becomes apparent when one witnesses MNCs exerting a strong influence over government via direct injections of cash or striking favourable business collusions. This influence is in the main to loosen the hold on tight regulatory frameworks and potential enforcement. The significance of concentration of economic power manifests further in the divergence of individual experience itself. The spatial divide is an extension of the digital divide – the result being vastly different experiences of space. For example for the more upwardly mobile knowledge worker in the IT field there is automatic access to a virtual world which abounds in ease, convenience and the various capacities to recast her/his identity in the digital space via social networking and other such sites.

These conveniences range from banking to purchasing groceries to selling used goods, arranging travel, mobility with work and even searching for work. Such an individual is also privileged in the global workforce and gains geographic mobility as s/he possesses skills that are sought after. As a result her/his identity is recast from *migrant worker* to *guest worker*, which has implications on ease of mobility into and out of nation states. Depending on how one is cast, the experience of migrancy could be traumatic coupled with time-consuming queues at home affairs departments or alternatively work permits being fast-tracked by government offices privileging particular types of workers. In which case, the experience of migrancy would be relatively quick, trouble and queue free! This kind of daily experience of access to digital space lies in stark contrast to one locked out of the virtual world, perhaps having at most cellular connectivity for basic first generation telephony. An example could be a domestic, refugee or

migrant worker who must battle queues for each and every one of the transactions mentioned above and there is little or no possibility of engaging in any kind of identity reconstruction in the virtual space. There are success stories but these are largely anomalous as they reflect the exception to the rule as opposed to mainstream experience.

Vast differences of experiences are not necessarily negative in themselves. However, if a population is divided in terms of access to the knowledge pool i.e. that certain people have access to certain types of (more valuable) information while others remain locked out, this muddies the possibility of a more cohesive society as the experience of space is so vastly divergent. Another aspect relevant to the developing context is that if differences of experiences are a result of inequality, one cannot really anticipate social cohesion.

Therefore the idea of communication as a human right must be expanded. The provision of basic telephony is certainly a start but there must be a strong commitment by policy makers, development agencies and civil society groups to extend the idea of the basic right to communication to wider access to the (national) knowledge pool.

Duncan locates the answer to the question of a cohesive nation in broadcasting; however, her sentiments echo across the communication media – to telephony and all its potential:

*The protection and enhancement of broadcasting should not be undertaken merely for gratuitous reasons: they have a crucially important role to play in South African life. Ongoing inequities with respect to media access have led to accusations that South Africans do not share a common pool of information: there are, in effect, 'information haves' and 'information have-nots' living together in the same country. The development of a common nationhood rests on the removal of these and other, disparities. In South Africa, it has been controversial to speak of 'the nation' on any level, as it has been prevented from coming into being by statutes defining and separating different 'races', 'national cultures' or ethnic identities. These identities have been used by apartheid ideologues to argue that South Africa actually consists of a constellation of nations. It has long been recognized that these apartheid-fostered identities have been intimately tied*

*up with economic wealth and oppression, as structures of patronage and privilege have depended on their continued existence. As a result, only a radical nation building project that removes these class inequalities will ensure the coming into being of a truly South African nation: the goal that millions of South Africans struggled for and many died for...It should almost go without saying that the national question cannot be resolved without people having the ability to communicate with one another (Duncan 2007, 2-3).*

Duncan argued further that the achievement of this kind of access would serve national cohesion, as it is currently impossible for a society to be stable and solid when there are such vast differentials across earnings, lifestyle and access to information and communication. The experience of one respondent (Sewchurran, personal interview) is particularly pertinent. This domestic worker lives in a small village near New Hanover. The village is of course rural with at most a thousand people. In this village nobody can afford laptops or other communication devices except that of cell phones. This village has electricity but no fixed line connectivity. Cell phones are used extensively even though the network is patchy and erratic. This remains so simply because the tendency of communication companies is to focus dominant attention on commercial rather than domestic clients. This is exacerbated by the assumption that these particular clients would only be able to afford and therefore only need basic first generation connectivity. Access affects the entire range of human experience and potential. As was stated earlier, space is inextricably linked to time and consequently labour. These two concepts will be explored together given their relation.

## **Time and Labour**

Shifts in spatial dimensions after globalization and the communication revolution occurred as a result of capital managing the constraint of space, or more precisely, reducing the constraint of space on labour and the circuit of capital (see page 112). Understanding the changing experience of *time* is rather tricky in that it is relative - located in specific experiences, and coded by the individual

mental climate. However, there are shifts in the general notions of *time* as we enter what Harvey (1989) refers to as a new 'accelerated' wave of time-space compression.

The early notions of time were perhaps related to marking seasonal and climatic changes which evolved together with closely aligned religious rituals. With capitalism, time becomes central to labour productivity, with Taylorism (later Fordism) and even Stalinism. In 1929, Stalin attempted to increase productivity and reduce ritual religious observances by introducing an uninterrupted work week with a rest day every six days. On the Western side, Taylor introduced the almost mechanistic, scientific organization of work based on measuring working time to the smallest movement in the assembly line. Fordist thinking tested and improved this idea by increasing productivity by work being reduced to the repetition of smaller movements in the assembly line (Web 23).

Both Eastern bloc and Western thought focused on the constraint of *time*, seeking to master it towards the end of greater productivity. These were perhaps the early moves from *time* as a signifier of experience to *time* as source of economic value and as a resource to be managed. This shift proved crucial to industrial capitalism. Needless to say, labour was inextricably linked to the evolving notions of time and time had to be reconceived in order to free up labour from rest, leisure, spiritual or other activity which had no direct relation to productivity (ibid).

The next major shift occurred in the changes signified by *clock* to *digital* time. *Clock time* seemed to signify modernity and a twelve hour reality dictating work patterns. *Digital time* seemed to signify post-modernity: a twenty-four hour number representation which together with the telecoms revolution unlocked the twenty-four hour virtual (work-leisure) space. Here again, leisure or rest time is

*freed up* as it were and recoded for the possibility of productive time. As the twelve hour clock goes digital, work cycles are increasingly blurred and communication technology frees up space so as to make possible *anytime anywhere* communication which translates into *anytime anywhere* work (ibid).

Leisure or respite is more encroached on and the work cycle is increasingly blurred across a new twenty four hour day. Advertising of technology in particular demonstrates or rather promotes this unabashedly. Wireless, seamless connectivity is accompanied by appropriate portable machinery to support it. The familiar scenes across the advertising space is an individual fishing in a tranquil setting while also having a laptop or tablet on to watch over work related issues like checking the stock market or being at some fabled holiday destination with family and never being out of touch because of the use of a Blackberry or some interchangeable device. Such advertising portrays the ease and convenience of connectivity that unlocks the global market place from one's bedroom while other harsh productive realities remain hidden.

While time and space are reduced as constraints of capital and it appears to free up labour for anytime anywhere productivity, there are great pressures and great uncertainties with the new imperative of flexible labour. In the new globalized configuration labour takes on a new individualized flexibility promoted in the garb of ease, convenience and power; but in reality an old configuration is recreated: the surplus pool of labour Marx talked of over a century ago which he asserted was necessary for both for the circuit of capital and the extension of capital (Web 24).

Neo-marxist feminists in particular utilized Marx's thesis to good end. They applied capital's need to create a surplus pool of labour to be pulled in during high demand and pushed out when not needed to the great wars. During world

war two women were pulled in to the workforce (even munitions factories) as most of the traditional male work force was engaged in warfare. This was ideologically encouraged by the themes of 'standing by your man' and promoting imagery of strong women in the service of their country (Web 25).

Post-war saw soldiers returned to a market place flush with labour. Thus there needed to be a very strong directive to push women (who served as the flexible component of labor) back into the domestic sphere and out of the work force. This was achieved via the resurgence of traditional notions of femininity and the negative construction of independent, strong women for example cast in the image of the cinematic *femme fatale*. These films in different ways identified strong, independent women finally as dangerous women and represented a strong push towards family values highlighting the primacy of the domestic role for women (Web 26).

Labor having taken on the pressures of individualized flexibility, now also must deal with the demands of twenty four hour access or reach-ability/availability. This kind of flexibility of labour is needed to service *just-in-time* markets (*J.I.T*). This further reduces the constraint of labour on the extension of capital.

If in the not so distant past, time signified economic value; now profit making depends on it. The new imperatives of this wave of time-space compression are speed and seamless connectivity. Connectivity points to a range of platforms such as different technologies (made possible by convergence); different nation states; different languages and cultures and different economies. However, with this level of seamless connectivity, different economies are being rationalized into a unified global economy. The new market, sometimes referred to as the currency market, exhibits split second capital transactions which determine huge monetary gain or loss:

*Capital is shuttled back and forth between economies in a matter of hours, minutes and sometimes seconds. The electronic casino – the currency market where computer wizards and financial analysts play games with millions of dollars – enabled by deregulation, the opening up of domestic financial markets and a sophisticated ICT network (investment banks, pension fund managers, multinational corporations) (Giroux 2011, 102).*

Contrary to any gloriously optimistic visions of globalization and its concomitant compressions, the implications of this kind of financially based connectivity and speed are harsh. The 2008-9 crash is a most recent example of recurrent monetary crises, which have wreaked havoc with the stability of companies; employment stability; and investment and pension fund stability. Labour is hard hit by this kind of 'global gambling' as jobs are lost without any relation to performance.

*These developments are part of a wider process in which companies adopt new organizational structures that combine the power to command resources and the flexibility to respond to changing markets. According to the economic geographer David Harvey (1989, 147), this form of restructuring rests on flexibility with respect to labour process, labour markets, products and patterns of consumption...Finally, it leads to what he calls a new round of 'time-space compression' – the time horizons for decision makers shrink while declining transport and communication costs make it possible to spread decisions over a wider and more diverse space (Mosco 1996, 198).*

This new virtual / digital time therefore not only cultivates flexi-time and variable work hours but also shrinks the 'time horizons' in which key decision makers must determine the framework of the future. Life-cycles are blurred by compression and technology that may be used to escape constraints of time-space itself. Digital time affords the privileged few the capacity to almost escape time.

However there remains serious marginalization caused by time-space compression. Invisibility in economic terms seems to also translate into invisibility in terms of new time-space constructions. Digital time appears to be forward looking. Those excluded from the digital economy appear to live in the, "...'no-time' of starvation economies where the need for sustenance that is just not available is the over-riding concern" (Paehlke 2003, 59). Global warming and

climate change complicates this experience of time which follows subsistence farming according to seasonal changes. The looming crisis in terms of food security is a critical issue; however for the purpose of this thesis, pursuing this line would fall more under the political economy of the environment.

*Unevenness of experience: the speed and intensity of the digital era forces us to look more and more to the future, while the poorest sections of the global economy are forced backwards to pre-industrial – agrarian culture: time is the daily struggle for survival (Paehlke 2003, 60).*

With the variables of time, space and labour, one observes a rationalization process, an attempt to reduce the constraint of each factor on the circuit of capital.

## **2. Spatialization**

### **Introduction**

Spatialization theory necessarily involves much of the debates within the vast field of globalization. However, it does remain relevant offering key terms and units of analysis which operationalize spatialization and some aspects of globalization theory.

Spatialization as a term intuitively implies a focus on understanding space as it relates to human dynamics. Many theorists have explored the spatial aspects of power and control over the flow of information and communication. An extension of this is the idea of understanding how capital diminishes factors constraining its expansion. Some theorists argue that space has been annihilated, others argue that it has been transformed. Mosco once stated that media studies as a field must borrow unashamedly from other more established disciplines (AMIC Conference: 13 July, 2009). This is quite apparent when looking at the roots of spatialization theory, as it was crossover geographers and sociologists who developed the early literature on space and communication. Perhaps Marx is the



earliest radical political economist, whose thesis on capital and space retains a certain currency, condensed in his famous, oft quoted observation: *Capitalism's tendency is to annihilate space with time* (Web 24).

In the phenomenon of globalization, while time and space appear condensed, the most significant site of investigation is that of transforming productive relations. The decline of physical space gives way to what Castells's calls (2000, 406-409) '*space of flows*'. This refers to, "the deployment of the functional logic of power-holding organisations in asymmetrical networks of exchanges which do not depend on the characteristics of any specific locale for the fulfilment of fundamental goals". The '*space of flows*' are essentially arranged around information-generating units and communication systems. Telecommunication industries are the primary drivers of the '*space of flows*', which necessitate the intersection of technology and finance. These complex spatial, technological and financial relations could be related to Massey's '*power-geometries*' (Mosco 1996, 174). Within the '*space of flows*', power-holding organizations consolidate and expand their reach through various forms of concentration. Corporate concentration raises particular concerns for the developing regions, as it tends to promote anti-competitive behaviour, which ultimately affects end users in a negative way.

Conversely, concentration is said to have some advantages when industries are able to create benefit from economies of scale<sup>33</sup>. It is further argued that natural monopolies<sup>34</sup> become the default position as they remain the only players capable of costly role out to under-serviced areas. It remains to be seen what

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<sup>33</sup> Economies of scale refer to the economic advantage of the increase in scale or quantity of production resulting in a decrease in average per unit cost.

<sup>34</sup> Natural monopolies refer to the scenario where a company exists as a single supplier of a commodity or service. This may be as a result of successful economies of scale, making it difficult for other players to enter the market. It could also be as a result of being an ex-government owned utility which had resources other new players would have access to, thus making entry into the market difficult.

balance between monopolies and competition best suits service provision for the end user in the telecoms sector.

It is important to note that development states are invariably not socialist states; hence development agendas must fit neoliberal frameworks, co-opted into the dominant hegemony as part of the marginalized discourse. As Harvey pointed out, “institutions and practices of the state have been transformed to attune to the needs and interests of the neoliberal market economy” (Harvey in Ritzer 2010, 104). Therefore it is ineffective to consider socialist models which do not encourage competition and diversity. As neoliberalism remains the dominant ideology, it must be evaluated in terms of its own assertions of competition and diversity.

## Corporate structure and behaviour

Political economists focus on “*ownership* as the primary defining element in media concentration” (Mosco 1996, 182). The seeming obsession with media ownership patterns is simply because concentrated ownership could affect the nature and circulation of information. Corporate concentration occurs in a variety of ways, with the aim of establishing some sort of competitive advantage that would allow the organization the capacity for cross-subsidization; a rationalization of operations; the benefits of economies of scale and scope<sup>35</sup>; and more control over the potentially volatile variables involved in production and distribution (Web 27).

The more formal relationships are commonly identified as vertical, horizontal and diagonal integration. The less formal relationships are categorized as synergies; strategic alliances; direct and indirect interlocks; and teaming arrangements. Within the South African context the concepts of fronting, poaching and

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<sup>35</sup> Economies of scope refer to the decrease in average production costs as a supplier diversifies in the range of products or services.

allocative and operational control have become extremely significant factors to consider when examining concentrations.

Another aspect that compounds / complicates the issue of concentration is the disputes that occur over definitions. Seen by some as more than neutral descriptors, these definitions are evaluated in terms of the ideological weight invested in them, thus foregrounding their contribution to hegemony. “For Schiller (1993), ‘synergy’ is a glossy term for corporate control over the entirety of consumer images and a product... ‘Synergy’, is formulated for its public relations, as much as for its analytical, value” (Mosco 1996, 192). These issues will be unpacked in the policy section of the theoretical framework. For now, I have adopted Mosco’s definitions as a standard set of political economy terminology as he discusses in great detail the ‘ideological (and practical) weight’ behind each term.

Horizontal concentration refers to the strategy of industry to consolidate ownership and control of similar businesses. A local example is Media24 (a major media company in South Africa) acquiring a local newspaper, The Witness (Web 28). Media24 has a string of newspapers apart from other related media businesses. Mosco asserts that horizontal concentration can also refer to when “a firm in one line of media buys a major interest in another media operation, not directly related to the original business, or when it takes a major stake in a company entirely outside of the media”<sup>36</sup> (Mosco 1996, 175 - 193).

Vertical integration refers to the way industry seeks to control all the variables in the process of production. This activity is further clarified as forward and backward integration. An example of backward integration would be when the New York Times bought paper mills in Quebec. Forward integration refers to

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<sup>36</sup> A local example of this phenomenon could be when the banking sector integrated with internet companies in order to offer online banking etc.

when industry expands further along the circuit of production. Finally a strategic alliance unites businesses in a variety of ways. Businesses could merge or specific units of these businesses could come together for one or more projects without any change in the ownership pattern (Mosco 1996, 175 - 193).

While vertical and horizontal integration, strategic alliances and synergies highlight formal relations between corporates, other forms of consolidation also occur. These are 'teaming arrangements, corporate partnerships and merchandising agreements'. Merchandising agreements refer to the connections that grow out of the joint marketing of media and other hitherto unrelated products. Other agreements expand advertising through 'product placement' and links promoting media products like films or music to disparate products.<sup>37</sup> Mosco argues that these arrangements also work towards consolidating corporate power into nodes or networks (Mosco 1996, 194).

The legalistic and economic schools tend to view concentrations in more easily measurable terms. That is to examine ownership in and of itself, and to link this concept of ownership to a measure of diversity in the market. Thus concentrations are measured in terms of market share. The changing nature of media businesses have led some theorists to renounce this as a 'mechanistic and narrow view' riddled with some serious inadequacies. Media industries have always been seen as businesses with a difference due to the normative imperatives underlying their existence. Wasko (quoted by Mosco) indicates that market share measures are certainly easier to accomplish, however they reveal little in terms of qualitative diversity:

*A broader conception of concentration takes into account the market, but shifts attention to the degree of ownership concentration that enables firms to make use of resources based on operations in a range of markets. Moreover, it shifts the focus from the sheer multiplicity of product to its*

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<sup>37</sup> A local, current example of this could be the local KFC and the promotion that was done with the local band *The Parletones*.

*diversity. For example, this approach weighs more heavily the ability of Manhattan Cable, the unit of Time Warner that provides cable television to part of New York City, to draw on the resources of the various divisions of the parent company for product, financing, and political lobbying power. Manhattan Cable is thereby a fundamentally different firm from one that lacks these connections. Yet, for the purpose of a market-specific analysis, it is treated like any other discretely owned entity. Moreover, the broader form of concentration analysis shifts attention from the sheer number of conduits into a market, to the diversity of content provided by whatever number of channels. It follows from this view that one cable firm with an ownership monopoly in a market, but also with a wide range of different voices reflected in its various channels, constitutes less concentration than a market with several newspapers that, though under different ownership, offer essentially the same point of view. Proponents of the broader view grant the difficulty of measuring such forms of concentration, but argue that the more narrow view, with its indices of market share, provides a mechanistic and inadequate barometer of concentration. Moreover, they also maintain that the narrower view falls short on how to expand access to the widest range of information and opinion, one of the major policy goals of concentration analysis (Mosco 1996, 183 - 185).*

Towards the end of a more qualitative concentration analysis, the focus is shifted to the corporate board of directors as the primary movers of a company's direction. The power of a business is largely vested in the board of directors and the allocative decisions made in this forum. Allocative control refers to the power to determine the direction and the overall policy and goals of the organization. This is often distinguished from operational control, which refers to a lower level of power vested in middle managers who would manage the day to day running of a company. A further distinction lies in the differential power base of "inside members" and "outside members". Insiders are part of management while outsiders could be executives from allied industries and rarely include members from civil society.

Mosco (1996, 189) refers to "direct and indirect interlocks" which links firms via common board membership, in the first case with one company on the board of another; and in the second case, via joint membership on a third board. The more crucial spaces, also more difficult to penetrate, are the "nodes in networks of class power". These are professional associations, clubs, golf courses (popular in South Africa) and social organizations that require entry fees that are prohibitively high. These effectively exclude other members of society that may

well have a vested interest in the deals that are brokered in this space. “This texture, made up of the many daily occasions for contact and interaction, gives concentration the quality of *hegemony*, a taken-for-granted belief in the right to use power” (Mosco 1996, 189).

Concentration across the globe allows companies to avail the advantage of flexible labour and currency fluctuations, while their vertical and horizontal integration affords them unprecedented economic control. However, the ‘conglomerate form’, while displaying signs of immense flexibility also at times displays the bureaucratic rigidity of large institutions. The over-reliance of conglomerates on government and other loans, has led to debt-ridden institutions which is disquieting especially in the face of the global economic crises, where one questions the capacity of these conglomerates to survive the economic downturns.

Mosco (1996, 179-180) argues that the conglomerate form, while wielding immense economic power, may not be the most ideal form in the ever rapidly changing business environment. Flexibility is key to responding to changing technologies, changing consumer demands and fluctuating markets, where “the pace of corporate restructuring, the process of formal and informal coupling and decoupling, has speeded up and become more unstable”.

Another *factor of flux* is the state in which corporates operate. The role of the state has changed, with the traditional categories of regulation and policy apparatuses being eroded. This adds to the flux of change affecting business currently in progress toward the “global electronic services marketplace” (Mosco 1996, 198).

There is a tendency towards naturalizing business perspectives as if it exists only for its own end. To counter-act this dominant tendency born out of a

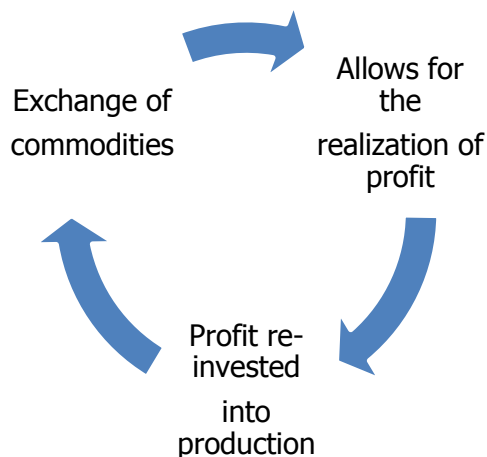
neoliberal economic framework, political economy always anchors analyses of industry firmly within a normative framework (within normative values). These counter ideologies are taken up in the first part of the analysis section.

### 3. Commodification

*If we were sensibly materialist, in that part of our living in which we pursue things, we should find most advertising to be of insane irrelevance. Beer would be enough for us, without the additional promise that in drinking it we show ourselves to be manly, young at heart, or neighbourly (Williams 2006).*

Commodities are central to the circuit of the modern capitalist economy. The cyclic nature of the exchange of commodities, leading to the realization of profit and re-investment of that profit into production of more commodities, only falters in the event of market crashes, wars or natural disasters.

#### The circuit of capital



(Web 24)

Commodities depend on a manipulation of use and exchange values. Use values refer to the value of an item strictly in relation to its use. Exchange values refer to the value an item may be able to fetch in the market place. One may abstain

from food for days but one would feel the adverse effects of abstaining from water for even a day. Water is vital for basic survival so it is high in terms of use value and relatively low in terms of exchange value. Conversely as a commodity perfume may not be high in terms of basic survival and hence use value but is high in terms of what it can fetch in the marketplace and hence it is high in exchange value. Marx referred to the distortion or manipulation of use value and exchange value as commodity fetishism.

## **Needs, culture and ontology**

Marx focused on the priority of needs. He highlighted humanity's need for more than physiological and subsistence satisfaction asserting that humanity possessed the unique quality for its own ontological self-realization and advancement through the production of its means to life. Marx also predicted that "although production rates would rise, so would the degree of alienation from our own human nature, from economic products, and from other social beings. In terms of individuals' psychic condition, things would not get better, but would grow torturously worse" (Kelly 1994).

Needs beyond that of basic physiological survival were understood as culture. Culture is not "just a symbolic echo of economic activity but a meaningful expression of human life and social relations" (Web 29). Culture therefore is an inextricable part of productive relations and the manifest expression of culture is the commodity or material artefact. Marx quoted by Mosco (1996, 122) argues that "the material artefact holds a central space in the determination of the ontological health of individuals and society generally."

In pre-capitalist societies the inherent value of commodities was limited to its use-value for consumption. In modern capitalist economies, the production of use values for consumption transforms into a means to create variable exchange



values, not strictly based on its original use value. Use values and exchanges values are not equal and exchange values eventually dominate over use values. “When people produce goods for the market, the value of those goods is set not by their usefulness, but by their ability to be exchanged for other things” (Web 24).

Exchange values become of paramount importance as it is the value of what the object can be traded on that is more significant than the actual utility of the object, hence Marx’s concept of commodity fetishism. Commodity fetishism refers to the way in which commodities evolve from having a functional utility to a value determined within the market place. This exchange is not based on the actual cost of manufacturing but on how much it may be exchanged for in relation to other commodities in the marketplace. Objects – or now – commodities get ascribed a life of their own and seem to operate outside of the bounds of human design and control and what especially becomes invisible is the human labour that produced the commodity. Objects are assigned, via advertising and branding with qualities not innately inherent in them and thus take on an almost religious life.

Branding has evolved from the early days of simple advertising, where products were simply named. Manufacturers now move from a passive stance to being much more active, communicating directly to consumers. While they initially communicated functionality, later the commodity was aggressively linked to more intangible, ephemeral qualities. Branding here after refers to the *promise machine of business*, filling the lacuna created by commodification between producer and consumer (Morgan, guest lecture, August 2008).

Baudrillard (Web 30) states that commodities function as signs and symbols in the sphere of consumption. Jhally (Web 31) adds that while commodities have

use values and exchange values, they are consumed symbolically, imbued with social meaning or as a cultural good. The symbolic and cultural dimensions that are supplied to consumer goods by advertising have triumphed over the ability of goods to function as material use-values. What we consume, therefore, is not the object of consumption itself, but its meaning and sign value. The cultural meanings of goods lie not in their material composition but in free floating symbolic illusions based on desires and ideological fantasies. Berger's ideas endorse Baudrillard and Jhally as he also indicates that the language of, "sexuality, power, guilt, envy and glamour appeal form the field that appeals not to reality and the fulfilment of the promises but to daydreams" (Berger 1990, 89).

As a result of taking on these ephemeral qualities, the commodity is exchanged not in terms of its own utility, nor in terms of the actual cost of manufacture, but in terms of what it can fetch in relation to other commodities in the marketplace, firmly located in Berger's field of daydreams. This distortion of exchange value often inflates products astronomically. Make-up and perfume can be cited as good examples which easily demonstrate the point. A high level executive at a leading cosmetics brand was reported to have said: "We're not in the business of selling make-up. We sell hope" (Morgan, guest lecture, August 2008).

It is thus in the market, via branding and exchange, that commodities acquire their extrinsic nature. Labour and productive processes also changed under capitalism in that the producer is separated from the product of labour. The actual sites and processes of manufacture are separated from the end product. Thus labour relations are obscured.

*Labour-power is exchanged for the abstract token of value to be found in wages – not the satisfaction of the worker's needs in itself. Workers become detached from the means of direct need satisfaction. Wage-labour has disunited labour from need so that labour is now no longer an act of need satisfaction but merely the means to need satisfaction (Web 24).*

The hidden source of the commodity masks the labour relations that went into producing the object, even though it is a matter of social interest. Consumers, while being brand conscious, are developing awareness of the hidden level of branding. The terrible working conditions of manufacturing in the developing world where labour is cheaper has become important to small groups of socially conscious consumers who refuse to consume these particular products. There is a growing pressure from consumers on manufacturers/retailers to make visible both their supply chain and production chain. Branding always seeks to mask this chain. Hilfiger and Nike are merely engaged in the business of branding rather than manufacturing. While this in itself is not necessarily problematic, the value relation between the products of labour which stamps them as commodities have absolutely no connection with their physical properties and with the material relations arising there from. The inflated returns it gets for branding, versus the return factory workers get for their labour is far too divergent to be socially acceptable (Klein 2000, 42).

In addition it creates volatile and uncertain markets and market crashes which in turn results in societies being subjected to extremely harsh economic conditions not of their own making. Two such examples highlighting the point are Argentina and Indonesia. Speculative currency attacks resulted in the Indonesian rupiah devalued overnight by half. This meant that the big brands linked to sweat shops within this region got a fifty percent 'discount' overnight and made no attempts to redress the terribly low living wage. People have to be efficient by eating only twice a day as a result of their already 'below the breadline salaries' being halved overnight.

In the case of Argentina, a corrupt regime brought a wealthy country to its knees in the crisis created by the Menem government of the 1990s as a result of adopting a wholesale package of WTO 'reforms' such as privatization and

deregulation (Web 22). Here again the currency was devalued and factory owners shut down factories because they deemed it unprofitable to maintain production. Workers being jobless took charge of their fate and combated unemployment by trying to occupy factories in which they worked. This occupation was towards worker controlled production.

These examples illustrate the great myth of neoliberalism that individuals as a resource within capital will not go to waste, will be utilized and will get paid what they are worth (income aggregation).

*Could commodities themselves speak, they would say: Our use-value may be a thing that interests men. It is no part of us as objects. What, however, does belong to us as objects, is our value. Our natural intercourse as commodities proves it. In the eyes of each other we are nothing but exchange-values (Mosco 1996, 138).*

Branding also tends to make much more of incremental innovations than necessary. The old commodity would function just as well, but newer and newer 'innovation' which is merely incremental and does not really add to the actual utility of the object, is branded as 'new and improved'. Thus via planned obsolescence, consumers are pushed into consuming more of the 'old-new' commodities. In a survey of EU mobile narratives (Lillie 2009) it was found that among mobile marketers, "there is also a perceived need to hype up the newest and "best" models, thereby encouraging customers to replace older products with more expensive models that "do much more," including elevating companies' profit margins."

In a short but funny and fascinating article cited earlier, Kelly (1994) extends the understanding behind planned obsolescence. He refers to this as 'the technology of uselessness'.

*For example, consider the existence of a chip which allows a VCR<sup>38</sup> to be programmed for a month in advance; this is actually nothing more than a*

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<sup>38</sup> While Kelly's examples are dated, hence the use of VCR – Video Recorder, his argument remains relevant and applicable to current technology – in particular the cellphone.

*homage to the useless. It simply exists in and of itself, having no real life function. Most programming information is not generally available a month in advance, and even if it were, why would someone need to tape a month's worth of television programs, and who would remember the appropriate times to insert new blank tapes?*

*...First, the perverse desires that consumers associate with utility should not be underestimated. Driven by spectacularized engines of desire, consumers want more for their money – even if what they get is something that will never be used. The corporate answer is to meet a cliché with a cliché: Give customers what they want. Consequently, the marketing departments of corporations, in their struggle for market share in the electronics industry, force their engineers and designers to create new products laden with extra features. One main selling point: Our machine has the most features for the money. The question for the consumer is: “Did I get a good deal [i.e., the most for the money]?” The question of “Can I actually use what I buy?” is never raised. The corporations know of the desire for the useless (a desire that can never be fulfilled), and comply by heaping on their products as much useless gadgetry as possible in order to seduce the bargain-hungry consumer. And so the cycle starts (Kelly 1994).*

The cycle is perpetuated by the neoliberal economic framework technology and production occurs within thus new gadgetry is marketed as new and improved laden with a host of (incremental) new features, rendering the old (still usable) but obsolescent.

In a way Kelly proves Marx's point that with commodity fetishism production appears to control labour rather than the converse, which intuitively ought to be the rightful order of control. Thus it appears that commodities have an independent status; independent of those who produced them and also independent of control within the marketplace. Hence economists and others tend to bemoan the volatility of markets ascribing not just an independent or objective character but almost a God-like (untouchable) status to commodities. The social, productive relations that created these in the first instance appear erased. Marx quoted by Mosco states,

*...when the proportions of exchange between commodities reach a stability (by custom) – it appears to arise from the commodities itself naturally so. The social relationship that creates their equal value [the amount of labor which they embody] disappears from our consciousness. Thus commodities appear to be independent of the people that produce them — and appear to rule over them, according to 'natural' laws (1996, 140).*

In the maturation of late capital, commodification extends from tangible commodities to leisure activity and finally the individual self. Literature abounds on the commodification of leisure time and the work of audiences through 'eyeballs' – as networks sell audiences to advertisers.

Lifton (1993) comments on how culture and shared experience are being pulled into the media marketplace and are being revamped along commercial lines where culture itself becomes a commodity. The central critique in this respect is that commerce commands all areas of life including popular consciousness. This establishes a global bourgeoisie, but normalizes the order through a contradictory double speak of selling commercialization, free market ideology and democracy in an inextricable package.

When culture starts to be mined for commodifiable products, the toll on lifestyle and culture itself is unacceptably high. Marx foresaw years ago and Lifton adds that humanity living under this globalized environment results in great uncertainty and a threatened identity. In his book, *The Protean Self: Human Resilience In An Age Of Fragmentation* Lifton asserts,

*...three historical forces that have brought about the release of proteanism: historical dislocation, the mass media revolution, and the threat of extinction---are inseparable from the modern and postmodern state and are related to our surging technologies and our equally surging ideas and feelings of self (Lifton 1993, 14).*

He goes on further to state that because of these forces, individuals are rendered fluid and many-sided (protean) like the Greek god Proteus, who was a shape shifter able to adapt himself to every changing situation and survive whatever crisis faced him (Lifton 1993, 14). Like Proteus, Lifton argues that individuals today are fluid and many-sided as a way of managing the identity crisis and search for authenticity and meaning. Commodification within the framework of new media changes the nature of the relationship between the once distinct realm of the media image and the realm of social life. As soon as

one adds a commercial tag to the private sphere, there also must be a resultant commercial tag to individual experience and identity. This is increasingly problematic as the commercial imperative distorts the personality subscribing it to the contradictory pressures of neoliberalism and profit. As a result as Marx predicted ontological health is disturbed even more.

*Greatly contributing to...the protean self are certain vicissitudes having to do with loss or absence, as well as with perceived threat. The first category includes feelings of fatherlessness, homelessness, and the absence of clear mentorship---feelings that can be painful but are at the same time necessary to the protean self. That sense of being personally adrift renders one, in turn, vulnerable to perceptions of threat to personal and collective existence, which cause the protean self to take on much of the psychology of the survivor. These vicissitudes can lead to confusion, and certainly to restlessness and flux. Yet they also provide strong motivation, and a certain content, for the self's quest for form. That quest can never quite be completed, but it can result in the achievement of what I call integrative expressions of proteanism (Lifton 1993, 14).*

Public education becomes a highly charged incubator for creating the new consumer, the new citizen, and the new liberal. The kind of marketing that goes on at schools extends to influencing food choices among the range of other lifestyle categories.

*The goal of cultural capitalism is to commodify human relationships...catching them young, cultivating and servicing their every need, deploying something called R (relationship) technologies. Marketing is the means by which the whole of the cultural commons is mined for valuable potential culture meanings that can be transformed by the arts into commodifiable experiences, purchasable in the economy. Culture, like nature, can be mined to exhaustion (Lifton 1993, 41).*

## **4. Structuration**

Structuration refers to the process by which political, economic and even cultural structures are constituted out of human agency, even as they provide the very 'medium' of that constitution. Structuration was introduced by Giddens (1990) in order to bridge the gap between theories which emphasize structure as a central determinant (functionalism, institutionalism and structuralism) and those theories that emphasize agency. The aim of structuration is to understand 'goal-orientated action' against the backdrop of how 'sutures of power' operate.

Giddens refers to structure as a duality containing both: “enabling resources and constraining rules...Structure constitutes action and is reproduced by it” (Mosco 1996, 192). Giddens also rejected the extreme strands of Cultural Studies that looked at agency in an isolated way, totally independent of any link to structure. Thus the construct of individuation is a free one to an extent, however inextricably bound by a matrix of social relations and positioning’s, identity, class, race and gender:

*Individuation refers to the redefining of social actors, capital and labour particularly, as individual actor subjects whose value is connected to individual rights in voting, and individual rights of consumption. These actions, taken in the name of the state, but bound up with the exercise of class rule, isolate individuals from one another, from their social identities, and from those with the power to carry out individuation. The process of structuration constructs hegemony, defined as the taken-for-granted, common-sense, naturalized way of thinking about the world, including everything from cosmology, through ethics, to social practises, that is both incorporated and contested in everyday life (Mosco 1996, 195).*

As was discussed earlier, the concept of hegemony was developed in Antonio Gramsci’s prison writings (Web 13) where he observed that class rule can be affected and maintained by the circulation and dominance of a certain set of ideas or ideologies that profess to serve perhaps a greater end or express a normative status quo (representing the way things ought to be), but in reality only serves the ends of the ruling elite. These particular sets of ideologies are promoted as the societal norm and are actively pushed towards acquiring a universal status.

However, the functioning of hegemony requires incorporating elements of the values of oppressed groups, as they are articulated back into the dominant hegemony, and drawn affectively into it. Hegemony becomes very important in the context of telecoms. Without pre-empting too much of the data, ruling class ideology has over the last two decades driven telecoms in South Africa and like all hegemonic ideology, it serves the power-brokering ruling class.



Those theories emphasising structure as a central determinant tend to focus on constraining rules. While those theories emphasising agency as a central determinant tend to focus on enabling resources within a given political economic structure. A limitation of this thesis is the heavy focus on sutures of power in the form of industry and policy, which essentially represents government; and a very light focus on the individual agent<sup>39</sup>.

Political economy is always accused of being a little static with an overarching focus on the macro forces of government, industry and the economy. Structuration allows an account of the dynamic play of individual agency in various forms of resistance, compliance and consumption. The next section describes the methodology utilised in this study.

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<sup>39</sup> As the methods section indicates, a survey was conducted to address this aspect, attempting to discern how individuals were negotiating cellular telephony.

# CHAPTER FOUR: METHODOLOGY

*“Undertaking research at all is both an ethical and political decision” (Deacon et al 2007, 359).*

## Introduction

The cell or mobile phone is a curious ambassador of the information age, at once the site of communication, technology, economics and culture. The cell phone is also an embodied artefact of the information age, perhaps more so than any other technological device currently. It is born into a conceptual and discursive field; however, so much of social life is mediated by it that it creates a technocratic legitimation, a consensus that emerges spontaneously out of the modern ways of ‘doing’. Hence deeper ideologies, discursive and conceptual fields are masked (Feenberg, 1999, 102-103). The central purpose of this thesis is to discover the deeper discourses at play around cellular telephony within a South African context.

Without dwelling too much on the differentiation and distinctions between administrative and critical research, it is perhaps worth noting that the distinctions remain relevant in the contemporary climate of corporatisation at academic institutions. In this chapter, I will illustrate how I attempted to embed and realize ‘the critical’ in each aspect of research design and operation.

## Discourse analysis

Discourse analysis is an umbrella term for a multidisciplinary set of theoretical methodological approaches. One category of discourse analysis is that employed mostly by linguists which scrutinizes communication between people. This involves recording interactions and then a close and repeated study of the transcriptions (Tracy and Mirivel 2009, 153). Another category of discourse analysis refers to unearthing the social processes of making and reproducing

sense (O' Sullivan 1994, 92). This category developed mainly through the work of Foucault and deals with making visible the 'unspoken, lived notions surrounding power' (Babbie et al 2001, 495).

Foucault's extensive work in this regard was in the area of illness and punishment, where he delved into language use and the way in which language mobilizes sets of meanings, understanding and practice, what counts as legitimate knowledge, and what is actively excluded from such discursive formations. For Foucault discursive formations refer to the things that may be legitimately said about a field or area of social life which carry authority in the interests of existing power structures. In this sense discourse and social life come into being together and Fairclough states that discourse analysis is then, 'an attempt to show systematic links between texts, discourse practices, and sociocultural practices' (Deacon 2007, 151-2). It is the latter category of discourse analysis that the thesis employs.

Babbie et al (2001, 495-498) list seven criteria for distinguishing discourses. They expand on each of the criteria with ways of mapping discourses. These criteria may be seen as a way into operationalizing discourse analysis and without pre-empting the study, what follows is a short account of how the seven criteria are realized in the thesis.

Firstly discourses are realized in texts and policy documents: newspapers, articles and data collected from a survey were all analysed. Secondly discourses are about objects: in this case the cell or mobile phone was chosen because of the central place it occupies in consumption currently. Thirdly, discourses contain subjects and here industry owners, government and regulatory officials were included in the analysis; in addition, end users and their individual experience were also taken into account. Fourthly discourses are systems of meanings,

generating concepts peculiar to that specific discourse. Some of these systems of meanings such as technological determinism and neoliberalism were first discerned in the theory chapter and literature review, which linked to the analysis. Here the fifth criterion was also realized, i.e. that discourses reflect their own ways of speaking. This refers to the language, terminology and phrases generated which is specific to a particular discourse. One example that arose was legal language or jargon that is invoked and utilized in the consumption of cellular telephony, called on to defend and sometimes obfuscate industry practices that may be deemed unfair from a consumer perspective. Again these instances were discerned in the theory and linked to the analysis. The sixth criterion is that discourse is historically located and in the case of neoliberalism this was found to be firmly in the late 1980s – early 1990s at the time of the dot.com revolution. The final aspect is that discourses refer to other discourses, and the thesis grapples with this criterion quite seriously because part of its impetus is to offer alternate discourses challenging hegemonic communication discourse (Babbie et al 2001, 495-498).

### ***Kuhn and ‘The Structure of Scientific Revolutions’***

In 1962 Thomas Kuhn wrote ‘The Structure of Scientific Revolutions’. This seminal text offered the natural sciences up to the social and human sciences, by showing science as a socialized power emerging not necessarily out of the dispassionate search for facts but rather mundane things like faculty squabbles and funding sources. Kuhn’s work moved science from the impervious space of ‘unimpeachable fact...to a text composed of representations’, rich with ideology and laden with immense power and prestige, hence subject to necessary scrutiny (Grant and Kelly 1998, 66-68).

Heise (2004, 148) states that several theorists assert the crisis in legitimation of science in the late twentieth century. She raises Lyotard's, *Postmodern Condition: A report on knowledge* (1979) in which it is argued that science lost two crucial metanarratives in the twentieth century central to its persuasive force,<sup>40</sup> as such contemporary science is no longer a "coherent truth-oriented pursuit of facts, but an assemblage of a variety of independent language games in which facts no longer count, but performativity." Given that facts carry ideological weight and are "theory laden, not discovered but created by scientific procedures," the authority assumed by scientific discourses need scrutiny (Heise 2004, 152). In spite of these crises or perhaps alongside them science became important to neoliberal capital and Grant observes that this is not due to innovation and new ideas but the new relationship cultivated between science and capital that depends on technological advancement.

*Science can no longer afford to be the disinterested quest for the truth about nature, since its economic survival is bound up with the production of new technologies: science cannot simply desire to know, it must perform. This 'techno-science' is the principal vehicle for the evolution of capitalism in postmodern societies...Capitalist techno-science is devoted to the maximization of efficient just as capital itself is devoted to the maximization of profit at any cost: minimum in (labour costs, machinery, maintenance, administration and regulation), maximum out (productivity, self-regulation, progressive automation and profit). Science therefore survives on the basis of its contribution to this regime: in the postmodern condition, owing to the collapse of grand narratives, science can no longer justify or legitimate its practices by appealing to the innate value of 'knowledge of self', since knowledge in itself is not a saleable commodity. On the contrary, scientific knowledge must be translated into economic success, making techno-science commensurate with capitalism and aiding thereby the reduction of all language games to the single rule of profit (Grant 1998, 75-76).*

Techno-science or technocracy is the central discourse that the thesis investigates. It is important to analyse that which lies beneath the 'innocent', the 'objective', and the 'neutral' within technocracy (Micocci 2009, xi). This is

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<sup>40</sup> These are that 'the human spirit itself progresses over the course of history and the expansion of knowledge is one of the most visible tokens of that progress, and the Enlightenment belief that the acquisition of knowledge contributes to the liberation and emancipation of individuals and communities' (Heise 2004, 148).

especially important as Greenberg asserts that commercial values tend to contaminate research and affect, “an infusion of entrepreneurial goals within the academic environment” so as to compel all within it to ‘inhale commercial values’ in all that they do (Greenberg 2007, 13).

## Methods

The dominant methodological approach employed by this study is qualitative. Following Mosco’s call to engage with the borders of the discipline, policy studies and cultural studies, the research lays a political economy framework which borrows from both policy studies and cultural studies, in order to analyse cellular telephony in South Africa. While traditional political economic approaches provide a materialist perspective, they are criticized for emphasizing a broad overview of material relations as a grand narrative, without exposing the multiplicity of perspectives and lived experiences.

Paula Saukko (2003) exposes “blind spots” in political economic approaches. She argues that such an approach creates problematic binaries that sometimes exclude dissident or marginal voices. The consequent dichotomy cast between the ‘big bad forces of globalization’ against the ‘poor little self’, disempowers marginal voices, revoking any possibility of individual agency. Saukko offers Edward Soja’s<sup>41</sup> notion of spaces as a more encompassing methodological framework. Soja argues for three dimensions of space. *First space* refers to material qualities and relations. *Second space* refers to popular, political and intellectual discourses and images we have of space. *Third space* refers to the lived dimension of space. All three dimensions of space are useful as entry points, in the attempt to work against binaries that may emerge and as a method of unearthing other (lived) perspectives. Although useful as entry points, it is not possible to delineate the analysis according to these sub-sections as each is

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<sup>41</sup> A critical geographer.

inextricably linked to the other; therefore the analysis (though utilizing the entry point of 'spaces') follows the theoretical categories.

In relation to the first space or discourses of commerce, Soja (quoted by Saukko 2003) identifies the arena of technological and material relations where the central objective is to narrativise the field in which the emergent patterns of (telecoms) ownership and control will be analysed. In relation to the second space, the arena of intellectual discourses on ICTs, the central issue is to unearth the policy discourses. With regard to the third space, case studies reflecting individual experience have been utilized in addition to a survey. The survey was conducted along the ethical guidelines as laid out by the institution within which this research was conducted<sup>42</sup>. This means that participation was voluntary, anonymous and informed consent was sought. The purpose was not to statistically measure subjects' exposure and interaction with cellular telephony, but to gain a sense of what their experience is. The purpose is to construct a lived narrative that filters through structural findings in order to expose deeper nuances, differences and dissident voices and experiences. Through this research design it is envisaged that the researcher would be able to extract a thick discourse materially, ideologically and 'individually' on mobile telephony in South African and on South Africans – the end users.

The thesis utilizes both primary and secondary research. The primary research was a survey conducted by the researcher. A survey of twenty five questions was administered over a three month period (July 2013 – September 2013) in Glenwood, Durban. One hundred and ninety five respondents completed the survey. The survey was anonymous and contained no questions of a sensitive nature to warrant ethical concerns. The questions were dominantly of a categorical nature, with only two questions inviting a longer written response.

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<sup>42</sup> See UKZN ethical guidelines for research and also appendix 1.

The questions focused on demographics; consumption of mobile telephony and regulation; and finally invited opinion about sector-related issues that were highlighted in the survey.

The respondents were between the ages of 18 and 25. They were selected as 'mature' users of mobile telephony. This age range falls into the 'Generation Y' category (within the South African context – 'the born frees'), exhibiting a few particular characteristics. The survey was collated and data was captured by L. Msholo between (March 2014 and May 2014) and it was checked by the researcher.

Secondary research was extracted from the following sources:

- A five year review of four South Africa newspapers was conducted (The Mercury, The Witness<sup>43</sup>, The Mail and Guardian, and The Sunday Times<sup>44</sup>)
- Link Centre resources  
Institutional documentation derived from the various websites: Vodacom; MTN; Cell C, Telkom and Virgin mobile
- Institutional documentation derived from the various websites: ITU, DOC – SA, ICASA, Statistics South Africa, The South African Constitution, Other relevant legislation
- Technology shows (such as Tech@work and the Listening post on Al Jazeera)
- Public Lectures
- Technology websites
- Relevant discussions and informal interviews with public intellectuals/academics

### ***Questions of meaning and evidence***

*Deacon et al state that the analysis of documentary sources must address questions of meaning and questions of evidence. Meaning refers to content – what is actually being said. Evidence refers to how much weight to give to the sources – are we justified in citing them as evidence? (2007, 20)*

The documentary sources were approached via the constant comparative method. After a year of the comparative method categories started to emerge at which point axial coding was employed to review the data in an iterative and analytical way (Babbie et al 2001, 498- 501). As to the question of evidence, all

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<sup>43</sup> Daily regional newspapers

<sup>44</sup> National weekly newspapers



sources are derived from the public domain such as newspaper articles, websites and public lectures. The sources have been chosen as they are relevant to the field in that they supply statistical, reliable data and case studies, both of which are extremely useful. These sources have also been chosen as a reflection of public discourses related to the field. This covers the general approach to the topic, but more specifically, the key areas the methodological design must necessarily address are validity, generalisability and relevance.

## On Validity

Just as a surveyor takes measurements from a number of vantage points to fix the 'true' position of a particular point on the ground, so researchers check the full range of available sources to build up the most accurate and comprehensive account possible. I have attempted 'triangulation' in this less rigorous approach by consulting a range of sources, each set representative of a different vantage point. Indeed the approach to the topic from these three spaces is itself illustrative of this form of triangulation. However it could be more likened to Faulkner's 'triad approach':

*In 1982, Faulkner presented what he called the 'Triad method' as an innovation: it is now taken for granted that approaching a problem from several different directions can enrich research (remembering that using a 'triad' of research approaches is not the same as triangulation to establish validity) (Bertrand and Hughes 2004, 122).*

Bertrand and Hughes (2004, 239 – 240) clarify triangulation as, "the use of two or more (usually three) different research approaches (of data gathering, or of analysis and interpretation) to the same question". The definition of triangulation is more refined by Hornig Priest as:

*using substantially different methods to study the same problem, such as a combination of qualitative and quantitative approaches. Achieving parallel results with different methods increases the researcher's confidence in the results (2009, 254).*

In these definitions Bertrand and Hughes and Hornig Priest clarify that the purpose in triangulation is precisely validation of findings. It is important though to note Silverman's (quoted by Bertrand and Hughes 2004, 239 - 240) difficulty with the assertion that triangulation achieves validity.

*But, more importantly, it may still not provide the validation you seek: There is a logical fallacy in the idea that if two or more people say something it is more likely to be true than if only one person says it: after all, they may have all obtained their information from the same false source. It follows that, if validity exists at all, it is inherent in each piece of research, independent of every other piece, so triangulation will just require the researcher to test the validity of three separate pieces of research – added work for no measure of increase in confidence. Most social science and humanities research constructs its objects of study and context in the course of the research. Under these circumstances, there is no external standard of 'truth', against which the research conclusions can be measured. The argument would hold only if the different methods were measuring exactly the same thing, but different measures and methods are used precisely because they add new dimensions to the research. In both these cases (respondent validation and triangulation), this is not an argument against the method, which can certainly produce new insights into any research problem. Rather it is an argument against depending on such methods as a measure of validity.*

Given the difficulties associated with trying to establish some sort of validity, I have chosen to incorporate Silverman's approach to enhancing validity in and through my research. Silverman suggests five ways to achieve this end: "the refutability principle; the constant comparative method; comprehensive data treatment; deviant case analysis and using appropriate tabulations" (in Bertrand and Hughes 2004, 177-85).

The constant comparative method (with the follow-on axial coding) was found to be extremely useful and was most consistently utilized. This method is clarified as, "developing categories from the data in a qualitative study rather than defining them in advance based on the researcher's preconceptions. As new data are analysed, the categories are continuously reviewed" (Hornig Priest 2009, 240). The constant comparative method proceeds with a set of themes or categories which are tentatively suggested by the data itself. This is reminiscent of the open coding used in grounded theory methods. New data is tested against the first set of tentative themes and so the research process evolves by adding,

eliminating, or refining categories and conclusions as each set of new data is compared with the old themes (Babbie et al 2001, 499).

The approach for the constant comparative method is inductive. Induction refers to, “reasoning from the specific to the general; the development of theory based on observations rather than through testing hypotheses” (Hornig Priest 2009, 244).

Strelitz (2005, 65) states,

*The applicability of the concept of validity...does not depend on the existence of some absolute truth or reality to which an account can be compared, but only on the fact that there exist ways of assessing accounts that do not depend entirely on features of the account itself, but in some way relate to those things that the account claims to be about.” [Strelitz goes on to clarify that], “validity includes ‘descriptive validity’, which means that researchers should not make up or distort what they saw or heard, and ‘interpretative validity’ – the accuracy of the concepts used by the researcher in relation to the perspective of the individuals included in the account. The core issue regarding validity in qualitative research is whether or not we are providing a valid description of what events, utterances and behaviours mean to the people engaged with them.*

In order to achieve descriptive validity, the researcher has been assiduous in keeping a hard and soft record of all documentary sources (which could be useful for other research endeavours as it spans a good length of time) and recording and transcribing the few interviews that were conducted, and storing hard and soft copies of the survey. Most of the documentary sources were in the public domain and there is therefore less of a problem with the issues of descriptive validity and interpretative validity. Therefore the researcher saw no real need go back to interview journalists, public intellectuals or policy makers for the purpose of respondent validation.<sup>45</sup> With regard to the survey, respondents were asked to participate anonymously therefore the question of respondent validation does not arise.

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<sup>45</sup> Respondent validation is taking tentative conclusion back to the research subjects for their response. This is an extension of the usual assumption that research subjects know more than the researcher, so their judgments should be given more weight (Bertrand and Hughes 2004, 238).

Warburton (1996) brings an important clarification to the fore by laying out the difference between validity and truth in the strict philosophical sense. "Validity should not be confused with truth. Validity is always a quality of the structure of arguments; statements are true or false. Arguments can never be true or false; statements never valid or invalid" (Warburton 1996, 128).

## ***Generalisability***

The debate on validity leads one to the issue of generalisability. If a research design and structure of argumentation is deemed valid, the question one could pose is if the findings can be applied to a larger context. Strelitz (2005, 67) offers those using qualitative approaches a useful ways of thinking around generalisability. He firstly divides the term into internal and external generalisability.

*Internal generalisability refers to generalizing within the community, group or institution being studied to persons, events, and settings that were not directly observed or interviewed. External generalisability refers to generalizing to other communities, groups or institutions. Qualitative research seldom makes claims for external generalisability.*

Reflecting on his own recent study, Strelitz states (2005, 67):

*I was aware that these students did not represent the full range of South African youth and that this would raise the issue of the applicability of my research findings to the rest of the population. However, like most qualitative researchers facing this problem, I believed that the critical issue would be the cogency of my theoretical reasoning, couched in terms of generalisability of cases to theoretical propositions, rather than the population as a whole. I would use my findings among a particular set of youth groups to reflect on the debates within media studies concerning the relationship between texts and audiences, rather than trying to provide a comprehensive picture of media consumption patterns among South African youth...Thus the criticism of the lack of generalisability of case studies misses the central point that the critical issue is the cogency of the theoretical reasoning. Qualitative research should be judged by the generalisability of cases to theoretical propositions, rather than to populations or universes.*

My research is limited to internal generalisability, and I have adopted Strelitz's lead in using findings to reflect on debates within Media studies around the

dissonant narratives in relation to ICTs (specifically cellular telephony) in South Africa.

## **Relevance**

Having surveyed the literature on cellular telephony, I have concluded that it is the single most important, intrusive, useful device that will insinuate itself further into our everyday lives in the future. This itself makes the study of cellular telephony worthy of investigation. Given its proliferation and the homogenizing effect of the mass media, it is now more relevant than ever to pursue questions around technocratic discourses and citizenship if we ever to talk of individual agency in a meaningful way.

## **Conclusion**

### ***Difficulties faced and limitations***

While the research design proved useful at inception and during the course of data collection, it was difficult to keep the analysis separate as originally envisaged. This is because with each issue raised, all three spaces are impacted. Therefore the analysis encompasses a dialogue across all three spaces, rather than the imposition of artificial borders which may require repetition in each separate section.

A limitation of this study is the weaker focus on individual experience and the end user. A second survey would have been very useful but there were limits to time and resources. While the researcher intends to pursue this in future studies, a stronger line of enquiry in this regard would have yielded very interesting results. The researcher found that another limitation was the unwieldy field itself. The telecoms sector is evolving and changing so dramatically that almost as

soon as one completes a study, it will soon be dated. However, there are perennial themes that have emerged transcending the rapidly evolving sector.

A final point would be that a study of telecoms currently is complex and requires complex skills or rather multi-disciplinary skills, perhaps not only limited to what Mosco recently called for, which was engagement with the borders of the discipline: policy studies and cultural studies. It seems that telecoms related research in the future will necessitate the inclusion of law; psychology; linguistics; and finally technology itself. Thus researchers in the field may be under pressure to retool along multidisciplinary lines in the future. In the final section, *Recommendations and further study*, I have made suggestions for further research from a Utopian space, i.e. with unlimited resources at one's disposal and willing respondents.

# **CHAPTER FIVE: OWNERSHIP AND CONTROL**

## **Introduction**

In 1994 South Africa transformed from an Apartheid regime to liberal democracy. Apart from opening up the franchise to all South African citizens, a key focus was historical redress across the various social sectors. The importance of the media was discussed in the literature review (see pages 10-15) as a lynch pin to delivering the real freedoms outlined by Sen, “the capacity for people to participate in a diverse range of decisions that affect them...Enabling greater numbers of people to speak, engage and respond to one another is ultimately equipping them to take political responsibility, which is a key ingredient to establishing deep and sustainable change” (Warnock, Schoemaker and Wilson – Web 89). Telecommunications forms an important part of the media as the media is increasingly accessed via the telecoms network. In the analyses that follow, it is necessary to take into account normative frameworks and debates laid out in the theory and literature review chapters. Mosco stated that critical political economy was built on an effort to understand the communication industries and its relationship to wider economic and social processes and he emphasized that these industries needed to be criticized from a range of humanistic values (Mosco 1996, 12). In this chapter the South African telecommunications industry will be analysed from a range of humanistic (or normative) values. This means that investigations into ownership and control, empire, neoliberalism and surveillance must at each point revert to debates

around distributive justice, development, universal access and the digital 'underclasses'.

The South African telecommunications landscape reflects a tight oligopoly in terms of cellular telephony and a near monopolistic fixed line environment. There are adept sector performance reviews from research houses like the LINK centre (Web 32) – these are quantitatively strong and will be referred to and may be relied upon for statistics and an overall survey of the field. The purpose of this chapter is to explore ownership structures of the mobile industry, reflect on emergent ideologies and review the 'scenes of global telecoms', particularly of the global south. As was clarified in the Methodology chapter most of the primary data reflected in this chapter emerges from websites, magazines and newspapers. The researcher was unable to obtain direct interviews with company managers and it has often been the experience that managers are reluctant to avail themselves for research, often times ignoring requests altogether. A few key issues emerge with an in depth view of cell phone companies in South Africa. The analysis first deals with spatialization and structuration, raising questions around ownership and control, to anti-competitive power geometries, ideology and representation in terms of race, gender and nationality.

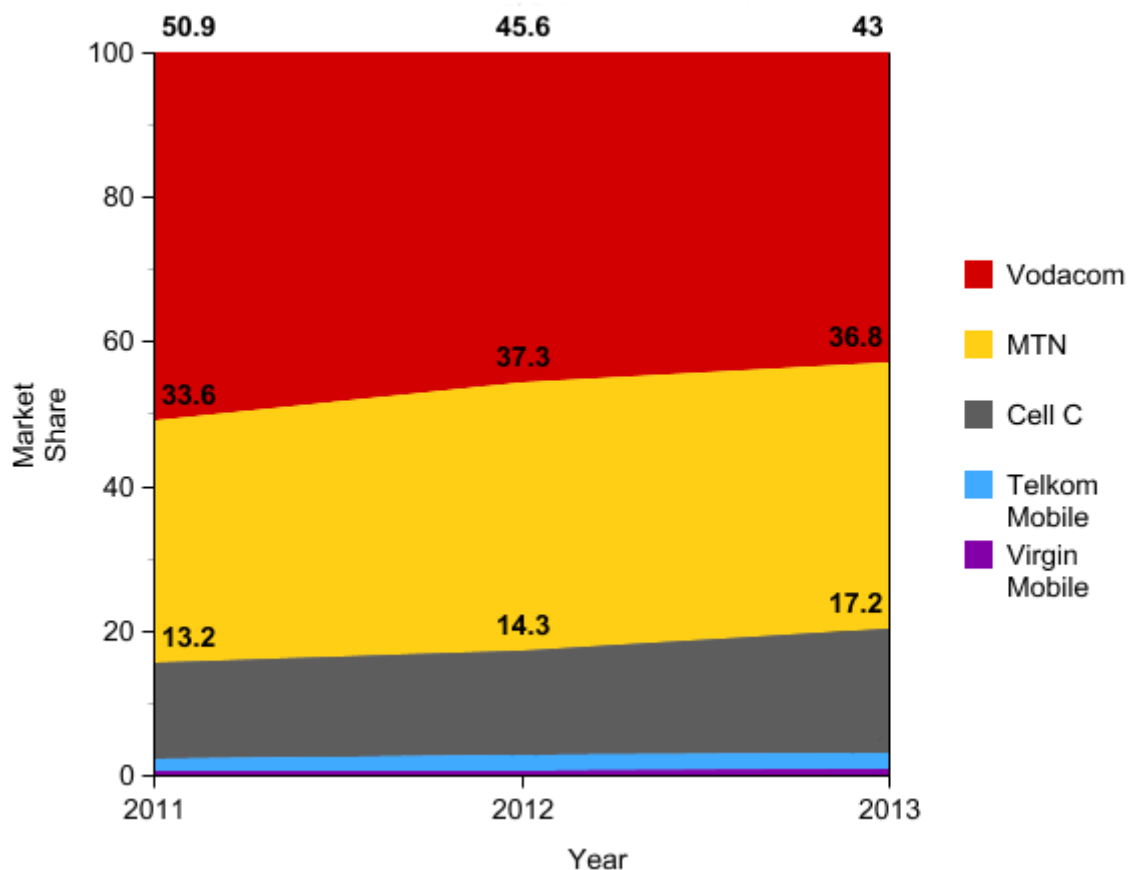
## **Introducing the players and their vital statistics**

In the South African context, even though there are a seemingly diverse range of players in the telecoms arena, two dominate the mobile market. The mobile operators in South Africa are Vodacom, MTN, Cell C, Virgin mobile and Telkom (8ta) Heita (with Telkom itself as the fixed line monopoly). The following table and diagram indicates the small movements in market share over a three year period: 2011 -2013 (Web 33).



OPERATOR	MARKET SHARE		
	2011	2012	2013
Vodacom	50.9%	45.6%	43%
MTN	33.6%	37.3%	36.8%
Cell C	13.2%	14.3%	17.2%
Telkom 8ta	1.8%	2.2%	2.3%
Virgin Mobile	0.5%	0.6%	0.7%

#### MARKET SHARE OF THE MOBILE INDUSTRIES IN SOUTH AFRICA



While different cites (including company annual reports) offer slightly different statistics, these reflect a fairly accurate approximation of mobile market share in South Africa. It may be noted that Vodacom and MTN may be seen as the

dominant players in South Africa, with Vodacom on its way to becoming a super-dominant operator given its recent bid to buy a controlling stake in Neotel, South Africa's second national operator for fixed line, which also has spectrum and capacity in wireless connectivity (Web 34).

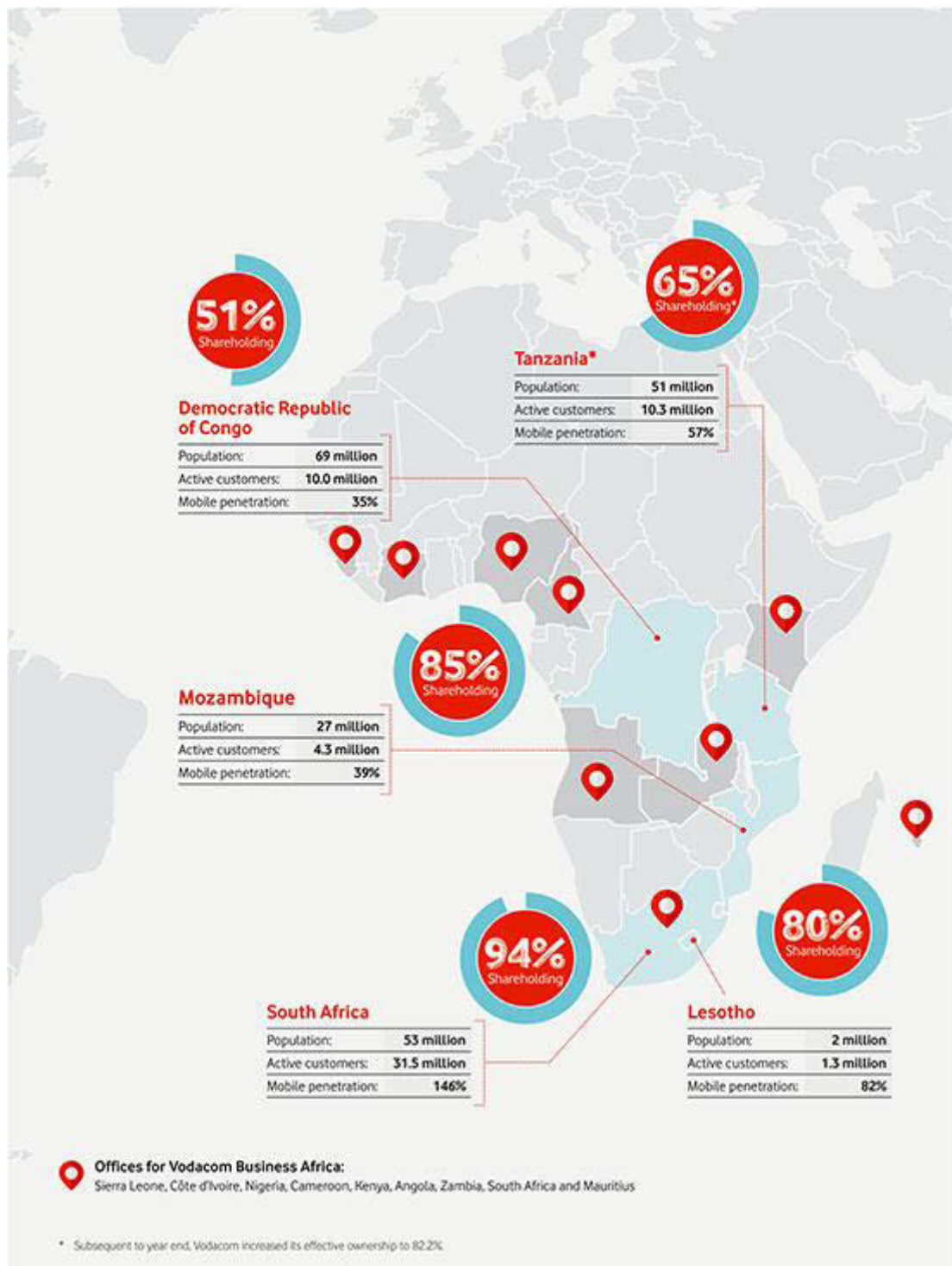
## **Vodacom**

Vodacom was technically the earliest mobile operator in South Africa, going live in March 1994. Vodacom operates on GSM (Global system for mobile communications) 900 and launched GPRS (General packet radio service) and MMS (Multimedia messaging service) in the latter half of 2002. The company has enjoyed phenomenal growth in South Africa which has enabled it to expand into Africa, operating in Mozambique, Congo, Lesotho, Tanzania, Nigeria, Zambia, Angola, Kenya, Ghana, Cote d'Ivoire and Cameroon. Vodacom was fifty percent owned by the British mobile operator, Vodafone and fifty percent owned by the South African telecommunications (fixed line) group Telkom, in which the South African government held a majority stake. In 2008 the government sold fifteen percent of its share of Vodacom to Vodafone making the British company the majority stakeholder in the South African mobile operator. Currently, Vodafone owns sixty five percent of Vodacom, with government owning approximately thirteen percent and the remaining twenty one percent is owned by small independent consortia (Web 35).

While this description of Vodacom's ownership appears simple enough, it is not a complete picture as Vodacom also has holdings in Tanzania (sixty five percent), Democratic Republic of Congo (fifty one percent), Mozambique (eighty five percent), Lesotho (eighty percent) and Nigeria (a hundred percent) (Whalley and Curwen 2013, 3-8). Whalley and Curwen argue that the organizational structure of mobile operators is complex and these kinds of structures detract from

understanding important aspects of the ownership and control wielded by these companies.

The following graphic, taken from the company website (Web 35), maps Vodacom's business interests in Africa. While the map indicates Vodacom's African interests, it fails to reveal Vodafone's ownership structure as well as Vodafone's interests across the globe.



Vodafone operates on all continents but Antarctica which amounts to twenty one countries including South Africa. This is what Whalley and Curwen allude to when they assert that ownership information ought to be more freely available in a less complex form in order to reveal business and controlling interests. This

becomes especially significant for the South African context which is a developmental context and mobile operating licenses were granted on the basis of companies addressing developmental goals, such as universal access and competitive tariffs.

Vodacom's ownership structure is a good exhibit for Sklair's (2010, 208) thesis on empire (deterritorialisation and reterritorialisation). In a way, Vodafone has leapt beyond national boundaries and even beyond a trans-national company. Operating across six continents and twenty one countries, it earns enormous revenue and hence wields enormous power across the globe, demonstrating 'empire' in the early creation of new hierarchies of power. This new hierarchy of power stands as a sort of Goliath in the face of local discourses of development and it is increasingly difficult for the nation state to challenge such a global company (see chapter on Neoliberalism). Here Strange's (2010) concern becomes extremely relevant with regard to the lack of capacity shown by the nation state to deal with problems like corruption and industry cartels as well as failing at social equity within a nation state. Strange argues that these problems are further complicated by economic agents operating trans-borders, hence not within the control of any single nation-state (Strange 2010, 161-164).

### ***Board structure – dominance of Vodafone players***

Mosco states that political economists tend to pay a good deal of attention to the key sites of power. These sites are the executive structures and the company's board of directors, who together define and drive the institution's agenda. These individuals are significant in so far as they bring their own connections politically or from employment histories to bear on the organizational management.

Vodacom's board consists of twelve directors. The CEO of Vodacom as of (2012) is MSA Joosub, the Chairperson<sup>46</sup> is MP Moyo. Both are South African. Five of the board members are foreign (British, Turkish, Egyptian, Dutch and American) and seven are South African. Of the seven South African members, two are women. This is immediately interesting as the Vodacom site displays three women on the board even though one is not South African. It is interesting to note that more of the male members of the board have defined titles such as 'Chairman', 'CEO', and 'CFO' while the female members have 'non-executive director' status. This lack of definition betrays a *show* of compliance with the goals of gender equity in leadership, an ideological manufacture of public acclamation (Vodacom annual report, March 2014 – Web 87).

In terms of direct and indirect interlocks, board members are also directors with the Nedbank group; Amabubesi Group; Liberty Group; the Auditor General's offices; Willis South Africa; Edcon; Coal of Africa; Kutana Investment group, Knorr SA; Absa Bank; Aveng Group; Development Bank of South Africa; Brait SA; Vodafone Africa; BP SA; ACSA and SAPREF. Findings on the way in which the direct and indirect interlocks impinge or enhance the company's positioning is limited as it is notoriously difficult to make contact and persuade board members and executives to discuss their work. Even so, some conclusions may be inferred.

The shared directorship of several companies points to the microscopic power geometry operating in management of cellular companies and other key industries in South Africa. Once an individual enters the level of executive management (as a director, non-executive board member, CEO etc.) of any of the key industries in South Africa or key political positions, they also enter the 'executive pool'. There appears to be an easy mobility between analogous

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<sup>46</sup> It is interesting that in the company's annual report, the title is referred to as 'Chairman'.

industries and this tendency to look within the pool acts as a barrier to entry for possible incumbents from outside this pool (i.e. non-political or industrial elites). This qualifies as an almost hegemonic texture to the way power is consolidated and maintained.

Three of the board members held senior positions in international companies such as Vodafone Spain (Joosub); Pricewaterhouse London (Dittrich) and Exxon Mobile (Brown). Sklair (2010, 185) argues that empire's agenda is pushed by the transnational capitalist class (TCC) as opposed to the modern state. These capitalists are not traditional in the Marxist sense as owners of the means of production because in empire, owning the means of production is not a prerequisite for entering the circuit of capital. Sklair identifies one of the groups that form the transnational capitalist class: TNC (transnational corporations) executives or the corporate fraction. This group is often inhabited by people from different parts of the world and the central aim would be to create the right conditions to further TCC interests across the transnational or global terrain and as it filters down to the local (2010, 188). This translates into creating the right conditions for capital within a local market, rather than holding industry accountable for normative conditions in favour of end users and citizens.

The exception to easy mobility occurs when industry seeks to maintain control of where staff migrates. This is certainly demonstrated in the Knott-Craig migration mentioned below. With regard to *easy mobility*, in terms of the telecoms industry Jeffrey Hedberg initially started at Cell C as CEO for three years and then was the acting CEO of Telkom, managing Telkom's Nigerian subsidiary, and then came to Telkom 8ta after which he left to Altech (Web 36). Alan Knott-Craig, former CEO of Vodacom for over a decade, moved to head up Cell C as the CEO after the expiry of a restraint of trade agreement between Vodacom and Knott-Craig. After Knott-Craig left Vodacom, he was still paid just under five

million rands a year as a consultant and this is allegedly due to Vodacom executive fears that Knott-Craig would be recruited by Telkom to move its cellular business forward (ibid). Another example perhaps would be Nadia Bulbullia who was a counsellor for ICASA<sup>47</sup> and then moved to Cell C as a regulatory consultant. Paris Mashile, a former chair of ICASA moved to the position of CEO of a division of Vunani technology (Web 37).

Some argue that this kind of executive migration is not necessarily a negative phenomenon if the ebb and flow of expertise remains within the country. Given the pressure to comply with Black economic empowerment equity goals, such moves become problematic if companies pursue members within the *pool* simply as a means of rubber stamping their BBBEE<sup>48</sup> score cards. This has the negative effect of creating an artificial demand which in turn inflates the value of labour at senior management levels. The result also is fronting, which refers to when companies engage in token appointments in order to meet affirmative action imperatives. Thus we arrive at a curious juncture – where variables of race and gender in relation to labour are artificially inflated and simultaneously disempowered. At the global level, a level of executive shuffling is also present where executives within the communications industry moved fluidly between countries. Strange referred to this as the problem of economic agents operating trans-borders, hence not within the control of any single nation state. It is certainly disconcerting that there is not even token representation from civic organizations or from the public sector representing the consumer, the individual user and citizen rights. Vodafone has a very strong representation on the board, its composition further pointing to the allocative control Vodafone wields over Vodacom South Africa.

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<sup>47</sup> ICASA refers to the Independent Communications Authority of South Africa, the regulatory body governing the communications industry.

<sup>48</sup> BBBEE refers to broad based Black economic empowerment.



The consolidation of power is certainly maintained when one considers the mobility of executives across companies. One may argue that within the South African industry the mobility of executives (with certain key skills sets) is important. The problem arises as positions with too much power and money lends themselves to abuse and cronyism – as a means of maintaining or consolidating power acquired in the first place. The Knott-Craig nepotism story appeared in the public domain, and despite this, he was still able to take up the position of CEO at Cell C.

*Among the charges levelled against Knott-Craig snr are that his son, Alan Knott-Craig jnr, was given office space and millions of rands to build and promote his businesses; that a company owned by his niece and nephew, and which was on the verge of bankruptcy, was awarded an exclusive multi-million three-year marketing and advertising contract without a proper tender process; and that he arranged for Vodacom to pay tens of thousands of dollars for a call center employee to be trained as a magician (Mtshali and Piliso 2010, 1).*

The flagrant excess of control and power stands in stark contrast to the concerns raised perennially by COSATU<sup>49</sup> amongst other unions and civic groups. Many decisions in the industry are marketed as *making good business sense*, however the resultant effects reveal benefits to the hands of only a few. Going back to the Knott-Craig (senior) nepotism saga, Vodacom's purchase of a ten percent stake in Wireless Business Solutions (of which Knott-Craig junior was the MD) was at an unnecessarily inflated value. In addition failing businesses were given capital injections courtesy of Vodacom (Mtshali and Piliso 2010, 2).

Prior to the Vodafone acquisition of Telkom's fifteen percent stake of Vodacom, COSATU raised objections, the threat of a nationwide strike and a court interdict to prevent the sale on grounds of public interest and job protection (Stokes 2009, 43). COSATU also alleged that the deal apart from resulting in job losses would only benefit a few key politicians linked to the breakaway party Congress of the People (COPE) (Gedye and Letsoalo 2009, 8). However the interdict was

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<sup>49</sup> COSATU refers to the Congress of South African Trade Unions.

overturned and the sale went ahead. Two years later, in 2011 the Communications Workers Union (CWU) sought an interdict in addition to threatening strike action as a result of Vodacom's plan to outsource call centers. CWU claimed that the move to outsource call centers would mean a shedding of jobs and a cut in salaries.

*Vodacom employs about 2000 people at four call centers in South Africa, depending on workload and season. Maurice (Vodacom's chief corporate affairs officer) said there would be no changes to their remuneration. However Business Report has seen minutes of a meeting in April between Vodacom and the CWU in which Vodacom said that the workers managed by the new outsourced firm would have to take a R 500 pay cut...Vodacom was unable to explain the salary cut (Speckman 2011, 17).*

### ***Gender equity and disability (employment quota and assistive technology)***

Vodacom makes many claims with regard to its ethos and commitment to the development goals of equity across race, gender and disability. It is an important theme as it dissects the way in which cellular companies engage in branding and publicity – ideologically manufacturing public acclamation, while engaging in very contradictory business activities. In the developing context, it is important to recognize these dissonances as caveats of the real agenda companies pursue, thus making an all the more important case for strong and effective policy and regulation.

Further research of a strongly qualitative nature must be conducted in order to ascertain how female employees and black female employees manage their work environment. This could be to discern how much line managers do (are encouraged to do) to facilitate an enabling work environment; how promotions occur and if fronting persists in gender appointments. Navigating the Vodacom site one finds the following statements:

*Black representation among executive directors rose from 63% in 2007 to 73% in 2008. Unfortunately, there is no representation by black women among executive directors on the Vodacom SA Board...Retention of black women employees, and in particular black female employees, remains a challenge. The current attrition rate of the black designated group is 37% of all leavers (Web 38).*

Exploring these two statements serves as a barometer of Vodacom's real ethos.

The grievance is subtly levelled against Black female employees for the attrition rates rather than against the work environment. In terms of disability employment, Vodacom reports a rise from 0.5% in 2007 to 1.2% in 2009. The company indicates that the aim is to reach 2%. Further research of a strongly qualitative nature must be conducted in order to ascertain how employees with disabilities manage their work environment. This could be to discern how much line managers do (are encouraged to do) to facilitate an enabling work environment and to discover if fronting occurs in the disability sector.

Vodacom must however be commended for pioneering the addition of ZOOM software for partially sighted mobile users in late November this year. ZOOM software magnifies text so that partially sighted users may navigate their cell phones with greater ease.

*The Zoom's full screen magnification capability enables users to magnify the text on the cell phone screen such as the menu, soft keys, messages received or battery indicator to up to 16 times its original size. It also has a 'distributed views mode' which divides the screen into several areas, enabling users to view all important elements simultaneously (ibid).*

Vodacom also promotes itself as the foremost in launching 'speaking phones for the blind'. However, the Zoom software may prove to be more lucrative as 3 out of the 4 visually impaired people are partially sighted.

*Vodaworld offers customers a truly unique one-stop shopping experience. For all your cellular, data, electrical or home appliance needs, visit Vodaworld and get everything under one roof - from hands-free and radio car installations, cellular upgrades and repairs to the very latest Apple Mac Laptops and Flat Screen TV's. However, despite the convenience of having it all under one roof, choice has not been compromised: Vodaworld is home to all the top cell phone manufacturers and Service Providers in South Africa. Here, unique specials are offered, exclusive to Vodaworld customers...In addition, the warmth and efficiency of the staff at Vodaworld provides the reassurance that you're dealing with professionals who will go*

*the extra mile to see to your individual needs. No matter how limited your technological knowledge, our consultants will discuss your requirements and provide useful, comprehensive advice and assistance...Should you come to Vodaworld on a weekend, bring your children to the Kiddies Corner, where they will be entertained and supervised by a professional child minder giving you a chance to browse. Once you are done with your shopping, enjoy a meal or drink at our on-site House of Coffees...And for those who are looking for the ideal location for a private or corporate event, Vodaworld is also home to versatile five star conferencing and events facilities including the highly acclaimed Vodadome. For an elegant cocktail party or gala dinner, an exhilarating music concert, an exciting corporate (ibid).*

The extract from the Vodacom website indicates the way in which the brand is constructed to be incorporated into as much of one's life as possible. It represents a maturation of Althusser's ideological apparatuses, manifesting the symbolic universe and creating tangible sets of representations for individuals to interpellate. As was discussed earlier, the technological apparatuses of NSMI gave rise to twin hegemonic discourses; one ideological and coercive; the other repressive. The technological apparatus of coercion creates familiarity with new technology via a set of representations designed to create an environment of adoption of NSMI and manufacture consent for a world of digitally based consumption, as Marshall aptly puts it: '*producing us as technological subjects*' (2004, 33). The following extract taken from the Vodacom website indicates the company's further branding of itself.

***Vodacom will be one of Africa's most admired companies.***

*VODACOM is a winning company where everyone is imbued with a spirit to win, to be passionate in whatever we do, to be the best, to never give up, to work harder than anybody else, to know that our best is better than anybody else's best.*

*VODACOM is a respected company where honesty, trust, good faith, and professionalism are the cornerstones of how we do business.*

*VODACOM is a caring company that cares about what it does and how it does it, which is always fair, and that respects every single person. Sincerely caring about everything we do every minute of every day, is our way of life.*

*VODACOM believes that it can enhance people's lives and empower them by making it possible for all people in Africa to have access to mobile telecommunications. We have the will and the means to do so, and will strive to do so in a sensible manner. We will democratise telecommunications.*

*VODACOM will seek out the impossible to do in mobile communications, which have been made possible by the most innovative technology in the world. Technology will continue to develop and make possible things we cannot even dream of today. We will remain the most competent and innovative of all in this Information and Communications Technology ("ICT"), to not only dream the dreams but to make every dream come true (Web 38).*

This extract from the site is interesting on many levels. It indicates the way in which the company has branded itself in terms of market positioning locally and across the continent of Africa. It also reveals what Vodacom's philosophy or ethos is branded as. Apart from strongly asserting the ethical aspects of business such as professionalism, trust, honesty and good faith, the site claims to be a stronger contributor towards the *res publica* or empowerment: "*We will democratize telecommunications.*" While this very strong declaration is preceded by the belief that access is empowerment, it does not really go into too much detail about how this rhetoric is to be realized.

The branding of Vodacom as a "winning company" is rather intriguing as a means of articulating market dominance. It also seems to endorse a highly individualistic culture. This neatly dovetails with a Neoliberal doctrine which supports labour receiving what it ought to in the market place; the individualistic culture... "winning", "make dreams come true" – caters to a small number of cyber elite in the market place who can afford the expensive handsets and contracts.

*The market is imagined as a space of 'unconstrained' choices by 'autonomous' rationally calculating agents who are simply seeking the best way of satisfying their individual ends. The process could be summed up as a Bottom-Line-thinking Education Service bent on the socialization of the Corporate world and the neoliberal doctrine through viral marketing, rule mandates, legal norms, fundamentally anti-introspective, and inherently obedience based, carefully sustained through a psychologically brutal and conniving double speak called Individuality and extended through pseudo-ideas promoting Equality, Tolerance, Diversity, and Positive discrimination. The agenda of free-trade is inherently an agenda of Cultural Capitalism. Using shells of old cultures and vestiges of marginally extant tradition as familiar icons and anti-icons, creating a set of customized diverse and international homogenously inspired products aimed to generate maximum*

*profit and address a fundamental consumption based solidarity sugar-coated and sold as Equality, Diversity and of course, Globalization. This is Cultural Capitalism (Rifkin, 2000).*

Vodacom also makes some bold emotive claims: “*Vodacom is a caring company that cares about what it does and how it does it, which is always fair, and that respects every single person.*” The significance of these statements only really emerges once juxtaposed with real live examples of customer experience (see pages 186 - 219). Together these case histories demonstrate the need to look at and rework regulation and consumer resistance in a fundamental way.

## **MTN**

MTN emerged hot on the heels of Vodacom in South Africa, going live in July 1994. The MTN Group is another company enjoying phenomenal growth not just in South Africa but across the continent. MTN operates in 21 countries holding GSM licenses across three continents. The three regions the group operates on is SEA: South and East Africa; WECA: West and Central Africa; and MENA: Middle East and North Africa (South Africa, Swaziland, Zambia, Uganda, Rwanda, Botswana, Nigeria, Ghana, Cote d'Ivoire, Cameroon, Guinea Conakry, Benin, Congo Brazzaville, Liberia, Guinea Bissau, Iran, Syria, Sudan, Yemen, Afghanistan, and Cyprus). The origin of MTN is tricky to discern as the companies involved in its inception have been completely wound down. Johnnic was an early shareholder of the then M-Cell and M-Tell that was later consolidated as the MTN group. Johnnic was an entertainment and media company (casinos etc.) owned by Anglo American who sold off its controlling stake to the National Empowerment Consortium (NEC). Johnnic was restructured to focus on media and telecommunications and thus unbundled its stake in SAB and Premier Foods. This was done primarily to fund the building up

of the MTN stake. Now the Johnnic conglomerate no longer exists and in its place is MTN (Web 39).

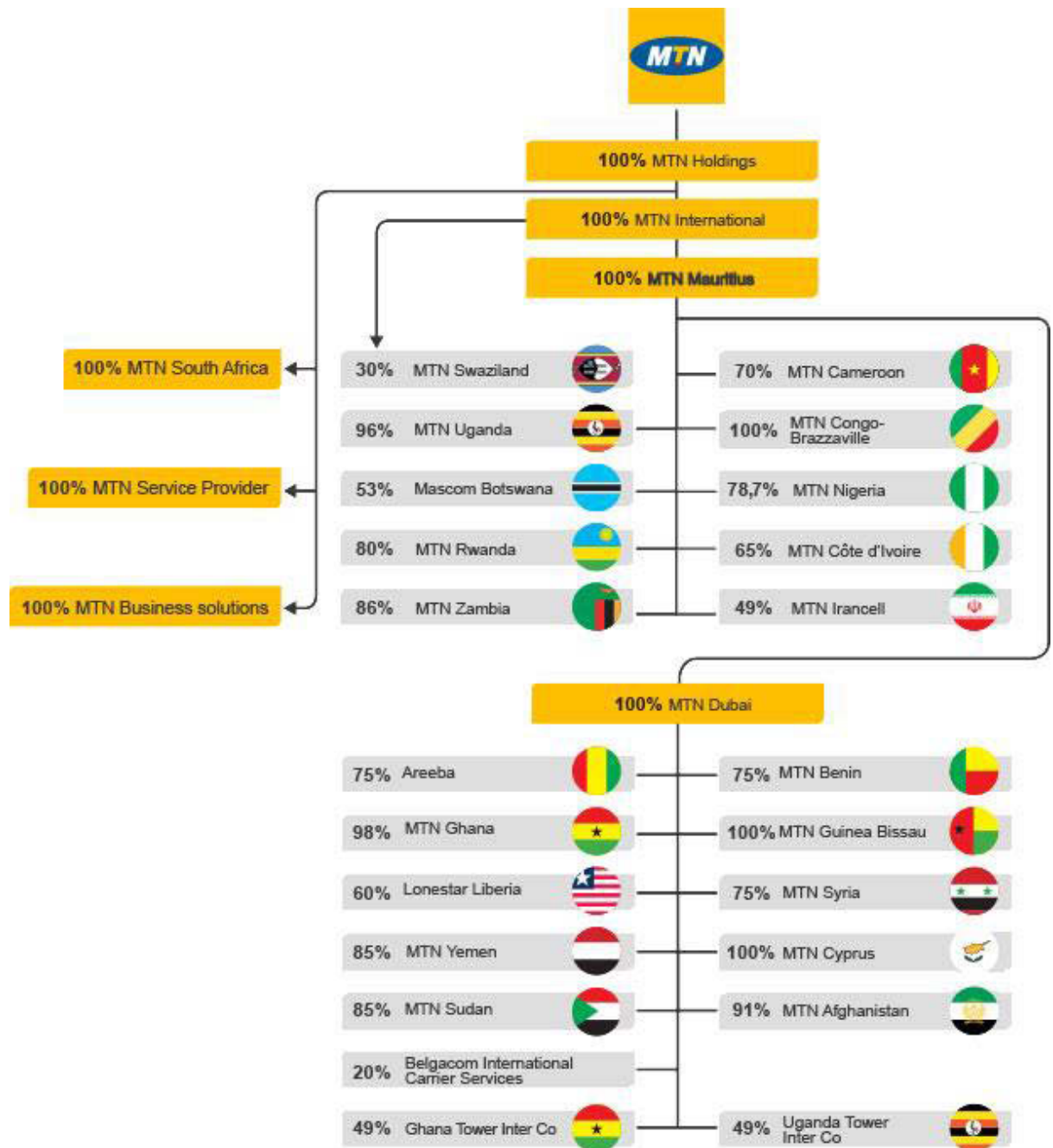
#### MTN'S CURRENT SHARE HOLDING

Public	68.01%
Non-Public	31.99%

Non-Public: 31.99%	
Directors of MTN	0.10%
Empowerment	4.07%
Lombard Odier Darier Hemtsch and Cie	9.72%
GEPF	16.91%
Mobile telephone networks holdings	1.19%

(Details were obtained from the company website: Web 40).

Lombard Odier Darier Hemtsch and Cie is the oldest firm of private Swiss bankers (Web 41). GEPF refers to the South African government's employee pension fund. The diagram below indicates the detailed share holdings in each country (Web 39).



Like its counterpart Vodacom, MTN's interests are vast, also spanning twenty one countries over three continents. MTN is similar yet different to Vodacom. MTN grew out of BEE negotiations and has been one of the best success stories of its kind. Whalley and Curwen's concerns around the complexity of ownership



structures are less of an issue when it comes to MTN as the company displays this on its website. What is of concern however is that one is unclear as to who the 'non-public' and 'Mobile telephone networks holdings' refer to. In terms of the public holdings, 17-18% is owned by PIC, the Public Investment Corporation which is the South African State owned pension fund. Other shareholders are from the South African investment and pension houses: Stanlib asset management, Allan Gray, Sanlam, Polaris Capital and Coronation (Web 42). It is interesting that the second largest shareholder of MTN is not part of 'public' listings. "The M1 Group has acquisitions in the Geneva-based Baboo airline, French fashion brand Faconnable, Luxembourg-based Avante Petroleum with corporate offices in Luxembourg and Switzerland, technical office in the United States and representative offices in Colombia and Mexico where its operations are located. The company also has a stake in Lebanon's largest lender by assets; Bank Audi SAL-Audi Saradar Group. M1 is also the major shareholder of Royal Jordanian Airlines" (ibid).

MTN does boast a 4% empowerment stake which represents one of the best broad based empowerment deals in the telecommunications sector. MTN also created some of the wealthiest black business people such as Ireen Charnley, Patrice Motsepe and Cyril Ramphosa who all benefitted from their positioning either in the unions or industry (Web 42). In the sense of broad based empowerment and the creation of an elite black tier, MTN did answer some of South Africa's development goals. MTN also created new hierarchies of power, in particular across Africa rendering many of the African countries in the same relational position as Vodafone is to South Africa.

## ***Board structure***

MTN's board consists of thirteen directors. The CEO of MTN is RS Dabengwa, the Chairperson<sup>50</sup> is PF Nhleko. Both are South African. Two of the board members are foreign (British and Lebanese) and eleven are South African. The Lebanese member is AT Mikati of the Mikati family who own twelve percent of MTN, also representing part of the public holdings of the company. Of the eleven South African members, two are women. This is strikingly similar to Vodacom. Again the female members have 'non-executive director' status (MTN annual report, December 2013 – Web 88).

The directors of MTN also hold directorships in: Pembani Group, BP, Anglo American, Afrisam, Opiconsivia Investments, Long Street Property development, Sea Star Motors Limited, EdgoMERap Energy – London, AOS Orwell Energy Nigeria, Aker Solutions Norway, Hayleys Energy Sri Lanka, Tallberg Foundation Sweden, South African Bank Note Company, Sappi, Clover, Eqstra, Remgro, Eyomhlaba Investment Holdings, Richards Bay Mining, Santam, The Development Bank of Southern Africa, Horizon Global Services, IMC, Mint Trading, Unioil and Facconable Group, SAQA, SASOL, Growthpoint properties limited, Investec Bank, Kumba Ore, Liberty Group pension and provident funds, Standard bank group retirement funds, and Pick n Pay stores Limited (MTN annual report, December 2013).

Again, like Vodacom, MTN exhibits a transnational capitalist class (TCC), inhabited by people operating across the globe with the central aim of creating the right conditions to further TCC interests across the transnational or global and as it filters down to the local. This translates into creating the right conditions for capital within other markets, rather than holding industry accountable for normative conditions in favour of end users and citizens. It is interesting that

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<sup>50</sup> It is interesting that in the company's annual report, the title is referred to as 'Chairman'.

MTN has been criticized for some of its activities in other parts of the world (see pages 161-163) even though it has been seen as an empowerment success story in South Africa.

## ***Equity***

There are three episodes that will be covered in considering the MTN group. While the Asonge share scheme is celebrated as the best of MTN, some BEE contracts in addition to the links with Iran must surely represent the worst.

### **The Asonge share scheme**

The implementation of black economic empowerment in South Africa has often been critiqued as having far too narrow a beneficiary base, enriching a few players who repeatedly appear to consolidate managerial hegemony. The Asonge share scheme was launched in 2007. Procurement of MTN shares was open for a window period at a twenty percent discount of current market price. In this case the MTN share price was R 99, 51 and it was available at R 80. In this sense Asonge represents a broader, perhaps better version of black economic empowerment giving ordinary South Africans from designated groups the chance to capitalize on a discounted share price in addition to diversifying ownership in a very small way. However Rumney remains skeptical as to the reach and purpose of the scheme highlighting what has been offered was not without cost. Apart from the cost to State and or consumers, the private investment in the share scheme is not without risk which again begs the question of whether this offering does anything substantial toward broadening black economic empowerment.

*The immutable law of investing is high risk, high reward and, though this is mitigated by the discount, the stock exchange is still a risky place. The risk attached to investing in shares is that any number of factors outside of MTN's control could hit the share price. No one is expecting anything untoward, but such is the nature of disasters: if anyone could anticipate them, they wouldn't be disasters...This scheme, like other retail schemes, will do nothing to enhance black business or radically change the ownership pattern of the economy. Broad-based empowerment is essentially passive*

*investment, while narrow-based investment at least has the prospect of influencing the strategic direction of the company. What are these retail share offerings really for? Broad-based schemes are not without cost – who pays for the 20% discount and the cost of publicity and scheme management, after all? In this case it must be seen as state revenue forgone... Here, broad-based schemes are a way of overcoming resentment about the “enrichment of the few”. But while they might serve the political purpose of keeping a lid on criticism for a while, so far they show no sign of displacing narrow-based empowerment (Rumney 2007, 3).*

The debate around the Asonge scheme leads to questioning the very ethos of black economic empowerment as the repeated narrative of BEE deals appears to be the enrichment of a few politically connected key players. The telecoms industry in South Africa has led to the highest number of millionaires in the country. While this can be celebrated as a change in the apartheid wealth demographic, unfortunately previously disadvantaged ordinary South Africans have seen little benefit from these deals.

Rumney (ibid) also points out that some supposed BEE deals are advertised for the purpose of publicity. Karvonen (2004, 348) explains *publicity* in this sense as making an issue or transaction public to win public prestige or public approval. This appears so when one considers the absence of publicity of groups like the National Empowerment Consortium which initially conferred the BEE credentials for companies like MTN and Johnnic Communications.

A proposed merger between the MTN Group and India's Bharti Artel would have placed more than fifty percent of the company in foreign hands, with the Lebanon-based family the Mikati's already owning twelve percent of MTN (Mochiko 2009, 1). This deal fell through and in 2010 MTN again offered shares to the black public through another scheme called MTN Zakhele. Four percent of the MTN Group ownership would then be in the hands of the black public as a means of broad based black economic empowerment (Speckman 2012, 18). It would indeed be interesting speculating on whether shares would have been open to the public again if the MTN-Bharti deal occurred.

This initiates the debate on what black economic empowerment ought to be. In an article interestingly entitled: “*Too many ships, too few captains*”, Milzai (2008, 4) clarifies that there is still some disgruntlement over the ‘hogging’ of directorships by a few connected black people. “According to the King 2 report, ideally directors should not sit on more than three or four boards (ibid).” Cyril Ramaphosa, Koosum Kalyan and Johnson Njeke all hold non-executive directorships in MTN. It is interesting that Ramaphosa<sup>51</sup> and Kalyan also hold non-executive directorships in Standard Bank (Stewart 2008, 4).

The symmetry across boards and directors is what Mosco (1996, 189) refers to as “direct and indirect interlocks”. This is when firms are linked via common board membership, in the first case with one company on the board of another; and in the second case, via joint membership on a third board. Mosco emphasizes that these are crucial spaces as they represent “nodes in networks of class power”.

This texture, made up of the many daily occasions for contact and interaction, gives concentration the quality of hegemony, a taken-for-granted belief in the right to use power (Mosco 1996, 189).

The hegemonic interactions within directorships are notoriously difficult to penetrate but it is certainly apparent that there are too few players at this particular *rank* of industry. At the lower levels of procurement and awarding of tenders, a perverted texture of BEE resurfaces with little chance for recourse or remedy. This is a familiar scenario when BEE contracts are awarded and the company of choice either sub-contracts to another company with little or no BEE credentials, or remains unable to fulfil the initial contractual obligations. The problem with this kind of application of BEE is that consumers end up footing the bill for improper choices.

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<sup>51</sup> Ramaphosa gave up all directorships when re-entering politics (2014).

*The problem with tenderpreneurship...*

As part of its mandate and expansion of footprint, MTN was to build cell phone hubs in East London, Kimberly and Worcester. This was a construction project worth R510 million. MTN chose Umbutho civil and electrical CC over traditional large contractors like Murray and Roberts or Grinaker. Umbutho was ranked with level two grading which meant that the company was eligible for public sector contracts to the value of approximately R600 000. MTN insisted that the procurement process was fair and transparent; however a few repercussions subsequently emerged. Umbutho was made up of one lone executive named Diau April Mokoena. His employee Elias Mabitsela was previously involved in many MTN projects managing the sub-contractors who did the work once the contract was awarded to Umbutho. Mabitsela signed Smartcon, an engineering company under Pieter Swart to do the MTN job in Worcester. This was allegedly worth R170 million of the total contract (Noseweek 2010, 26-27).

When the work was completed, Umbutho underpaid Smartcon by R1.8 million. At first an MTN project manager (Thys van der Merwe) assured Smartcon that the shortfall would be paid and subsequently another project manager (Stefaans Potgieter) stated that Smartcon had to deal directly with the company he was contracted to. This saga went back and forth in arbitration proceedings with both sides claiming the other had failed to meet contractual agreements (ibid).

A similar turn of events occurred at the East London hub. Umbutho subcontracted to Inyati construction and the latter company experienced the same frustrations as Smartcon. Collan Nicholas of Inyati was instructed that no complaints were to be addressed to MTN, leaving the project well behind schedule and requisite funds (ibid).

While MTN was adamant that proper tender processes were followed, it is interesting that at the same time there was a high turn-over of procurement managers and it is alleged that MTN had to pay a R21 million bail out to a contractor who did not meet contractual agreements. A spokesperson for MTN stated:

*With regard to MTN taking responsibility for complaints...MTN is not party to the sub-contracting contractual arrangements entered into between Umbothu and its sub-contractors and cannot be involved in disputes...With regard to whether a procurement director was fired within the past two years, we would like to confirm that two procurement general managers resigned from their positions over the past two years (ibid).*

Firstly, procurement contracts that are mismanaged accrue a double cost to the company and are indicative of what is terribly wrong with the tendering process and the application of BEE. Secondly, companies that are hired beyond their capacity may be under severe pressure to upgrade their staff and equipment and if they fail at meeting their obligations, the company could find it difficult to obtain new contracts to offset the initial investment in expansion which could leave them in a worse off position than when they started. This subverts the whole exercise of development and BEE.

Thirdly, BEE tender awards are given with no real conditions attached in terms of who *actually* will do the work. In the case of Umbothu and Worcester, Umbothu sub-contracted to another company whose credentials were not scrutinized in terms of BEE scorecards etc. This process enriches very few and also skews perception as to the competence of black companies and further does little towards developing any skills transfer. If Umbothu sub-contracted with a view to training in-built in the project, it could still possibly be salvageable as a worthy appointment. However Umbothu's Mabitsela developed a penchant for expensive cars like Aston Martins and Maseratis without too much concern for visiting MTN hub construction sites (ibid). This again reveals the texture of BEE

contracts (especially in the case of MTN) which were easily subverted for individual ostentation and individual gain.

Finally, such large scale mismanagement comes at a cost and one wonders where this is recouped from. It is interesting to note at this stage that South Africa still retains one of the highest cell phone rates in the world.

*“MTN has zero tolerance for corrupt and unethical business practices...”  
Ramaphosa said [Director: MTN] (Croty 2012, 1).*

### *Turkcell versus MTN*

Turkcell lost the bid for the second cellular operator in Iran to MTN. Turkcell then reported suspicions of bribery and corruption by MTN of both the Iranian and South African governments. This was reported to the US while MTN denied allegations and further asserted that the US lacked jurisdiction over the case (ibid). However the United States of America has been known to take the lead in the extradition, prosecution and levying of fines to parties found guilty. This process is facilitated under the Foreign Corrupt Practices Act (FCPA) and the Securities and Exchange Act. The Securities and Exchange Act requires strict auditing procedures to be followed and mandates the obligation to report and investigate concerns of possible corruption. The FCPA operates as an umbrella covering any firm listed in the US, any US citizen, any money or thing of value passing through the US and also extends to the recipient of bribes and not just the individual who bribes (Sutherland, public lecture, 2012).

The Turkcell-MTN case was opened in the District of Columbia – Washington DC (Naidoo 2012, 4). Turkcell alleges that MTN bribed the Iranian and South African governments for the second cellular operator license in Iran. It is alleged that MTN encouraged the South African government to take a lenient position



towards Iran's civil nuclear power programme at the UN Security Council in exchange for the Iranian cellular license and the South African government would be enlisted as Iran's provider of military equipment (McKune, Sole and Brummer 2012, 2).

MTN's response was largely to discredit the whistle-blower, Chris Kilowan (Naidoo 2012, 4). Other issues that surfaced were allegations of MTN assistance with 'spyware' and thus tacit support for Iranian human rights contraventions.

*DA Party MP David Maynier said allegations which emerged in a lawsuit filed in the US District of Columbia in Washington DC suggested that MTN may have undertaken to provide access to its devices, by agreeing to facilitate the installation of "eavesdropping technology" on its devices in Iran (The Mercury 2012, 5).*

*Maynier said he was concerned that "in possibly facilitating the surveillance of the political opposition, MTN may directly or indirectly be responsible for violation of human rights in Iran" (Business Report 2012, 19).*

The former US ambassador to the United Nations Mark Wallace, together with former CIA chief James Woolsey, have campaigned against MTN, trying to force disinvestment from Iran. Wallace stated,

*While Iran's nuclear and terrorist activities should be reason enough for a corporation to pull out of Iran, the regime's serious human rights abuses should be of particular concern to MTN. As MTN must know, there is ample evidence of Iran using telecommunications equipment to illegally track, monitor and, in some cases, arrest, detain and torture Iranian citizens opposed to the current extremist regime. While Uani [United against Nuclear Iran] recognizes that telecommunications firms do not necessarily condone those activities, it is nevertheless a concern to many that corporations such as MTN allow their technology to be used to carry out egregious human rights abuses. MTN must end its irresponsible business activities in Iran, and in particular its direct collaboration with the Iranian regime (Ntingi and Gqubule 2010, 1).*

The MTN BEE icon emerging out of a democracy and liberal constitution promoting equality for all and redress for the previously disadvantaged, stands in stark contradiction to the MTN-Iran second cellular operator license, in which a harsh regime is supported that employs surveillance to suppress oppositional voices. It is troubling that MTN appears blasé about cellular surveillance in Iran as it indicates that for the sake of "*business as usual*" MTN could be prepared to

engage in similar tactics against South African citizens especially as the high ranking official in the business is now the president (Cyril Ramaphosa) of the majority party in South Africa.

## **Cell C**

Cell C was introduced in 2001 to address service delivery and promote competition and economic growth in South Africa. As a late comer in the field, Cell C was beset with many anti-competitive problems but has managed in the long run to gain and maintain a decent hold on the South African market. This diversified ownership and restructured the industry along oligopolistic lines. Cell C (Pty) Ltd is wholly owned by 3C Telecommunications (Pty) Ltd, which in turn is 60% owned by Oger Telecom South Africa, a division of Saudi Oger, 25% by CellSAf, a black empowerment organisation, and 15% by Lanun Securities South Africa which is a wholly owned subsidiary of Saudi Oger Ltd<sup>52</sup> (Web 43). Cell C had a rocky beginning and experienced some very harsh anti-competitive moves as it set out to provide some level of competition to the South African cellular duopoly. It currently commands 17% of the market share.

Cell C's equity partners once fulfilled ICASA's mandate of forty percent as at inception, CellSAf's stake was 40%, but this has now reduced to 25%. Twenty five percent in a company is far from a controlling interest or even an interest that can influence pricing etc. In addition, the ten companies that together form the equity partner of Cell C are different companies with different interests. In order to have some controlling power or interest, they need to all be in agreement in the first instance, which may not necessarily be easily achieved. So Cell C's

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<sup>52</sup> Saudi Oger Ltd is the Saudi Arabian multinational company with interests across the globe.

equity partner remains a somewhat silent one, with no demonstrable allocative control<sup>53</sup>.

With regard to equity ownership, the ICT charter states under its main objectives that it seeks to, “promote an increase in the number of black people, including black women and other vulnerable groups such as those with disabilities, workers and the youth, who directly own and control ICT enterprises; eliminate and discourage the practise of token ownership committed by blacks and whites alike, otherwise commonly referred to as *fronting*” (Web 44).

With regard to fronting, gender, and the disability composition of ownership, a deeper scrutiny needs to be carried out in order to measure substantive changes with these demographic groups in this company. At present the company's equity partners are represented in a complex business network that reveals little with respect to ownership composition. It is difficult to assess the level of change with respect to disability and gender. This aspect therefore warrants more exploration and analysis.

Cell C boasted a business plan that projected the creation of 2 500 direct and 15 000 indirect jobs. It now has a staff complement of 3060 out of which 9 are disabled people.<sup>54</sup> Cell C states that more than 87% of current employees are individuals from previously disadvantaged sectors, and women account for more than 40% of the total staff complement; however this has not been confirmed by ICASA. With regard to managerial positions, prior to the reduction of CellSAf's stake in Cell C (from 40% to 25%), there were two female non-executive directors on the board of Cell C. This is the same as Vodacom and MTN. Since the change in ownership with Saudi Oger's Lanun acquiring a 15% stake from

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<sup>53</sup> Consists of power to define overall goals and scope of enterprise and determine general way it deploys resources.

<sup>54</sup> Operational control is confined to decisions about effective use of resources already allocated.

CellSAf, the board structure has changed. There are ten directors and all are male (Nhlanhla Rigney Kunene, Ian Elvis Pierce, Yusuf Mahomed, Simon Dufffy, Rami Aslan, Mazen Abou Chakra, Homoud Mohammed Alkussayer, Kabban Hassan, De Villiers and Charles Knott-Craig).

Cell C's aggressive publicity campaign has branded the company as a champion of feminist rights with its *"Take a girl child to work"* campaign. Yet Cell C's Board of directors and Executive team, now that Saudi Oger has a larger stake, does not boast a single female member (ICASA annual compliance report 2012-2013). Another aspect is the contradictions that emerge from global relations. It is indeed interesting that the feminist cause has been so supported and championed by Cell C in South Africa, when its parent - owner emerges from Saudi Arabia, a country with such conservative views on women. Krisjan Lemmer ponders if the possibility would ever arise of driving the *"Take a girl child to work"* project to Saudi Arabia:

*...where special Islamic police roam the streets checking that women wear the head-to-toe black abaya<sup>55</sup>. Women walking unaccompanied, or in the company of a man who is neither their husband nor a close relative, risk arrest on suspicion of prostitution or other "moral" offences. Perhaps one should drive A Girl Child to Work to honour the quaint Saudi law that forbids women to get behind the wheel of a car? (Web 45)*

The contradictory texture of Saudi Oger versus Cell C is also interesting as it demonstrates the possibilities of acting apart from the dominant ethos of the major shareholders. Cell C's departure in this regard marks a sort of localised application that is accepted because of the lucrative nature of the telecoms contracts. This begs the question why the company did not push the boundaries along other issues also. Perhaps one answer could be that the *"Take a Girl Child to work"* campaign served more as a branding exercise positioning Cell C in opposition to the other two established networks (Vodacom and MTN), and the board membership reducing from just two out of fifteen executives being women

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<sup>55</sup> This refers to the Islamic dress for women, which is mandatory in some Islamic countries.

to none out of ten, reveals another contradictory texture to the branding of Cell C as opposed to its actual ethos.<sup>56</sup>

Another key aspect related to disability and development is the support and promotion of assistive technology. Assistive technology refers to the development of technology that is designed specifically to aid individuals with disabilities. While Cell C boasts of a future of multimedia communications that will be transmitted via their network, the company does not claim any research investment in developing or adapting assistive communication technology for the local context.

Cell C reveals a power-geometric spanning the globe and covering all aspects of the value chain from hardware and software systems that enable them to control major pieces of the entire circuit of production, distribution, and exhibition or display. The “power-techno” circuit extends across from Africa through to Saudi Arabia in the Middle East; the US in North America; Germany and Switzerland in Europe, and practically all parts of the globe, linking some of the most powerful multinationals / business interests. Thus power, money and technology interconnect to produce a thickly “webbed” set of business relations, which makes for difficult analysis of even local productive relations as they are implicated by, and have global implications and allude to global power dynamics in the information economy.

Holden and Van Vuuren explore the Cell C saga of licensing which alludes to an illicit arms deal. The text, *“The devil in the detail”* (2011) makes allegations of how the Oger group won the Cell C license through less than fair means in terms of South African consumers and the promotion of competition. The deal was alleged to be struck as a result of an arms procurement agreement, which was

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<sup>56</sup> Perhaps the irony reveals itself when one considers that the campaign promotes “taking a girl child to work” but the company ethos is to not hire her at management level!

not concluded in strict terms. The objection to the licensing in this case was centrally a matter of a lack of transparency and (broad based) black economic empowerment. Weiss (2010, 172-3) indicated that a problematic assumption as regards the primacy of the nation state is that theorists tend to exaggerate its past power and reach in order to over-emphasize its current weakness.

In the South African case, the State certainly participated in illicit arms deals and there were several other options in terms of a third national operator. This also proves the point that local control from the state and regulatory bodies is almost null and void as internationalization enables the more powerful transnational companies to exert a tighter control over local communication policy and the communication industry. These businesses are linked to parts of the globe either through direct ownership of companies in foreign markets or through strategic alliances, what Vincent Mosco (1996) refers to as 'teaming arrangements'. These kinds of 'teaming arrangements' have brought about significant changes in international policy-making, including the decline of UNESCO (a site of the major support for the NWICO) and the opening of the International Telecommunication Union to considerably greater private sector participation. These organizations are either less powerful or are transformed to reflect new power balances that not only eradicate equal representation among the world's nations but prioritize the interests of big business over that of the individual.

An example of this in the Cell C case would be the Qatar bid for a majority stake in Oger Telecom. If acquired Qatar would have Oger's controlling stake in Turk Telecom (Turkey's mobile operator) and of Cell C in South Africa (Nair 2012, 1). Transnational telecommunications companies are often very eager to consolidate and advance their *telecoms footprint* given the large revenue this industry generates. What is euphemistically referred to as *increased footprint* may be decoded as a horizontal transnational concentration which serves to

strengthen a company's position globally making it even more impervious to localized regulatory frameworks.

From Cell C's global relations, a new power balance, favouring the informationally and technologically richer nations, may be traced illustrating Mosco's assertion. What remains to be seen for the African development projects is how successful policy and regulatory strategies will be in managing to negotiate with business for universal access and core development needs.

## **Telkom - Heita**

Telkom - Heita is a subsidiary of Telkom Group Limited. Telkom is the ex-parastatal once operated by the South African Post Office, and was the fixed line utility wholly owned by government. Since the development and threat posed by mobile telephony, Telkom has managed to aggressively maintain its *natural monopoly* status until recent times (2006) when Neotel was granted a fixed line license in South Africa. Telkom offers wireless and wireline broadband and a range of data services. Telkom operates in thirty eight countries throughout Africa, but has not achieved the phenomenal success of its mobile counterparts. It remains semi-privatized with a government ownership stake of 39%. Telkom's first entry into the mobile market was via a partnership with Vodafone, the subsidiary of which became Vodacom. In 2008, Telkom sold its stake in Vodacom to start up its own 3G network – 8ta (Telkom Heita). 8ta's rocky inception was in October 2010. 8ta has not performed tremendously well and limps along with a 2.3% market share. Apart from delving into Telkom's history with Vodacom, there is really not much to comment on with regard to 8ta as it occupies such a small part of the market. The current shareholding of Telkom is as follows.

SHAREHOLDING	%
Government of South Africa	39.80
Government Employees Pension Fund (PIC) (GEPF)	13.48
Telkom Treasury Stock (Acajou investments and Rossal)	1.96
Free Float (Telkom's foreign shareholding from the US, UK and Europe and a small percentage of the local public)	44.76

Details were obtained from Web 46 and 47.

### ***Telkom and Vodacom***

The telecommunications sector has generated new and interesting power relations that present even more interesting challenges to development discourses. Although Telkom is the fixed line natural monopoly in South Africa, it needs to be included due to its minority shareholding of Vodacom. In relation to development, Telkom was once seen as South Africa's success story. Former president Mbeki raises two fundamental issues that relate to the economic imperatives.

*African countries are now in a position to use their vast 'natural resources for the benefit of the peoples of Africa'...The imperatives of sustainable development dictate that African countries should not only produce raw materials for export but they should also produce processed products that build local economies and do not just buttress foreign economies...An equally important concern he raises is that Africa imports just about everything. Africa consumes what it does not produce...Africa's economies were developed to service European metropolitan centres. The transport and telecommunications infrastructure that was developed was intended to link the colonies with their colonial powers for the purpose of siphoning African produce. He advocates a reversal of the situation to promote intra-African trade and cites Telkom's proliferation into Africa as an example (Mzamane 2001).*

Telkom, South Africa's fixed line monopoly, is hailed as the darling of the African development objectives, quoted again and again as the company that challenged old techno-finance-scapes through its 'proliferation into Africa' (Nxasana: 1999, 399 - 403).



Until the late 2000's Telkom had a 50% shareholding in Vodacom (mobile telephony) and via Vodacom has expanded into Lesotho, Mozambique, Tanzania and the Democratic Republic of Congo (Web 48). Africa has traditionally been considered as a high-risk market that most North-Atlantic ICT's investors avoid. Telkom's role in developing telecommunications in these regions benefits the host nations tremendously as they have been otherwise ignored by the telecoms multinationals and therefore suffered the lack of development ICT's could have brought.

However branding Telkom as a company exemplifying the ideals of the African renaissance is also problematic, for Telkom's expansion into Africa has not been entirely motivated by noble development ideals. Robust competition from the four cell phone operators in South Africa led to Telkom's timely proliferation into Africa. It should therefore be no great surprise that Telkom has recently identified new markets in Botswana, Angola, Nigeria and Kenya 'ripe for investment' (Web 48). This inspiration comes opportunely, after a second national operator in South Africa had been finally licensed.

*One can read this as a change of players in the same game, representing the spread of South Africa's capitalist tentacles into other African countries, in a way that is not different from similar investment by Western countries motivated by self-interest. The projects may appear to other African countries that are suspicious of South Africa's motives as self-serving, as South Africa seeks new markets in less developed African countries...There are apprehensions, real or imagined, among some African countries that South Africa's intentions are less than noble, given the fact the capitalism is, well, capitalism (Mzamane 2001).*

At home, Telkom enjoys an almost permanent space at the South African Competition tribunal, as an array of smaller ICT companies constantly lodge complaints against Telkom for anticompetitive behaviour. In 1997 Government unbundled thirty percent of Telkom to SBC communications (a US company, now AT&T) and Telekom Malaysia for R 5.54 billion. Telkom SA was granted a five year exclusivity period during which no competition would be allowed on

fixed lines. In return Telkom and its partners agreed to deliver 2.8 million new lines and meet service, quality and upgrading targets. This was not achieved. SBC Communications owned eighteen percent of Telkom and had management control, and was said to use the same strategies to protect its market share in the US. The company managed Telkom from 1997 to 2004 and then sold its interest in the company, soon after the exclusivity period expired. In 2004 the Competition commission had recommended that Telkom be fined ten percent of its annual turnover, for anticompetitive practices like predatory pricing.<sup>57</sup>

What becomes quite interesting is how the economic icon of the African renaissance transforms on closer scrutiny. The controlling interest behind Telkom is a US based company which takes advantage of the exclusivity period but unbundles at the inception of competition. Thus Mzamane's observations ring too true, as she questions how contesting discourses of development and big-business will conclude the future of the African renaissance project.

## Virgin Mobile

The inception of Virgin Mobile (Web 49) was 2006; however it may not be considered independently as it is a joint venture between Cell C (Pty) Ltd. and Virgin Group Ltd. The Virgin Group is a multinational venture capital conglomerate with unique branding. Technically Virgin Mobile is also a service provider of sorts as it does not own any network infrastructure, thus needing to buy network time from other mobile companies. Theron and Boschhoff (2006, 579) argue that Virgin Mobile may be described as an *enhanced service provider*. While Virgin mobile uses Cell C's network infrastructure, its product and service range is branded differently and it is effectively in competition with Cell C

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<sup>57</sup> Predatory pricing refers to when monopolies use their resources to offer preferential rates below market value, just for the purpose of luring away clientele from rival companies, causing them to go out of business.

(in addition to the other mobile operators in South Africa). Following on from international experience, it was hoped that the introduction of a new entrant in the market would stimulate competition and would ultimately drive telephony prices down. Virgin Mobiles market share is 0.7% but the company means to increase this to 10% (Web 50). The Virgin Group reach throughout the globe through its interests in travel, entertainment, media, and telecommunications. Like its counterparts, the Virgin Group represents a *power techno circuit* linking business interests across the globe, however as with 8ta, Virgin mobile has not impacted South Africa significantly enough to be considered for further analysis.

## Scenes from Global Telecoms

Sutherland (public lecture, WITS, 13 March 2012) recently stated that corruption within the telecoms sector has been going on an international level at an Olympian scale for over a decade and within a more informed audience precious little is known about this. Unabashedly, in his lecture entitled 'Corruption in the global telecoms sector: undermining ICT sector reform', he declared the source of corruption as avarice and greed which leads to the multifold problems of *nepotism, bribery, unaccountability* and a *culture of impunity*. This is certainly complicated by the nature of telecoms in that the field is a huge profit generator requiring large procurement contracts, expensive equipment and expertise (ibid).

The Washington Consensus endorsed and promoted the neoliberal three-pronged approach to telecoms which was privatization, liberalization and independent regulation. However whether within or without the developing context, there is no strong or direct counterincentives proposed to the probable corruption that may occur as a result of a lack of such failsafe measures. Given the global scale and scope of corruption in the telecommunications sector there

is a surprising lack of *serious* recognition or acknowledgement of these problems across the big global telecoms and related bodies like the ITU (International Telecommunications Union), OECD (Organisation for Economic Co-operation and Development), ATU (African Telecommunications Union), and APECTEL (Asia-Pacific Economic Cooperation Telecommunications and Information Working Group (ibid).

However there are several international treaties against corruption and most companies are part of these treaties and international agreements. The United States of America takes a lead in extradition, prosecution and levying fines to parties found guilty. This process is facilitated under the Foreign Corrupt Practices Act (FCPA) and the Securities and Exchange Act. The Securities and Exchange Act requires strict auditing procedures to be followed and mandates the obligation to report and investigate concerns of possible corruption (ibid).

The FCPA operates as an umbrella covering any firm listed in the US, any US citizen, any money or thing of value passing through the US and also extends to the recipient of bribes and not just the individual who bribes. To date large telecoms MNC's such as Alcatel and Siemens have been fined in the region of nine hundred million US dollars (ibid).

The international treaties against corruption are as follows:

- United Nations Global Compact (UNGC)
- United Nations Convention against Corruption (UNCAC)
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions
- Organisation of American States (OAS) Inter-American Convention against Corruption
- Council of Europe:
  - Civil Law Convention
  - Criminal Law Convention

The following account summarizes evidence of corruption within the sector across the continents. Although this account does not mean to set an international standard for corruption nor tolerability, the prolific scale of these cases of corruption appears to suggest it!

## **Asia and the Middle East**

In Bangladesh between the late 1990's and mid 2000's, the then two alternating political parties agreed to collude and not investigate corruption in either camp. Siemens<sup>58</sup> and Alcatel<sup>59</sup> admitted to paying bribes to cronies, ministers and relatives for Telecoms licenses. 'Siemens Bangladesh engaged consultants to pay bribes to Bangladeshi officials with corrupt payments totalling USD 5.3 million which were improperly recorded as 'commissions' and 'business consulting fees' (Loughman and Sibery 2012, 256). When the regime fell, investigations and prosecutions ensued under the caretaker administration but unfortunately these were abandoned once civilian politics returned. One conviction that was pursued was that of the ex-Prime Minister's son who was living in Malaysia (ibid). After a guilty plea Siemens eventually agreed to pay USD 450 million as a result of combined criminal fines (Loughman and Sibery 2012, 256).

In Syria, a cousin of President Assad, Rami Makhlouf, owns 75% of Syriatel (ibid). This ownership evolved after Makhlouf and Orascom (the Egyptian telecommunications company) were awarded one of Syria's two mobile licenses in 2001. A court dispute ensued and Orascom sold 25% of its stake. An opposition MP, Raid Seif, who went public with his criticisms of the telecoms deals was arrested and imprisoned. Makhlouf controls a range of business

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<sup>58</sup> Siemens is a global 'electrification' company also involved with telecoms (Web 51).

<sup>59</sup> Alcatel is a global information technology/telecoms company based in France (Web 52).

interests including two banks, free trade zones, an airline, two TV channels, duty free shops and a construction company. In addition Makhoul owns shares in and is the vice-chairman of Cham Holding which has stakes in oil and gas companies. The US treasury imposed sanctions on Makhoul by banning US firms and individuals from doing business with him. It was alleged that Makhoul abused both the Syrian judicial and intelligence officials to intimidate potential rivals in business, leading the former Vice-president of Syria, Abdul Halim Khaddam to say in 2009 that Bashar al- Assad's rule had been marked by transforming corruption into an institution headed by Mr. Makhoul (Web 53).

Syria is a good example of nepotism leading to extreme concentrations of power via telecoms and other key national industries. This concentration leads to problematic textures of power with one family wielding enormous control over the key industries in Syria.

In India Shri Sukh Ram was an MP for an astounding forty five years of which he spent five years as a minister of state for telecommunications. The Central Bureau of Investigation raided Minister Sukh Ram on 16<sup>th</sup> August 1996. The Bureau found twenty four and a half million Indian rupees in his official residence. Sukh Ram accumulated millions as a result of bribes for telecoms licenses. Officials found eleven and half million Indian rupees in his house in Himanchal Pradesh and the names of individuals who paid him (Sutherland 2012). In February 2009, Sukh Ram was sentenced to a three year term of 'rigorous imprisonment' and 'disproportionate assets' to the tune of forty two and a half million Indian rupees were confiscated by the State.

Sukh Ram who is now eighty five years old is on bail pending an appeal (ibid). In spite of Sukh Ram's age and a plea for leniency as his co-accused D.S. Choudhary and his wife had died since the inception of the trial, the judge

indicated that acts of corruption by a long standing minister amounts to a terrible betrayal of public trust as granting leniency on the basis of age would send out the wrong message sanctioning corrupt practices (Web 54). The Sukh Ram case indicates the way in corruption can become institutionalized, and having access to large amounts of money to keep investigations and lawsuits at bay.

The next big Indian telecoms scandal involved A. Raja who became known as *The License Raj*. Raja was an MP for the junior party in the coalition government and the minister for ICT's. In 2008 Raja sold 122 spectrum licenses at 2001 prices at a first come first serve basis. These private companies that bought the 2G licenses at retro prices were then acquired by telecommunications' operators at higher prices, ensuring that the ministry was effectively cut out of the massive profits which went to a happy variety of *middlemen* (Web 55).

In November 2010, the Auditor General investigated and found that there was a failure in following due process in licensing which amounted to a loss to government. This was approximated between five hundred and eighty billion Indian rupees to one thousand, five hundred and twenty billion Indian rupees (Sutherland 2012).

In January 2011 an appointed one man committee of inquiry found that principles of fairness and transparency were breached. In addition the minister did not have approval for the pricing and this was inconsistent with government policy. The public accounts committee reporting on the telecoms fraud was blocked by government MPs. However the Central Bureau of Investigation then charged Raja under the Prevention of Corruption Act and he is on trial with the Supreme Court overseeing the case (ibid).

The Indian Supreme Court was a key and powerful driver against corruption and restored faith in the bureaucracy and legal process. Here public interest litigation

was the vital aspect. The Supreme Court threw out all 122 spectrum licenses as they were deemed invalid due to the illegality of the process of acquisition. The Supreme Court's intervention under the Prevention of Corruption Act also reduced ministerial interference in due judicial process. As was the case with Raja at the inception, Ministers tried to block the prosecution. The Supreme Court removed the privilege of the Prime Minister and Chief Ministers to block prosecutions (ibid).

In Thailand a police lieutenant colonel Thaksin Shinawatra got IT contracts but along the way lost a big telecoms franchise. Shinawatra (later the Prime Minister of Thailand) started to get political contacts and then decided to create his own political party to gain control over the communications ministry. As a result, the barriers to entry for other or rival players become prohibitive. In early 2006, Thaksin sold his family's shares in Shin Corp – the largest telecoms group in Thailand - and netted the family \$ 1.9 billion. This caused a backlash against Thaksin as civilians felt that he had given control of an important national asset to Singaporean investors. The Supreme Court recouped \$ 1.4 billion in contested assets and has imposed a two year jail sentence as a result of a 'conflict of interest' charge. Thaksin lives in exile in the UK and Dubai but still has a hand in Thai politics through his sister, Yingluck who is leading the main opposition party to the incumbent (Web 56). According to Sutherland this Thai telecoms mess has yet to be resolved (2012).

## **North, Central and South America**

In 2009 U.S. congressman Bill Jefferson was sentenced to thirteen years in jail for both accepting bribes and intending to bribe within the Telecoms sector. The unprecedented raid on a congressional office found USD 90, 000 hidden artfully



in Jefferson's freezer in *Pillsbury Pie Crust* boxes. This money was intended as a bribe for the Vice-President of Nigeria in order to secure a multimillion dollar telecommunications deal (Web 57).

The Costa-Rican case is not without its ironies as the ex-president of Costa Rica Miguel Ángel Rodríguez was elected as Secretary General of the Organization of American States. This organization was responsible for promoting anti-corruption within the Americas. Rodríguez served a month as Secretary General and was prosecuted and sentenced to five years in jail for 'instigating corruption' in the telecommunications deal between the Costa Rican Electricity Institute (ICE) and Alcatel-Lucent (Sutherland 2012).

In Haiti, bribery and corruption at Haiti Teleco was brought to light by the ex-MD Patrick Joseph admitting to accepting bribes and then co-operating with the US anti-corruption organization. In subsequent reports a key unnamed official featured consistently referred to in the local media as "Official B" (heavily implicated in the telecoms corruption charges)! In early March Patrick Joseph's father Venel Joseph was killed ('gunned down'). Venel Joseph was the former head of the Central Bank when Jean-Bertrand Aristide was still in power. The execution occurred after newspapers alleged that the identity of "Official B" was Jean-Bertrand Aristide purportedly involved in the telecoms bribery and corruption deals (ibid).

Another aspect that remains murky is US involvement in blocking Aristide's return to Haiti, after a seven year exile in South Africa. This complicates the picture in terms of what may be accepted as truth and a convenient version emerging towards political ends. This may prove to be the primary problem in the US leading in international telecoms investigations and prosecutions as it may

provide a convenient legal arena to exercise coercion and repression over political players not willing to toe the dominant line (Web 58).

## **Eastern and Western Europe**

The exposure of bribery and corruption saw a most useful resolution in Greece. Siemens paid bribes to the dominant political parties and the incumbent operator over decades. This sums amounted to € 10 -15 million per year. In early March 2012 the settlement for these nefarious activities was € 170 million towards the Greek State and a € 100 million investment in Siemens Hellas thus ensuring its continuity in Greece, which has six hundred employees (Sutherland 2012).

Siemens also had to pay huge fines to authorities in Germany and the US for bribery for telecommunications contracts in Algeria, Libya, Nigeria and Russia. Payment of bribes though systematic was not sophisticated as this was done via cash in suitcases! Siemens also had to consent to compliance programs across all its sectors (ibid).

In Montenegro, politicians accepted bribes from Magyar Telekom in the privatization of Crnogorski Telekom. Magyar Telekom is a subsidiary of Deutsche Telekom AG. These companies have been fined by US prosecutors and the companies have been delisted from the US (ibid).

## **Africa**

The two major telecoms companies in Tunisia are Tunisiana and Tunisie Telecom each with French and Middle Eastern (Dubai) stakes in the respective companies (Web 59). Prior to the change in leadership, large percentages of the two Telecoms companies were owned by two individuals. These two individuals were the sons-in-law of the previous president of Tunisia - Ben Ali.

One son-in-law owned a fifty one percent stake in the Telecoms Company *Orange Tunisie* while the other son-in-law owned a twenty five percent stake in the other Telecoms Company *Tunisiana* (Sutherland 2012). These ownership stakes have been since confiscated by the new government. In Libya, the Ghaddafi family owned both mobile operators in Libya and a host of other operators in Africa (ibid). Libya's telecoms duopoly of Madar and Libyana remains firm as Etisalat's bid for entry as the third operator was not successful (Web 60).

In Morocco Inwi Morocco was introduced by Wana Morocco in 2010 as the third GSM operator. Wana was initially a subsidiary of France Telecom but it is now controlled by ONA – a Moroccan conglomerate of which 30% is owned by Zain of Kuwait (Web 61). In Morocco where an absolute monarchy reigns, the King owns sixty nine percent of INWI. The King's ministers are the directors of *Maroc Telecom* which is supposed to be the second operator or competition to INWI. This absolute monopolization is interrupted only by the Kuwaiti investment in INWI and the France Telecom purchase of shares in *Méditel* (Sutherland 2012).

In Zambia attempts to privatize the telecoms sector went awry when the then minister of communications, Dora Siliya had to resign as minister due to a string of irregularities uncovered by an appointed tribunal. The tribunal of three Justices found that Siliya had breached Article 54 (3) of the Constitution, had failed to comply with the legal advice of the Attorney General and had failed to observe the appropriate tender procedures (Web 62). Subsequent to these findings and the minister's resignation, a single High Court judge overturned the tribunal and Siliya returned to cabinet as a minister with a new portfolio (ibid).

After the election of the new Zambian president Sata, an inquiry was conducted by the minister of Justice. The government under Sata revoked the sale of

Zamtel to LAP Green. This was as a result of findings from the inquiry in which it was alleged that Zamtel was grossly undervalued and that the Zambian negotiating team was not neutral. In relation to this scandal, Interpol was pursuing Henry Banda for questioning. Henry is the son of ex-president Banda (ibid).

In Kenya, the telecoms sector is beset by the descriptor 'mysterious'. Safaricom and Vodafone were both involved in paying large sums of money over a period of time to a *mysterious* Guernsey firm. While the owners of this firm are protected and their identities are concealed by a non-disclosure agreement, it is alleged that this firm is owned by none other than former President Daniel Arap Moi and the telecoms minister (Sutherland 2012).

Alcatel (a French based telecoms company) was asked to pay twenty million US dollars to an unnamed and *mysterious* middleman in Mauritius on behalf of the Kencell / Sameer Group in order to secure a license. France Telecom has a *mysterious* UAE partner in Telkom Kenya (ibid).

Nigerian James Bori migrated to the UK and was convicted for theft and handling stolen credit cards. Bori returned to Nigeria to become Governor of the Delta State. In February 2012 he returned to London where he awaits sentencing for thirteen charges of fraud and money laundering. His wife, mistress and lawyer were also convicted and sentenced. Thirty five million pounds worth of assets in the UK was seized. In South Africa Bori owns a three million pound mansion and a Mercedes Maybach that was shipped from London. Bori's connection to telecommunications is that he took seventeen million US dollars from the sale of shares in V mobile, a Nigerian telecoms company (ibid). The Nigerian telecoms sector has proven to be the most lucrative in Africa recently overtaking even the South African market.

## Conclusion

*Strangely, no regulator has ever uncovered corruption, despite information powers. A few have been caught at it (ibid).*

The scale and scope of corruption within the telecoms sector is truly astounding. Reform mechanisms via various UN and US treaties and acts must certainly be recognized for creating legal and even psychological deterrents to the performance of corrupt activities within this sector. Also, academics and public intellectuals in the field like Sutherland, Loughman and Sibery, Van Vuuren and Holden and Feinstein must also be applauded for the attempt at publicity, making information about corruption freely available and accessible as information is key to civil protest which in some parts of the world could precede legal intervention.

Civil intervention or protest will become an increasingly important catalyst in stemming the flow of corruption as civil society will increasingly have to act as the fourth estate or watchdog of the telecoms sector. This is purely on account of Sutherland's quote, "Strangely, no regulator has ever uncovered corruption, despite information powers. A few have been caught at it" (ibid). Co-ordinated civil or consumer intervention is needed to counter-balance or at the very least stem the flow of corrupt global telecoms practices. The burgeoning telecoms sector worldwide has created a super elite, acting with impunity and leaving individual consumers 'out on a limb' with little legal recourse.

The legal edicts of disclosure and confidentiality need greater debate for application to a global telecoms sector (Web 63). The opposing tensions of public interest or the public's right to know (disclosure) and the State's defence rights to non-disclosure need greater clarity in a sector where industry is transnational. Despite over a billion US dollars of fines and recouped bribes from corruption cases that were litigated, most regulators can be best described as feeble, playing little to no role at all in enforcing their mandate. While the US may

be commended for investigating the cases of corruption, the individual consumers from the countries where these corrupt practices occurred accrue nothing from this meting out of justice, even while these very consumers created the surplus funds for corruption and subsequent fines. The US lead in this case represents Hardt and Negri's idea of newly emergent types of juridical power at the center of empire which is based on notions of order, ethical truths and the very tricky concepts of 'right and wrong' (2010, 214). Sutherland admitted that compensating consumers in the case of corrupt telecoms practices would be very difficult even if industries have paid fines imposed (Q&A at public lecture, WITS, 13 March 2012).

The final point is measuring the cost of corrupt practices to the consumer or end telecoms user. While Sutherland asserts that it is difficult to estimate the cost to consumers, the thesis takes up this assessment in the following sections. In the South African case, the two key texts that delve into allegations of corrupt practices in the telecoms sector are Holden and Van Vuuren (2011) and Feinstein (2007) explore the Cell C saga of licensing which alludes to an illicit arms deal. These texts detail the corruption specific to the arms scandal and the procurement for the Cell C license as the third operator in South Africa and MTN's murky relationship with Iran. As they are detailed and well documented, they will not be referred to in any great detail as they represent the macro-scale of corruption, and the purpose of this thesis is to uncover the micro-scale or as Sutherland aptly puts it: '*the cost to consumers*'.

# CHAPTER SIX: NEOLIBERAL

## ILLOGIC

*The 'primitive' ritual of offering goods to an angry or potentially angry God in order to appease it into a state of neutrality continues to replay itself in complex capitalist economy. All things must be subordinated to neutrality – to uselessness. One major difference between the age of the virtual and more primitive times is that the contemporary idols have no metaphysical referent. The ones that have been constructed are not the mediating points between person and spirit, or life and afterlife; rather, they are end-points, empty signs. To this paper master, sacrifice has no limit. The stairs of the temple flow with blood every day. How fitting for progress to come to this end in the empire of the uselessness. As this mythic narrative continues to play itself out, the suggestion of Arthur and Marilouise Kroker begins to make more and more sense. We are not witnessing the decline of late capital, but instead, it's recline into its own delirious death trance (Kelly, 1994).*

### Introduction

This chapter explores the South African mobile environment from the consumer perspective. With regard to this, narrative becomes important in the process of making meaning. It is interesting that an account of mobile telephony in the EU puts the narrative form as the central way of discerning truths about the experience of mobile telephony.

*Many media texts take narrative form, often working together in, or as, a group of texts telling the same story, or pieces of a story, about life. Policy documents [and commercial narratives] can be understood as narratives to the extent that they offer a vision of why society needs certain technologies, how these technologies should work and be deployed (Lillie 2009).*

The regulatory body governing communication industries in South Africa is ICASA (the Information and Communications Authority of South Africa). According to ICASA's mandate the regulator is responsible for regulating telecommunications, broadcasting and the postal industries in the public interest and ensure affordable services of a high quality for all South Africans (Web 14). With regard to telecoms ICASA regulates licensing of telecoms operators and

oversees issues around competition, pricing, consumer protection etc. In theory the regulator stands independently between government and industry working towards the best interests of the general public or end users. One of the key issues emerging as a result of global MNCs operating in a development context is to what extent a regulator can withstand *capture* either by the state or industry.

The chapter takes up the contradictions presented by neoliberalism. Neoliberal doctrine asserts a free market (or market fundamentalism) as the primary means of economic growth. Neoliberal doctrine also promotes the idea that market competition is the best way to achieve the best products and services. Through consumer narratives, the chapter reveals the very problematic assertions of the neoliberal doctrine. Critics state that neoliberalism pits market efficiency against social protection and that the conditions of perfect competition are not likely to ever exist without state intervention. Rather than competition, the chapter reveals that the mobile industry veers more to cartelism. The profit motive is pitted aggressively and ruthlessly against social protection (which hardly arises as a consideration).

Finally industry appears to act constantly on the state to transform it to better respond to the demands of global capital. Regulatory bodies are feeble in the face of TNCs with turnovers equalling state revenue. As a result there are few if any counter-incentives to corrupt practices as the powerful matrix of the state and industry consolidate.

## **Enter the South African sagas**

As elucidated earlier, I will explore a few narratives littered across the South African Telecoms scene. These narratives have evolved into sagas as they represent the texture of user experience which has proven not to be unique or singular. There are four sagas the research explores:



- Interconnection
- Predatory solicitation
- Privacy
- Market apparatuses of coercion and compulsion flanked by legal apparatuses of repression

All of these sagas represent the functioning of technological apparatuses in the service of maintaining the capitalist mode of production dominated by a ruling elite consisting of technocrats from MNCs and the ruling coalition. The EU review of mobile narratives explores how Althusser's ideological state apparatuses evolve in the information society.

*For Althusser (1985) "ideological state apparatuses," ISAs, are the social institutions that serve to reproduce the dominant ideologies necessary for the perpetuation of the repressive mode of production and domination by the ruling class. ISAs include the educational, religions, media, legal, and political institutions of modern society. Although commercial and policy EU mobile narratives are being produced within the logics of different ISAs, they nevertheless are ideologically serving the same function, the re-creation of consumers and the colonization of new cultural/social spaces created by new media innovations. The activity needed for the reproduction of advanced capitalist society is not that of political subjects in the liberal sense of citizenship, but rather one of consumption. The modern mode of production necessitates an ideology that promotes new technologies and their users as being first and foremost about consumption and other needs of global capitalism, such as the ability for labor power to be "on call," connected 24/7 and anywhere in the world. Commercial and policy mobile narratives are thus created within ISAs functioning to bolster a State whose "ruling coalition" includes not only politicians and policy makers but also the major transnational corporations. Political consent in this formation is typically achieved through a hegemony in which ISAs play the decisive role. Furthermore, the political subjectivity and citizenship promoted by ISAs is increasingly one of the citizen as consumer and laborer (i.e., the major roles that citizens/members of the population need to serve are consumers and workers (Lillie 2009).*

Communication is not just a human right, it is a fundamental right. No matter the economic status, people tend to prioritise communication expenses. Duncan indicated that 'spending on cell phones accounted for eight per cent of income at a national level and eighteen percent of income for the poorest' (Duncan 2012). It is clear that high costs (unnecessarily high costs) in the communications industries only frustrate the fundamental aims of development and

transformation. While industry benefits from high profits, little trickles down to closing the digital divide.

## **The unbelievable story of interconnection**

Telephony costs in South Africa has always been comparatively higher and many analysts in the field allege that South Africa's cellular rates are among the highest in the world (Van Rensburg 2009, 16-17). One major key to high cellular cost is interconnection rates. Interconnection rates refer to the tariffs one cell phone company charges another to link a call to its network. The history of interconnection rates in South Africa has been interesting, provoking many debacles which have yet to be resolved.

### *The history of interconnection costs, actual costs and true costs...*

The initial rationale for interconnection rates was to help networks establish themselves, given the initial financial investment in network infrastructures. This initial investment would be recouped over time when user volumes increase as economies of scale would apply. There is some difference of opinion over what the *actual* or true cost of interconnection is. While analysts indicate that the true cost is around 20 to 30 cents per minute, the international benchmark is approximately 40 cents a minute (Van Rensburg 2009, 16-17). As of February 2010, the interconnection rate in South Africa still remained at R1,25 a minute at peak times (Mochiko 2010, 3).

Internationally cost of telephony, especially mobile telephony has been gradually and steadily reducing as user volumes have increased. However, the proportionally inverse ratio has not transpired in South Africa.

*Volumes [in South Africa] here have screamed up to more than 50 million (Sim card) connections but call costs haven't come down. Interconnection is a major component of the cost of a call. Drop it to a much more moderate level and call costs could fall dramatically. But purely on the grounds of user numbers call costs should in any case have dropped by now...Should you reduce interconnection tariffs to 40 or 50 cents a minute, R 2,50 a minute for a call suddenly becomes about R 1,70. Cost based tariffs could cut call costs by at least 30 per cent...other analysts put the figure even higher (Van Rensburg 2009, 16-17).*

Interconnection rates not only affect individual users, but impacts on business as well. The lack of competition and oligopoly collusions has resulted in artificially high user costs. This negatively impacts business costs across the board in South Africa.

Apart from the negative impact on business in general, the cellular telephony industry in South Africa has suffered itself due to inflated interconnection rates. The astronomical rates that Vodacom and MTN have aggressively guarded and defended, has been an effective means of reducing the competitive advantage of the previously new incumbent in the market – Cell C. The established operators were able to offer discounts on their own networks which the new incumbent could not, thus affecting and severely limiting their ability to recruit new clients.

*New operators will be reluctant to enter the market because the large operators will once again use high interconnection fees as a means to squeeze out their new and smaller rivals (De Lille 2009, 12).*

John Holdsworth (ECN Telecoms) stated that even though interconnection rates are unjustifiably inflated, they are unlikely to decrease as these rates have inadvertently become “such a big income stream” that no business would want to willingly reduce this revenue (Van Rensburg 2009, 16-17).

### *Price comparisons*

The following table indicates South Africa's poor performance in terms of interconnection rates (IC). The table indicates peak times, but South Africa's off-

peak rates are not that much better. The table was supplied by ICT Research Africa.

Country	IC (March 2009)
Cyprus	24c
India	38c
Austria	54c
Finland	59c
Kenya	62c
Tanzania	63c
Botswana	71c
Slovenia	77c
France	83c
Uganda	86c
Britain <sup>60</sup>	93c
Nambia <sup>61</sup>	R1,06
South Africa	R1,25

South Africa is often charged with being the least competitive in terms of cellular telephony.

*Our cell phone usage per user costs are up to 1000 per cent higher than India's. Our interconnection tariffs are among the highest on the continent. Senegal's are just 21 cents, for example (Van Rensburg 2009, 16-17).*

South Africa is the leader in telecommunications and connectivity in the continent of Africa. The profits cellular companies accrued in South Africa due to the huge increase in user volumes made it possible for these companies to expand to

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<sup>60</sup> 93c is being sharply reduced.

<sup>61</sup> R1,06 is being sharply reduced.

other countries in Africa. It is perplexing and rather ironic that the very fuel of expansion – South African users - do not benefit from their consumption. Instead, other countries with stronger regulatory frameworks and enforcement appear to be the key beneficiaries. The cellular giants like Vodafone which has a 65% stake in Vodacom use South Africa as a means to offset their lower profit margins in other countries of operation such as the UK, where they are forced to comply with more stringent regulation. As they clearly do not benefit from cellular rates, in a way, it is almost as if South African consumers offset and pay the price for the UK's and Africa's more stringent regulation.

*While interconnection tariffs aren't regulated in South Africa there have been interventions in this area in several other countries to lower costs. For example there was an outcry in Britain because their cell phone calls were far more expensive than in Europe. Britain's interconnection tariffs were high. The government set a limit on what companies could charge for this and these costs are being substantially reduced. Earlier this year the British Competition Commission ruled big cell phone networks had to reduce their interconnection tariffs to 4p (about 52 cents) by 2010/11, according to a Research ICT Africa study. In Namibia it was also recently decided to reduce interconnection fees by 43%, De Lille says. And they're aiming at further reductions to just 30 cents a minute by 2011, compared to our current R 1,25 (Van Rensburg 2009, 16-17).*

#### *The debacle (histories)*

Vodacom and MTN entered the South African market in 1994, enjoying an uncontested and rather profitable duopoly for approximately four years. During these years the interconnection rate was fixed at (an amazing) 25 cents per minute. In 1998 when Cell C was considered a viable competitive incumbent and it appeared a fait accompli that the third operator would be entering the market, Vodacom and MTN increased their interconnection rates quite dramatically over the next three years, by approximately 515% (from 25 cents to R 1,25 per minute).

A kindly explanation to the lack of contestation from ICASA to this sharp increase could be that it was permitted only as a means for Vodacom and MTN to recoup their initial investment in the networks infrastructure. As was stated earlier, cellular telephony is a volume business where economies of scale apply. Thus it is questionable if the two operators did not in fact recoup more than their initial investment in the first six years of their uncontested duopoly. By 2005, both Vodacom and MTN maintained a healthy market share of 55% and 35% respectively (Theron and Boschhoff 2006, 575-579). The interconnection tariff increase was not related to any real or actual costs, and rather served as a means of “throttling Cell C’s market penetration” (De Lille 2009, 12).

This is a good example of how attempts to liberalize the market and introduce competition are fundamentally flawed by the collusive tendencies of dominant players already established in the field. This is more especially so when dominant players are connected to political regimes and it appears as if the independent regulator is without any wherewithal to act in terms of reducing telephony rates to fair and reasonable levels.

#### *A feeble regulator*

As was state in the introduction, a regulator stands independently between government and industry working towards the best interests of the general public or end users. This is particularly vital in a developing context where end users are not as equipped with information to protect their communication rights. Given the economic might of the telecoms industry, it is apparent that the regulator has not been able to withstand regulatory capture by industry and the state.

ICASA has experienced the unfortunate history of severe criticism for failing to tackle interconnection rates and allowing the steep hikes in the first instance. An analyst in the field states: “For the past five years the Independent

Communications Authority (ICASA) has threatened to take action on interconnection rates but it's yet to take a firm stand" (Van Rensburg 2009, 16-17).

The former Communications minister, the late Ivy Matsepe-Casaburri was often strongly criticized in the public domain for taking an apathetic approach to interconnection tariffs. The late Minister of Communications who was elderly at the time of leading the Communications ministry had a penchant for falling asleep during meetings and by her own admission "only [heard] about rate changes when her friends [told] her" (Theron and Boschhoff).

In 2009, De Lille (a minor opposition party MP) submitted a complaint to the Competition Commission to look into the cellular telephony industry for collusions and anti-competitive behavior. She stated in 2009 that,

*Some of the alarming facts I highlighted in my letter of complaint have been in the public domain for some time, and yet nothing has been done by our regulatory bodies and authorities to intervene in this market and alleviate what effectively appears to be a major rip off (De Lille 2009, 12).*

The Minister of Communications (Nyanda) who succeeded the late Matsepe-Casaburri, proceeded to take on the cellular giants. After conferring with the cellular giants, the operators resolved that the interconnection rates would be reduced by 36 cents to 89 cents per minute by March 2010; 85 cents by 2011 and 80 cents by 2012 (Mochiko 2010, 2).

The proposed interconnection tariff reduction is still nowhere near the actual or true costs to operators and both government and some industry insiders proposed that an even lower rate of 60 cents per minute would be appropriate<sup>62</sup>. Given the initial fee of 25 cents per minute (between 1994 and 2001), 60 cents per minute appears on the steep side of appropriate.

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<sup>62</sup> Alan Knott-Craig, the former Vodacom chief executive, stated that an interconnection rate of 60c would be fitting.

The debate over the tariff reduction entered the public domain more visibly in 2009 via De Lille<sup>63</sup> and the then Communications Minister Nyanda pursued the matter far more aggressively than the previous administration. While former minister Nyanda must be complimented on reinforcing ICASA's position as the sector regulator, the critique remains that the tariff cut is a compromise. Cellular operators were merely pre-empting regulatory pressure and simply sought to dictate the course of the rate cuts that afforded the best profit margin possible for as long as possible (Gedye 2009, 36).

*The new rate cut will come into effect by March next year and will bring the peak interconnection rate down from R1,25 to 89c. The off-peak rate will remain the same, at 77c...There are bound to be many who are disappointed with the agreed cut. Some stakeholders have been calling for interconnection rates to be cut to a cost-based rate closer to 25c (Gedye 2009, 36).*

*This was a voluntary offer from operators," said Rikhotso<sup>64</sup>. "We did not prescribe or force change (ibid).*

While ICASA welcomed the reduction, it affirmed that this voluntary offer from operators would not affect its own work in determining and enforcing a more cost-based tariff. Critics argued that the tariff cut was a compromise as it may have bound ICASA to the cellular operators pace of tariff reductions over the next three years (2010 – 2013). ICASA was also criticized for not attending to the off-peak rate which comparatively speaking is still very high at 77 cents per minute (Gedye 2009, 36).

*One industry insider who did not want to be named said the compromise by Nyanda on the rate cut bore the "hallmark of a new minister and team at the department of communications who painted themselves into a corner through a lack of appreciation of the complexities of the industry and the time frames involved for effecting change" (ibid).*

*The cellular operators and the Independent Communications Authority of SA (ICASA) are at loggerheads over the new interconnection tariff*

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<sup>63</sup> It is alleged that De Lille was merely an opportunistic pawn who was tipped off about the fractured relationship between Vodacom and the Government, who then pursued a public campaign, grandstanding about cellular rates in South Africa.

<sup>64</sup> Communications ministerial spokesperson at the time.



*agreement, which the regulator rejected this week. ICASA said the proposed new interconnection agreements signed by MTN, Cell C and Vodacom late last month 'sought to bind the authority to an undertaking not to review mobile termination rates until March, 1 2013...The rate is currently set at R1,25 a minute at peak times (Mochiko 2010, 2).*

The initial reduction was supposed to be a voluntary offer, but time reveals the true intention of the operators was to force the tariff reduction on their own terms rather than relating it in some way to actual costs. This is indicative of how operators consistently attempt to thwart competition and social development, and fail to comply with sector regulators.

Vodacom was particularly vehement in its defence that the tariff reduction ought to follow the “*glide path*”. What this translates into is an effective binding of the regulator to the tariffs that industry sets rather than complying with the tariffs that the regulator deems appropriate.

This is problematic as a cursory comparison reveals that the proposed *glide path* reduction to 80 cents in 2012 was still much higher than almost all other countries current interconnection rate (in 2009). It is ironic that some of the players in South Africa's cellular industry also operate in these countries with lower rates.

#### *Neoliberalism and the ideology of naturalness*

On the face of it, interconnection debacles are absurd. The matter would instantly be clarified and accompanied by a host of benefits such as stimulating the economy (especially small industries) and reaching a step closer to achieving universal access, if operators simply fixed interconnection rates somewhere in relation to actual costs. This debacle typifies the ideological workings of the neoliberal agenda. It was strongly asserted the regulator recede in favor of market forces, which would result in a levelling of tariff to the *correct* price.

*In 2006, the Independent Communications Authority of South Africa conducted hearings to draft regulations for interconnection fees. MTN*

*submitted that ICASA should leave interconnection rates alone and allow the market to rectify them (De Lille 2009, 12).*

This is indicative of the classic neoliberal double-speak that serves the ends of industry profits alone. Neoliberalism is shrouded in, or rather promotes an ideology of naturalness that markets are self-correcting; labour will fetch what it is worth in such a self-correcting environment; there is no wastage of labour therefore full employment goals do not have to be independently pursued by regulatory pressure. There is also the assumption of perfect competition emerging or existing without regulatory oversight and enforcement. This is easily debunked as the market in this case proves to be fiercely anti-competitive, collusive and seeking aggressively to squeeze rival entrants out of the market no sooner than they have entered. Thus one need only skim the surface of the interconnection tariff debacles for the ideology of naturalness to logically crumble.

Operators have colluded, almost forming a cartel to maintain exorbitant unjustifiably high interconnection rates. Far from being a state evolving out of the natural working of market forces, operators often take a litigious path to promote and maintain their stronghold on unjustifiable profiteering. The issue of litigation will be explored further under the section '*Legal apparatuses*', the apparatus of compulsion.

Vodacom complained bitterly that "for every 10 percent cut in the R1,25 interconnection rate, it would lose R200 million in revenue" (Mochiko 2010, 2). This perhaps formed part of the rationale to attempt to bind ICASA to what was referred to as the *glide path*. Again this typifies the *neoliberal logic* of situating debates without a history. The loss of revenue is not juxtaposed to the fact the operator was charging rates that were far too exorbitant in the first instance. A good example of how the water is muddied by neoliberal double speak: actually

the market does not correct itself, and perfect competition does not exist as the dominant tendency is for players to collude.

Gillwald, a South African telecoms expert, states that the factors that have contributed to the “regulatory impasse” are “legal bottle necks, regulatory capacity [and] institutional arrangements” (Gedye 2009, 36). At this point, Rikhotso, the former communication minister’s spokesperson said that the minister, “had reached an in principle agreement with the operators, but beyond that it was ICASA’s duty to implement the agreement” (Mochiko 2010, 2). The legal bottle necks occur mostly as a result of the often obstructively litigious nature of the operators with highly proficient / sophisticated legal teams who are able to keep matters in court for as long as possible. Given the turnover of staff (and consequently expertise) at ICASA and the lack of resources, it is difficult to mount some sort of equitable enforcement. A former ICASA councillor, Tracey Cohen<sup>65</sup> stated that these tactics are part of a “4D strategy”: “Delay/deny/debate/deliver” (Gedye 2009, 36).

While there has been much sound and fury over interconnection rates of late, the other issues that seem to have been forgotten are off-peak rates and prepaid rates. Prepaid packages generally service the lower LSM groups as they are less able to afford the luxury of a contract which requires monthly payments. These groups of consumers are often employed in the informal sector; perhaps they lack steady employment or even with fixed employment, the wage received is too low to maintain a contract. It is ironic that prepaid rates are so punishingly high when it is mainly the lower income groups that utilize these packages.

*De Lille stated that “prepaid cell phone calls are still so expensive. It’s often up to R3 a minute for a peak-time call – almost three times as much as an international landline call in peak time to America, Britain, Brazil, Norway and Canada” (Van Rensburg 2009, 16).*

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<sup>65</sup> A former ICASA councilor and now Neotel regulatory head

With regard to contract packages, Ambrose raises a salient point asserting that

*...the new packages aren't necessarily cheaper. He says the networks have simply looked at consumers' average monthly spending and redesigned packages to ensure they still earn R200 or R300 a month from each user for more or less the same value (Van Rensburg 2009, 16).*

This is indicative again of the disjuncture between real or actual costs and what may be feasibly charged – or rather *what a commodity may fetch in the market place*. Despite the pressure to lower rates, it must be remembered that the business imperative will always be profit driven. Thus the myriad choices in the market place are not meant to allow autonomous consumers' unconstrained choice but rather to make it difficult to compare prices and discern the best deal.

*ICASA, the industry's regulator, will have until the end of November [2009] to implement the cuts...The plan was being fast-tracked ahead of Christmas. 'These operators access most of their profits during the festive period. That is why we are giving ICASA a November deadline.' Mohlala<sup>66</sup> said it was also being done to benefit cash-strapped South Africans – many of whom were on prepaid contracts and, according to research, paid far more for calls than contract customers (Naidu, B and S Pather 2009, 1-2).*

*Mohlala said a 'tariff advisory council' would be set up to ensure consumers and government were involved each time cell phone and fixed-line operators wanted to increase costs. "This is something we plan to do. Consumers must play a more active role and we are in dire need of an advisory council" (Naidu, B and S Pather 2009, 1-2).*

The international benchmark study (comparing Chile, South Korea, India, Brazil and Malaysia) commissioned by the Department of Communications indicated that cellular rates or mobile tariffs are the most expensive in South Africa. In addition mobile broadband tariffs for high volumes are also the most expensive in South Africa. South Africa comes second only in sms prices. The rub must certainly be that amongst all countries compared, all others have maximum broadband speeds that are faster than South Africa (Naidu, B and S Pather 2009, 1-2).

While cellular network operators have committed to reducing their interconnection fees, they have also indicated that consumers will accrue no

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<sup>66</sup> Mohlala was the Director General of the Department of Communications at the time.

immediate benefit from the reduced rates as none would be transferred to consumers (Mochiko 2010, 16). This typifies another absurdity as the whole point about raising the interconnection debate is precisely so that consumers would enjoy lower cellular rates in South Africa as a result. The first issue that emerges is that while consumers were cited as the primary casualty with the inflated interconnection rates set, and consumers were cited as the primary cause for taking up this debacle, consumers were finally not the beneficiaries of lowered rates. This proves that the debacle was a shrewd playing out of hegemonic agendas as opposed to anything in the interests of citizens, even though they were cited as catalysts in this saga.

Ambrose's salient point resurfaces corroborating the tendencies of the industry to evaluate consumer spending and available disposable income, and thereafter to design packages according to this sum. Ambrose stated that networks tend not to offer better value necessarily. They tend to look at users average monthly spending and tailor packages to ensure that they earn the same amount from users (Van Rensburg 2009, 17). Here again, neoliberal economics is rendered suspect as the assumption of commodities fetching what they are worth is here overturned. It also points to the flaw in asserting competition as a part of sector reform as competition does not necessarily drive pricing down.

The final question that remains is why at this time certain politicians and the regulator decided to act in relation to interconnection rates. Despite some politicians' assertions that the move is towards keeping the telephony industry honest, Mthombathi indicates that there was more to the interconnection story. Barney Mthombathi who was the editor of the Financial Mail alleges that President Jacob Zuma, after his inauguration (May 2009), summoned Telkom chief executive Reuben September to his Forrest Town home in Johannesburg.

*The topic of conversation, according to Mthombothi, was Telkom's sale of 15% of its mobile arm, Vodacom, to Vodafone, which already owned 50% of the South African mobile giant. The deal would see Vodacom listed on the JSE and Telkom, which had been at loggerheads with Vodacom for quite a while, completely disinvesting in it. But with fixed-line revenue in decline, Telkom was in fact being propped up by its mobile arm. Government, as Telkom's largest shareholder with a 39.8% stake and an effective 6.7% held by the Public Investment Corporation would have enjoyed the massive profits that Vodacom was raking in. It is clear that, if Mthombothi's claims are correct, government has to use ICASA and Cosatu to do its dirty work [in attempting to scupper the deal], because former president Kgalema Motlanthe had already given his approval for the deal. The last minute court application by ICASA and COSATU smacked of political interference because of ICASA's about-turn on whether it needed to approve the deal or not. Commentary at the time suggested the sticking point was that Telkom's BEE shareholder, the Elephant Consortium, was set to benefit hugely from the deal. The Elephant Consortium, which was made up of people close to Thabo Mbeki, such as Smuts Ngonyama, Andile Ngcaba and Gloria Serobe, acquired a 6.7% stake in Telkom in 2005. The fact that Ngonyama is now a member of the Congress of the People and other consortium members were suspected of being aligned with the breakaway party was said to rankle the ANC and its alliance partners. It was seen as the real reason behind the legal challenge to the Vodacom deal (Gedye 2009, 3).*

The South African public celebrated Nyanda's firm resolve and political will in an issue largely ignored by the communications ministry up until now, in spite of several requests from the public to intervene in the past. Gedye's account indicates that the regulator, far from being independent remains a pawn of government who acted in the sole interests of increasing state coffers as opposed to serving the interests of the consumers / citizens. An analyst who agreed to comment on condition of anonymity (ibid) said that the biggest loser is obviously going to be Vodacom and the political will to solve the interconnection conundrum emerged out of a government no longer benefitting from the massive profits generated by Vodacom. This effectively means that when government was a major shareholder of Vodacom, it benefitted from the revenue generated from unnaturally high interconnection rates and so little was done from the side of the regulator to challenge these rates even though there was much protest and angst raised on the matter in the public sphere. When government sold off its major stake in Vodacom to British Vodafone, much agitation emerged from

COSATU and ICASA via the incumbent Minister of Communications to lower interconnection rates. It is indeed ironic that South Africans did not benefit, nor were their interests looked after when the South African government had a controlling stake in Vodacom. However, when ownership changed and the foreign Vodafone obtained the controlling interest in the company, the regulator and the communications ministry were activated with political will to lower these rates for South Africans. This does raise questions about what model would be the best to serve consumer interests in terms of global and local ownership patterns.

It is apparent that the government had a vested interest in protecting Vodacom given the revenue Vodacom generated for it from inception. It is also apparent that the finally appropriate stance with regard to interconnection rates had come from a vengeful place, where government via an opportunistic opposition MP, COSATU and ICASA has exacted its revenge on MNC's reluctant to toe the party line. Government's use of ICASA and COSATU to "do the dirty work" makes a mockery of participatory democracy, citizenship and the all-important independence of the regulator. This indicates firm regulatory capture<sup>67</sup> by Government, which also indicates to the contrary that it is not Vodacom that is the biggest loser but the South African public. Geyde's concluding point is an important one as he raises the problem of conflicting interests present when government plays the role of policy director in sectors that it is heavily invested in. This is simply because government is apt to look after its own interests than that of the South African consumer (2009, 3). A cursory look at the whopping profits corporations have made on interconnection alone leads one to the conclusion that cellular rates pricing has been nothing short of predatory (ibid).

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<sup>67</sup> Regulatory capture refers to when government or industry exerts control over an independent regulator like ICASA.

*Cell C has broken ranks with the incumbent cell phone operators, calling for interconnect fees to be cut to 75 cents a minute from the present R1.25 and saying that the cut will mean that consumers will benefit from the lower prices....A price cut means that Cell C will potentially be able to gain market share and create more competition...Vodacom's interconnect revenue topped R8.6 billion (inclusive of income from Cell C for national roaming services) last year, while MTN netted R6.9 billion in 2008. Fixed-line operator Telkom recorded R2.08 billion in interconnect revenue in the 2009 financial year. It paid out R5.4 billion the same year to the mobile companies and international network operators...Reichelt [of Cell C] dismissed claims that the lower interconnect rate would not result in cheaper retail calls for consumers. "It is an indirect measure, but the experience of other countries tells us that this will happen" (Karrim 2009, 2).*

*ICASA has been busy with attempts to regulate interconnection to a cost-based rate for many years, but it recently admitted that the Electronic Communications Act is flawed and that an amendment may be needed before it can reach a solution (Gedye 2009, 3).*

## **Market apparatuses of coercion and compulsion**

As was outlined earlier, Althusser's concepts of coercive and repressive apparatuses have been applied to the digital age. These coercive market apparatuses of repression and consent effect a blurring of boundaries between the private and the public; following which is an effective distortion of the ideas of knowledge, information and data. The distortion of the different categories of *information* is a necessary precursor to the manipulation and profiteering off private information.

In this case, the repressive technological apparatuses manifest as *legalese*. *Legalese* refers to the legal discourses around the adoption of NSMI (new systems and machines of information). These are lengthy abstruse legal texts which upon adoption forces compliance via the threat of legal action and force from the original state repressive apparatus: the police. In addition these abstruse legal texts are designed to keep dissenting forces firmly 'tied up' in legal red tape for as long as possible. This strategy effectively puts off potential



queries with regard to billing and contravention of privacy (regardless of who is in the right).

The prime cause for the rise of the collusive forces of these twin discourses is the economic value ascribed to the circulation of information, as information in the information society is a commodity, “a factor of production, in a category with land, capital, and energy” (Talero, quoted in Wilson 2002, 9). When information becomes a commodity, an entire legal discourse simultaneously emerges to enforce the protection of this commodity and broadly refers to IPR (Intellectual property rights). Within these discourses, mobile users are further constructed as a fraction of the world representing only the elite who can afford the expensive gadgetry and accompanying packages, and citizenship “is the providence of a “pay per” nation of liberated citizen-cyborgs” (Lillie 2009).

### ***Predatory solicitation***

While the construction of the *pay per citizen* is relevant in the South African context, the repressive apparatus extends to protect a seeming criminality presiding over citizens who utilize mobile telephony. The Consumer Protection Act has gone a long way to address some of the injustices within the local telecoms sector but this was implemented (after several delays) only in 2011.<sup>68</sup> Even after the act was implemented, recourse is slow and difficult, few understanding the recourse they may have. The case histories that follow are ones documented in the press and probably represent only a tiny fraction of the gargantuan scale of telecoms contraventions. However these case histories have been chosen as they also represent the range and scope of contraventions. These have been divided into the two categories of *predatory solicitation* and

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<sup>68</sup> The Consumer Protection Act was published in 2009 but the consumer protection bill became effective only in 2011 (1 April) (Web 64).

*predatory billing*. Both are the most apt terms coined to refer to the specific range of nefarious activities local telecoms companies have engaged in.

*They started out as “petty” consumer gripes about mysterious charges – R50 here, R120 there – appearing on cell phone bills. It would invariably transpire that their network provider was playing banker, deducting amounts to pay third parties for sundry ludicrous ‘services’, such as “IQ tests”, “brain teasers”, infantile games or outrageous ringtones. All too often, the customer was unaware that he or she had subscribed for any of these “services” – and had certainly not authorized their network provider to make such payments on their behalf....It’s a massive scam with serious implications for the national economy, built on the old adage: Steal a million from one man and you go to jail for life; steal R35 from each of ten million people and you’re laughing all the way to your offshore bank! (Noseweek 2009, 10)*

While this study focuses almost exclusively on the key telecoms operators in South Africa with GSM licenses, the inclusion of some service providers is necessary given their role in predatory solicitation. Service providers are referred to as Wireless Application Service Providers or WASPs, suggestive of a very ironic symmetry between name and form! The authority monitoring the activities of WASPs is WASPA: the Wireless Application Service Providers Association. Its membership includes Exactmobile, Autopage, Clickatell, Grapevine Interactive, Nashua Mobile, banking giants Absa and FNB, and a company called Vodacom Service Provider among others (Noseweek 2009, 8-10).

According to section 5.2. of WASPA norms, commercial messages are to be considered unsolicited unless the consumer has requested the message directly and the consumer has previously consented to the organization supplying private information (i.e. the consumers cell number and banking details etc.) to other WASP’s or originators of commercial messages. This section of WASPA further indicates that the consumer has to have had contact by way of a commercial relationship in a direct and recent way. This means that the interaction ought to have occurred within the last six months, hence it would be reasonable to accept marketing from the organization or *originator*. In June 2009, WASPA announced a new addition to its code of conduct. This was a requirement that, “any request

from a customer to join a subscription service must be an independent transaction, with the specific intention of subscribing to a service” (Noseweek 2009, 8-10). Telecoms companies in South Africa indicate that they adhere to industry norms and any new content must be requested or solicited by the subscriber (ibid).

*An all too familiar story...*

Mrs. Ensink is an older South African citizen who does not use a computer and probably only uses basic telephony on her cell phone. She indicates that she does not even know how to send a text message. Mrs. Ensink signed a contract with Vodacom in September 2008. On 8 May 2009 (2.57pm) she received a text message which read: “Ur Adult video here!” (Noseweek 2009, 8-10) This was unsolicited. Ensink deleted this message and wondered how this company had got access to her details. Ensink’s all too familiar story follows:

*A couple of hours later [on 8 May 2009] another SMS arrived: “Welcome 2 African Gsm.VC! Content on its way! Click on it 2 download! [...] sms STOP to 37425 unsub. Subscription service R15/3 day. 16+”. As she had not subscribed to any services, Ensink deleted this SMS too...As she told noseweek: “You only unsubscribe from something you have subscribed to. There was no way I was going to request such a service – I don’t even know how to send a text message. Over the next few weeks, Ensink received several more messages, each containing a link to an internet porn site. She deleted them and complained to her local Vodacom shop. Staff there were unable to stop the SMSs from coming in, but finally assured her that the “content service” would be discontinued at the end of May. It was (ibid).*

Interestingly enough, her monthly bill after this incident indicated that Ensink had to pay R165 for content services (ibid).

*When noseweek contacted Vodacom, the provider produced a log of Ensink’s cell transactions – which indeed confirmed, as she claimed, that she hadn’t sent a single SMS. It did show that on 8 May Ensink had received two messages from Mira Networks...A Mira consultant claimed...that Ensink had sent an SMS on 8 May, requesting what’s known in the industry as “erotic content”...the log of Ensinks’s transactions – which only served to affirm that it was Mira that had initiated communication with Ensink and not the other way around. The transaction log also showed that each time Ensink’s phone received an SMS from Mira she was billed 1.5 Euros (by Vodacom), without any attempt on her part to access the link sent to her...Mira forwarded [noseweek] an email which came from Linguistic Mobile. It claimed that on 21 April Marie Ensink had accessed an online*

*Google advert for Linguistic Mobile, which 'promotes cell offers for the adult and non-adult market'...further claiming that the user in question [Ensink] specifically requested adult content...All of which is highly improbable, if not downright nonsense, i.e. simply another ploy to avoid responsibility. Investigations showed that Bestcell promos, the internet domain specified in the Linguistics Mobile email, was only registered (by Toronto-based software company Tucows Inc) on 21 April 2009 – the very day that Ensink was alleged to have accessed it. This, as IT specialist Patrick Wright, of Rocksolid Systems tells noseweek, is extremely unlikely: 'After registration of domain, it takes up to 48 hours to point to a server...When asked for proof that Ensink clicked on the promos ad the response from Mira was, "Our role is to provide connectivity for content providers into all the networks in SA. We do not sell services and don't get directly involved with the creation of services and we do not advertise any SMS service. That is the responsibility of our clients, the content providers. All our content clients are WASPA registered members and it is their responsibility to ensure that the services they offer are complaint and above-board." All further queries were directed at Linguistic mobile Services (a non-registered entity bearing a UK address with a false telephone number – responded "I would like to make clear that Linguistic Mobile Services are not the company who are advertising these services – it is a customer of ours, Universal Mobile")...The big question: "Why did Vodacom charge Ensink R165 for content services – R30 more than the actual Mira bill?" No response. When noseweek asked Vodacom to explain why there is no monitoring of what gets sold as content on their network, the reply was that this would infringe on the right to privacy of its clients and customers. In other words: if Vodacom may not listen in to your conversations, it also may not regulate what is being sold to you through its network. Nor is there any system in place for checking that porn is being sold only to adults (Noseweek 2009, 8-10).*

Several troubling issues emerge with Mrs. Ensink's story of solicitation. The first of which is the obvious point that despite any public statements and assurances to the contrary, telecoms companies (in this case Vodacom) do not adhere to the industry norms of WASPA. The second issue is that Ensink's experience is shared by thousands of cell phone users in South Africa.

#### *Flouting the finer detail*

Commercial messages are to be considered unsolicited unless the consumer has requested the message directly, independently and with specific intent. In this case a WASP was perfectly able to send an unsolicited message to a consumer and bill that consumer for unsolicited services and content. Consumers must consent to their private information being distributed to other companies. This did not occur in the Ensink case. Clause 4.1.1. of WASPA indicates that, "*Members must have honest and fair dealings with their*

customers”, and that “pricing information must be clearly and accurately conveyed to customers and potential customers” (Noseweek 2009, 23-25). This clearly was flouted as billing for unsolicited services occurred as a result of consumers not deliberately “opting out” by sending an sms that they would still be charged for. Not “opting out” via a deliberate sms was conveniently taken as consent from consumers for services and content. This was taken as such even if consumers (like Ensink) simply deleted the message or ignored it. This kind of practice indicates ambiguity in pricing information for customers and is tantamount to rogue debits. Unfortunately Ensink’s story is an all too familiar one for South Africans. Detailed below are a few other experiences, after which the emergent issues will be discussed.

#### *Other cases:*

*There’s just no end to the complaints reaching noseweek regarding unsolicited cell phone material. The latest comes from Arthur Clarke, who writes on behalf of Mrs. E Williams, a “committed Christian and 65-year-old pensioner” who has been receiving “licentious and suggestive photos” on her cell. Despite sending SMSs to the “stop” number provided, Mrs. Williams keeps receiving the material – and each time R10 is deducted from her account. The service provider in this case is Vodacom and, as is the norm, it immediately washed its hands of the matter, telling Mrs. Williams to sort out the matter with the mobile aggregator, Opera Interactive of Parktown North, Johannesburg (Noseweek 2010, 18).*

*It appears that pre-paid subscribers are even being hit when they don’t reply to messages because they don’t have airtime. When they later top up their account, the amount “owing” to the WASP is instantly deducted...Vodacom eventually concluded that the proof from the WASP that the customer opted in or requested the content, was not adequate (Noseweek 2009, 8-10).*

*A noseweek reader, E Taylor, bought a spare phone and a Cell C starter pack, to be kept as an emergency back-up. Taylor did not use the phone, or give the number to anyone, and it sat in a drawer. Every couple of weeks he took it out to charge the battery – and on one occasion discovered a succession of messages referring to Sundowns (he assumed this was the football club), which he deleted. One fine day when Taylor did try to use the phone, he discovered it has “insufficient funds”. He went back to the shop where he’d acquired the phone, bought R49 of airtime, and asked how come his airtime had been used up without making a single call. The sales person did that highly irritating “deny and deflect” thing that shop assistants learn on Day One – and insisted that Taylor must’ve made calls. Again the phone remained switched off, but for battery checks. Again Taylor deleted SMS’s regarding Sundowns. And then, in June, after one short call, Taylor discovered that only 4c remained of the R49 top-up. Taylor is very glad the second call wasn’t the emergency for which the phone had been bought –*

*and he's adamant that he won't do business again with Cell C. He wrote an irate letter, but couldn't get an address from Cell C to send it, so he delivered it to the cell shop instead. Mr. Taylor did a bit of investigating, and concluded that cell users are getting billed up to R15 to receive a first SMS soliciting their interest in content, and up to R15 just to opt out. Upon investigation it was discovered that the customer [Taylor] was allocated a recycled sim card" and would you believe it – "Mira Networks received an opt-in from the previous owner who had the sim before it was recycled and continued billing the new customer with content services after it was reallocated". According to Harris [Cell C] this should never have happened as, "Cell C provides a list of recycled sim cards to the WASPS on a weekly basis to ensure that the listed numbers are removed from their respective databases and that all billing to the specific sims are stopped immediately". Not surprising comment from Cell C was difficult to obtain but similar to Vodacom: "the network provider bills on behalf of the WASP without checking whether the customer requested the content service...Cell C does not have any input insofar as the nature of the relationship between the WASP and the customer or the content provided to the customer by the WASP is concerned". A bit rich considering that the WASP could only have got the customer's no. via Cell C's data base! Cell C's charge over and above that – (for providing your no's to the predators – That's confidential) Failure to opt out was considered as an opt in! – WASPA after much difficulty responded that this was not correct (Noseweek 2009, 23-25).*

In a terrible perversion of privacy, WASPs gain the numbers of mobile consumers via the infrastructure of telecoms companies. Even though WASPA deems it unacceptable for consumers' details to be shared with other third parties without their explicit consent, the terms and conditions agreed to by the subscriber before purchasing the relevant content from the WASP makes provision for the arrangement between Cell C and the WASP (Noseweek 2009, 23-25). This is even though there is no tacit agreement present.

A second aspect that arises in relation to privacy issues is that these kinds of unsolicited content can actually damage reputation. In the latter section on Surveillance, the issue of social intelligence emerges. Organizations in the business of gathering social intelligence put dossiers together of what an individual's 'online health' is. This covers what websites they visit and what content they download. Employers are increasingly paying for this kind of appraisal of individuals who come through for interviews and even for those who are already hired. Predatory solicitation may inadvertently have a damaging

effect on one's 'online health', consequently one's employment opportunities and this without any recourse.

A third aspect perhaps is the least damaging but has an effect nonetheless. This refers to the nuisance value of predatory solicitation. Reviewing Ensink's story, one may see that sms's are persistently sent at all hours of the day and night. Again, an individual who has no control of the sms's being sent cannot really hope to have any control of when they may be sent.

The fourth and final perversion of privacy is that telecoms companies claim not to *know* what content is bought and sold through their network. The response (from Vodacom) was that this is an infringement of the rights to privacy of its clients. It is very interesting that Vodacom chooses this instance to endorse privacy rights, when in the very same case study, Vodacom went against industry norms and flouted privacy rights of its clients but sharing private data like numbers and billing information with third parties: WASP's. The main reason for this doublespeak is purely profit.

It is indeed troubling that Vodacom makes claims of not knowing what circulates on its networks. This indicates that there is no system in place for checking that pornography is being sold only to adults. There is no system in place to check that no harmful data is being sold to consumers.

#### *A cell mafia*

The story of predatory solicitation appears to be nothing short of a well organized mafia commanding fees from innocent citizens. The biggest travesty must surely be that the practice of predatory solicitation has probably made millions out of something that is questionable in terms of economic or commercial value. This does not refer to the industries of pornography or erotica but to charges levied for services and content unrequested.

*The cell phone industry claims that there are as many subscribers as there are people in South Africa – around 45 million. It's therefore fair to say that South Africans are shelling out hundreds of millions, if not billions, of rand each year for content providers registered offshore (Noseweek 2009, 8-10).*

Another problematic aspect is that some of this predatory solicitation results in foreign currency billing as the *originator companies* are often offshore bank accounts of questionable standing. There are a multitude of problems with this kind of solicitation as it bypasses exchange controls, taxation, and among other things making it difficult to recoup fees wrongly deducted and attempting recourse. As it stands, responsibility is deferred from the telecoms company to service providers to WASPs and then yet other WASPs. This deferment is another way in which companies escape culpability as consumers become fatigued.

The truly scandalous aspect of predatory solicitation is its toll on unsuspecting consumers who are perhaps elderly, a little technophobic and who are living on government grants in their retirement age. Such individuals do not have the luxury of losing airtime money to greedy and corrupt telecoms companies and service providers. Such individuals may be more reluctant to come forward for their case to be taken up<sup>69</sup>.

It is also interesting that even though the industry has earned millions if not billions off this scheme, there were few acknowledgements of contravention and even fewer returns on amounts wrongly paid. This is more so for prepaid customers where there is not such an accessible paper trail to their cell activity. A WASPA member stated that it was technically possible for a customer to be billed for both the introductory SMS and the opt-out reply, but this would be unlikely as any panel or adjudicator of WASPA, “would take a dim view of this”

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<sup>69</sup>However this does not in any way mean to suggest that some predatory solicitation is more acceptable than others.



(Noseweek 2009, 23-25). This seems to indicate that unless consumers issue a formal written complaint, their individual case will not be addressed and they may not have their money (the wrongful charges) returned. Even when consumers proceed to take their individual cases up, resolution appears not to be swift or easy. What follows are five different corroboratory incidents detailing the frustrating experience with predatory solicitation.

*I have a similar problem, with Mira Networks, who have, unbeknown to me, been deducting R4,99 from my cell phone account every day since June 6 2009 (a total of well over R1000). I contacted Mira Networks, after getting their number from Vodacom (who also score from this scam) and was told I had subscribed to receive a horoscope every day at R4,99 per day. When I protested that not only had I not subscribed, I had never received a "horoscope", I was told the onus was on me to prove I hadn't subscribed, but I could unsubscribe, which I did. Next day I received an SMS from them saying "You have subscribed to receive ring-tones and wallpapers every week at a cost of R4,99 per day!" I reported the case...I've not heard from anyone since (Buckley) (Sunday Times 2010, 8).*

*It seems I am paying some R120 a month for something I did not request and do not want. This is, at best, a harmful business practice and, at worst, fraud (Potgieter, Sunday Times 2010, 8).*

*I have had the same problem with Vodacom, and it took great effort to get them to stop billing me for items not ordered. The so-called suppliers are offshore and the proceeds are exported legally. (I received my refunds in cash from London in a plain envelope with no covering letter.) Many of my employees who have pay-as-you-go have been hit (Cowton, Sunday Times 2010, 8).*

*I, too, have been charged under content charges in my November statement for R263,13 + VAT. I phoned MTN but was referred to the call centre of a company called Integrated Pty Ltd. I said my contract was with MTN and not Integrated Pty Ltd, and asked why I was being charged by the latter. The call centre person promise to come back to me – no reply as yet. I wrote to MTN – no reply to date (Ghingai, Sunday Times 2010, 8).*

*I had a similar experience with Vodacom billing me for services not requested. Like MTN, Vodacom washed their hands of the matter and it took much effort and the assistance of Waspa to sort them out (van der Westhuizen, Sunday Times 2010, 8).*

Apart from some of the South African banking giants, there are a range of WASPs, one even called Vodacom Service Provider. This does give one pause for thought as to the ownership patterns and concentrations amongst these powerful players (Noseweek 2009, 23-25). This line of enquiry is given some credence when one considers that Vodacom refuses to give a detailed breakdown of content services revenue within its financial statements. This could

also be as a result of other services *rendered*. It is estimated that networks like Vodacom earn 50% of what they are billing on behalf of WASPs. This effectively means that even if WASP charges are unsolicited and basically illegal, Vodacom gets paid half of the charges for facilitating billing and payment to WASPs. In addition to overcharging for telephony and grossly over-charging for interconnection, to add insult to injury networks manage to be paid a vast sum of money to allow WASPs access to the private details of consumers by way of billing or banking information.

*Mira Networks claims to be one of Vodacom's "top SMS aggregators". Mira would not disclose their fee for distributing pornographic content to local cell phones. Nor would they say how they obtain the cell numbers to which they send unsolicited material (Noseweek 2009, 8-10).*

*Not surprising comment from Cell C was difficult to obtain but similar to Vodacom: "the network provider bills on behalf of the WASP without checking whether the customer requested the content service...Cell C does not have any input insofar as the nature of the relationship between the WASP and the customer or the content provided to the customer by the WASP is concerned. A bit rich considering that the WASP could only have got the customer's no. via Cell C's data base! Cell C's charge over and above that – (for providing your no's to the predators – That's confidential). Failure to opt out was considered as an opt in! – WASPA after much difficulty responded that this was not correct (Noseweek 2009, 23-25).*

Like the story of interconnection, this one of predatory solicitation smacks of a weak regulator; an industry watchdog that has little or no authority; direct government interest in the sector; industry collusions and concentrations hitherto obscured by legalese – lengthy, obfuscatory jargon designed to protect all involved but the consumer, and in particular the poor consumer in a development state supposedly working to overcome the digital divide.

### ***Predatory billing***

The two salient areas that emerge when it comes to the predatory side of billing are competitions and contracts.

## **Competitions**

With regard to competitions, one aspect deals with the cell giants like MTN and Vodacom enticing consumers to rack up a hefty bill by sending expensive entries (R7,50 per sms) for supposedly lucrative prizes like BMWs and bonds. The terms are not altogether clear and after many consumers created massive bills by entering these competitions repeatedly (to increase their chances) the competition was beset by controversy and was abruptly stopped. Competition entrants were still left with the massive bills and no real recourse (Knowler<sup>1</sup> 2009, 6).

Content services have certainly proven to be lucrative business, especially given the predatory way South African companies operate. A WASP, Clarion Marketing, was ordered to stop predatory billing and stated: "The current subscribers in respect of which Clarion has ceased billing constitutes 80 000 subscribers; the total loss of revenue to date as a result thereof being in excess of R1 000000" (Knowler<sup>2</sup> 2009, 6). It is interesting as the loss recorded demonstrates the extent of the illegal billing as it is thus clear that not all 80 000 subscribers were willing subscribers. This means that Clarion charged consumers or content for services they did not solicit or purchase.

A second aspect in relation to cell related competitions was again with the cell giants like MTN and Vodacom enticing consumers to enter competitions for a car, cash or a holiday. The terms are not altogether clear and after many consumers enter they find that they have been unwittingly entered to a monthly subscription of R210. Upon investigation WASPA found that the advertising, in this case Opera Interactive (a WASP), was not prominent and explicit in relation to locking consumers into a subscription service, and therefore was misleading. Opera Interactive was ordered to stop on many accounts. The company was to stop the competition immediately and stop charging consumers who were being

billed. In addition all entrants had to be informed and a refund option must be offered to consumers affected (Knowler<sup>1</sup> 2009, 6).

## **Contracts**

Cell phone contracts represent the repressive aspect of telephony and are used to intimidate and force an often unfair compliance from consumers. As was clarified earlier repressive technological apparatuses manifest as *legalese*. *Legalese* refers to the legal discourses around the adoption of NSMI. These are lengthy abstruse legal texts or contracts which upon adoption forces compliance via the threat of legal action and force from the original state repressive apparatus: the police. Consumers are routinely warned to read the fine print to avoid being cheated or overcharged (Noseweek 2009, 23-25). The problem often arises in finding the fine print. Consumers and the researcher's own experience across the networks indicate that contracts extend beyond the period of the contract and often on not the same terms. One consumer shared his experience with MTN:

*When my 24-month contract with MTN ended recently, I discovered the contract period was actually infinite unless I gave 30 days notice. I cancelled the service at the branch where the contract was signed, sent them e-mails and called their 808 number. Nevertheless, my account continued to be debited – by an even higher amount than before (Sunday Times, Business Times 2009, 11).*

When he queried this continued billing he was informed that a notice period for cancelling the contract was necessary and the extra billing referred to *normal pricing* as the promotional pricing that was applicable during the time of the contract no longer applied as the contract was terminated (Sunday Times, Business Times 2009, 11).

This is simply ill-logic borne out of neoliberal doublespeak, where only the profit margin applies. It is as best contradictory and at worst fraudulent to admit that the contract is terminated and simultaneously enforce new terms and conditions

that the other party has not agreed to. These contractual contradictions or fraud represent the finer aspects of predatory pricing and as yet have not really been addressed by ICASA. Lucrative revenue has been derived from this source of predatory pricing which proves the old saying true:

*Steal a million from one man and you go to jail for life; steal R35 from each of ten million people and you're laughing all the way to your offshore bank! (Noseweek 2009, 10).*

In addition contracts are abstruse legal texts designed to keep dissenting forces (or consumers) firmly 'tied up' in legal red tape for as long as possible. As was seen in the case histories, this strategy effectively puts off potential queries with regard to billing and contravention of privacy regardless of who is in the right. A few categories emerge when dealing with the issue of contracts. Anti-competitive behaviour, capping and privacy are three categories that need some attention and they represent predatory pricing.

In a bid to lock consumers into a network, cell phone companies in South Africa have been engaging in anti-competitive practices of forcing consumers to cede handset warranties if they port to another network. Although ICASA ruled that warranties are linked to handsets and not service providers, it appeared that at the point of purchase and sales (on the shop floor as it were) consumers were being threatened with or forced to cede warranties if they were planning to port their numbers to another service provider. This was so even though a memorandum existed between ICASA and providers to no longer Sim-lock cell phones. While companies responded that they no longer did this, it still appeared to be the case for entry level phones (Geyde 2007, 3). The analogy is often given that ICASA to the *big 4* is like a flea trying to take on an elephant. Even when memorandums are agreed upon, the practice appears to be inconsistent and penalties are not brought up.

The next issue of capping deals mostly with the rules and pricing around international roaming and internet usage. More than a few consumers have received astronomical bills as a result of international roaming.

Greef received a shock cell phone bill of R275 674. This amount was levied for internet access for two weeks abroad. It is ironic that a month's usage for him at home amounted to R700. Greef was charged R35 000 each time he logged onto the internet when overseas. This is interesting as Greef was told by his service provider that an automatic cap was in place and charges for one month would not exceed R5000. It is quite obvious that a consumer would not willingly or knowingly rack up a massive bill of R275 674. However, "MWEB stated in the summons issued in March against Greef that he is bound by contract and has to pay the full R 275 000, plus costs. Shortly thereafter, MWEB proceeded with an application for summary judgment in the Cape High Court, with MWEB CEO Rudolf Jansen claiming that Greef should be denied the opportunity to defend the case as "[he] has no *bona fide* defence to this action and has entered an appearance to defend solely for the purpose of delay" (Noseweek 2009, 30). Apart from the researcher's own experience of bill limits not taking effect, another consumer had the astounding experience of a R1 million MTN bill created in a matter of a few days. While this unravelled to be a case of fraud and was eventually resolved (Knowler 2011, 6), the question still remains why the bill limit does not apply consistently<sup>70</sup>. A few other consumers travelling abroad experienced similar charges. Bartram (Knowler 2012, 6) whose bill was usually in the region of R 1200 escalated to R 10 500 over a short trip overseas. Sadler's 'overseas' bill came to R34 000 over a period of a week. Both consumers had caps or bill limits in place that did not take effect and both claimed to have assumed that the cap would be in place as their respective service providers did

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<sup>70</sup> When I queried my own bill limit not taking effect, the MTN call centre person simply said that '*it sometimes does and sometimes doesn't*', and could not explain any further than that.

not indicate otherwise. Like Greef, both also claim that they would not have willingly or knowingly racked up such a massive bill.

Here again, it appears that it is solely the consumer who literally pays the price for ill-defined contracts and a lack of clarity. Here again, the regulator and other industry watchdogs are slow to react perhaps as a result of *legalese*. Ironically, the very players who contravene the basics of contracts and clarity reported one of their competitors for the small misdemeanour of misleading advertising.

Vodacom and MTN complained to the Advertising Standards Authority (ASA) that Cell C was misleading consumers by labelling its broadband network as “4Gs”. A spokesperson for Cell C said that the 4G logo was meant as a marketing term to indicate “4 Great Speed”, “4 Great savings” and “4 Great Service”. However Vodacom and MTN countered that 4G was a technical term referring to broadband speed and connectivity. Cellular networks in the United States and Europe offer 4G but all cellular providers in South Africa lack this capability. The ASA found Cell C guilty of “dishonest and misleading” advertising claims and forced it to withdraw its 4Gs logo from all advertising. It is interesting to reflect on how quickly issues related to the big 4 become resolved by the regulator and various watchdog bodies, while the individual consumer may wait a lifetime and still not arrive at an equitable or fair resolution.

#### *A perversion of privacy*

In a related incident involving an individual consumer Varejes, an MTN user, discovered inconsistent billing. When he received a bill of R3912, when his usual bill amounted to R249 per month, he naturally queried it as he expected the monthly cap to take effect.

*He reported the matter to MTN and finally found himself talking to an agent. He accused MTN of moral bankruptcy for applying such exorbitant rates to the excess usage, and threatened to go to the media with the story. Oh but sir, came the agent's response, you don't want to do that, because then it*

*will become public knowledge that you've been looking at porn sites...Varejes threatened to report MTN to the SAPS for blackmail. Noseweek isn't sure Varajes would have got very far at the local SAPS charge desk, but we can be sure that, were a charge of blackmail successfully laid, it would never reach court – unless Varejes had a spare R1m (at least) to hand over to attorneys, in the interests of taking a fleabite at the elephant's foot (Noseweek 2010, 16-18).*

Upon questioning MTN tried to justify its investigation into the URL's the consumer accessed by saying that when clients dispute “*the mathematics*” behind billing, this was standard practice (Noseweek 2010, 16-18).

As to the legality of the thinly veiled blackmail, MTN had no comment. Unfortunately, this nefarious practice is not isolated to MTN.

*Bob Buckley – who got into a spat with Vodacom, aggregator Mira Networks, and content provider Vira Movil about horoscopes he didn't order – sent an email to Mira, which he copied to the industry body WASPA, reading: “Incidentally you seem to think it necessary to repeatedly imply that I knowingly subscribed to receive ‘adult content’, which I didn't. Maybe you are planning to refund me for that as well...Other than that I cannot see the relevance – unless, of course, the idea is to try and embarrass me so that I'll drop the case. It's probably a tactic that you people use quiet often. Rest assured, it won't work with me” (Noseweek 2010, 16-18).*

In another incident, which can only be categorized as a perversion of privacy, MTN threatened to expose its customers if they did not settle their bills. Bena an MTN consumer, uses a monthly amount of R1000 for cellular telephony, even though he had a limit of R3500. In this case, unable to make a call, he received a message saying he had reached his credit limit. Bena queried the matter given the healthy difference between his usage and his limit. MTN informed him that he had downloaded R1800 worth of data over a few minutes (Noseweek 2010, 17).

Bena disputed this billing on the grounds that he seldom uses his phone for the internet and on the day in question he was at home when he only uses Wi-Fi for the internet. Bena was a more informed consumer who worked in IT and said that it's simply not possible to download that much data so quickly on local broadband speeds. When Bena asked MTN what he was supposed to have downloaded, the response was that it could not be revealed as it would be a



breach of privacy. This is in spite of the fact that the consumer himself is querying the matter and not some outside, independent investigator. MTN maintained its stance saying that the information was still private. At the time of the report, Bena had been attempting to unravel the problem but got nowhere - in four months (Noseweek 2010, 17).

## **Conclusion**

Privacy has certainly become a troubling and significant issue in the digital age as telephony companies increasingly engage in the contradictory doublespeak detailed above. It appears that privacy is used as a shield to deflect unwanted queries and then flouted when necessary to enforce compliance in terms of payment. Thus, what follows is a more in depth discussion on the issue of privacy.

# CHAPTER SEVEN: THE PANOPTICON STATE

## Introduction

On the 12<sup>th</sup> of February 2015 the South African public was effectively shut out of parliament and the State of the Nation Address for a period of time as a result of cell phone signals being jammed. This meant that journalists in parliament could not communicate with their editors or the public via twitter, Facebook and other social media platforms. Although the regulator ICASA indicated in 2012 that it is unlawful for any individual or institution including the State to use cell phone jammers to interrupt the flow of communication, on the 13<sup>th</sup> of February 2015 ICASA capitulated stating that, “the national security cluster departments may, where supported by relevant security legislation, deploy the use of jammers in relation to, amongst others, state security functions” (Mail and Guardian reporters February 2015, 2). In the ensuing protest from journalists and civic organisations the State remained unclear as to who authorised the interruption of cell signals circulating obfuscating releases about the ignorance of Parliamentarians and key security personal about the jamming devices used, sometimes even claiming that the incident was due to mistaken use (Mail and Guardian reporters February 2015, 2-4). Journalists agree that the real reason behind the jamming of cell phone signals at this time was because the ruling elite were expecting disruptions from one of the opposition parties (the EFF<sup>71</sup>) on the issue of Nklandla (see pages 231-232). The cell phone jamming incident clearly

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<sup>71</sup> The EFF is a minority party (The Economic Freedom Front) lead by breakaway former ANC Youth League leader, Julius Malema.

indicates the ruling party's attempt to control the flow of information thereby attempting to create the hierarchical conditions of an informational panopticon whereby it keeps its citizens under surveillance (see pages 224-233) while citizens do not have transparent, immediate access to information about and around the inner workings of the state (ruling elite). Whitaker stated that surveillance and the state's control of information is probably as old as the oldest profession. However 'intelligence' of this kind differs in modern times as the ruling elite shifts its outward gaze inward toward its citizenry (1999, 8). New media technology makes it possible keep citizens under surveillance, however it is yet unknown how successful modern states will become in controlling the flow of information.

## **Blurring boundaries: privacy and individual property**

The digital age which brings with it the commodification of information, also has increasingly blurred boundaries between the public and private sphere. It appears with each case that a commercial imperative takes precedence over civic sensibilities and this ought to give us as a society some pause for thought on how to better manage, regulate and enforce a healthier digital age. In this section I will consider voluntary and involuntary digital displays, surveillance and the extension of Intellectual Property Rights (IPR).

### ***Voluntary and involuntary digital displays***

This sub-section has been divided into two parts, though implied the former is not necessarily less dangerous or less problematic than the latter. In a word voluntary digital displays refer to **sexting**. This commonly applies to children under that age of 18 but may not be restricted to that age group exclusively. *Sexting* thus refers to the practice of children under 18 selling nude pictures of themselves for approximately ZAR 170 per image or for airtime. A psychologist,

Dr. Ramphal, stated that it is not clear if the practice represents an extension of the child porn epidemic or an expression of adolescent narcissism (Boomgaard 2009, 1). It may be much more serious than just adolescent phases, as pornographic images of youth have been routinely circulating in the virtual sphere and psychologists and social workers warn that a circulation of nude pictures could be dangerous in that it could easily fall into the hands of internet pornographers and agents of human trafficking. No doubt human trafficking and child pornographers represent a very real and extreme danger for the tween and teenage groups; however there are other damaging aspects to this practice as clearly there appear to be financial motivations behind *sexting* that cannot be ignored.

Involuntary digital displays are when individuals are unfairly targeted or targeted without their consent, by the release of compromising information and images of themselves. A good example of this would be the *MXit slut list*, which was a list naming girls as promiscuous. This list was circulated among the multitude of MXit users (Thatiah 2008, 4). Typically MXit's first response was to absolve itself of any culpability by stating that, "*No technology company can provide systems that are 100% foolproof, and it is not our job to do the parenting*" said Laura Hallam – brand manager for MXit" (ibid).

MXit chose to do little to nothing about removing the content but after much public outcry and protest, the company announced the implementation of a trial parental control program. This was launched after several incidents of children being exposed to danger occurred. Company statistics approximate 23% of

users aged between 12 and 18; and a negligible 2-3% of users under the age of 12.<sup>72</sup>

Involuntary displays have the same repercussions as voluntary digital displays. In a macabre inversion of participation, youth engaged in *sexting* create new forms of digital consumption. However they remain on the lower strata of the emerging network environment. They create streams of finance by stimulating consumption but do not gain entry into the new class of technical and professional intelligentsia.

While *sexting* implies voluntary digital displays, it is still problematic as once released into the digital ether, an individual has little control over how and where images are replicated. This also applies to involuntary displays. Both could prove damaging later in life when tweens and teenagers grow into working life. Employers now evaluate one's *virtual health* as a matter of course, scanning the net for images that may be compromising or damaging to a corporate's profile or overall image. This enduring aspect of sexting may also prove to be the most damaging and while it was a voluntary act of display, legal frameworks are needed to define the public interest parameters and the probable enforcement mechanisms.

The legal framework is not clear enough when it comes to the allied threatening behavior in the virtual sphere. Two reports demonstrate the difficulty of victims to retain control over their image. In one story a woman reported of her torment on the social networking site, Facebook by her former lover who used her details to create an imposter profile in which he demeaned and threatened her routinely (Pillay 2010, 1). In another story a 15 year old girl alleged that she was drugged and raped by a friend she had met on MXit. When the family sought legal advice

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<sup>72</sup> MXit is an instant messaging software application that runs on 3G phones and prices texting at 1cent per message.

and were preparing to take legal action against the perpetrator, he sent threatening SMS's instructing them not to pursue the matter or the consequences would be dire (Smillie 2010, 1).

Other related behaviour that is difficult to prosecute or defend oneself against is when damaging information and images are spread of oneself across the digital sphere. Two students reported that relatives notified them of compromising pictures of themselves appearing on particular sites. Upon investigation, the two female students found that head shots of both girls were superimposed on nude pictures of other girls.

The girls managed to contact the host to have their pictures deleted but were shocked that these images (albeit doctored) were circulating without their knowledge. Here again, the long term consequences could be dire and employers now scan the digital ether for a clean bill of online activity. The issue of legal rights and enforcement again arises as a key variable in resolving these issues.



(Web 66)

The most disturbing violations of all must certainly be the list of cell phone recorded gang rapes that were circulated. The first incident in 2010 involved three pupils from Jules High School in Johannesburg. While this incident involved consensual sex, one of the participants did not consent to the circulation of these images (Pillay 2012, 1).

The second incident occurred in March 2012 in the South Coast, KwaZulu-Natal. Four pupils (teenagers) gang raped an intoxicated fellow student without her knowledge or consent. They subsequently circulated this footage which resulted in their arrests (ibid).

The most publicized attack was the third which occurred also in 2012. A teenager in Soweto (Gauteng) was gang raped, the rape was filmed with a cell phone and this was circulated. In this instance statements of condemnation and outrage were profuse from South African premiers, spokespeople from the Council of Churches, Unions, and various political parties. This media attention occurred as a result of the video going viral attracting the attention of global news organizations such as CNN, the Los Angeles Times, the Huffington Post, and the BBC. While the attack rightly generated condemnation in the strongest of terms both internationally and locally, a cynic would question if the same crime would have resulted in the strong local attention, condemnation and action if such a crime did not hit the international news radars (De Wet 2012, 19).

It is evident that pornography and snuff movies earn far too large revenue to sequester or restrict. Global revenue from pornography on cell phones has more than doubled over five years, grossing \$4.9 billion in 2012 (Kondo, M and R. Swift 2009, 20). This income stream appears to constrict company's public interest sensibilities; therefore they are often reluctant and therefore slower to act in cases of illicit distribution over the networks. It is often the case that action is

swiftly taken when celebrity is involved as was seen in the third of the gang rape – online distribution cases. Perhaps another example of this could be when FHM 2011 model of the year, Jessica Leandra dos Santos, was stripped of this title among others for a racist tweet in 2012 (Naik 2012, 1).

## ***Surveillance***

In the consideration of surveillance, Zimbardo's (Web 13) disturbing yet revealing case study brings to mind two salient questions. The first asks how behaviour changes when individuals internalize the constraints of surveillance in the virtual world<sup>73</sup>. The second question which is of mounting concern asks who has control of and access to surveillance; and what are the implications of this control or access. It is the second question that will be taken up in this instance as it is more immediately relevant than the first question raised around surveillance.

## **Global context**

In the UK, privacy laws in the virtual sphere emerged as needing recasting when an MP used parliamentary privilege to refer to an affair between two celebrities: a UK footballer and a UK former reality TV star (Wintour, P and D. Sabbagh 2011, 30) on Twitter. While the involvement of celebrity brings much attention to such contraventions, ordinary citizens may even more so suffer from the damaging effects of surveillance. Knowler (2010, 8) refers to the possibilities of identity fraud that occurs out of a type of surveillance, stealing and sabotage.

*Like it or not, our lives are largely governed by a series of numbers: ID number, bank account number, tax number, PIN, cell phone number. Hell, someone in possession of all your numbers can steal your identity and present themselves to the corporate world as you – if your credit record is unblemished – as thousands of South Africans have discovered (Knowler 2010, 8).*

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<sup>73</sup> One has only to review Zimbardo's work (though dated) to see that surveillance has a direct behavioral change effect on individuals. Other key references would be Foucault: Discipline and Punish (1975).



Sadly in South Africa, as Knowler points out, identity fraud in some way or another is so rife that one need not imagine the frustration and fear this kind of experience engenders. While this represents a very serious and direct type of violation of individual rights, another more endemic, quieter kind of infringement is quickly engulfing the online sphere. Marsden (2011, 2) explores this disturbing trend and rather than a blurring of boundaries, Marsden asserts that the internet has brought about a '*head-on collision*' between the private and public sphere indicating our personal and professional lives respectively. He states:

*Employers are increasingly aware of and keen to use the huge informational resource that social media serves up on a plate; all kind of information is in the public domain, and incredibly easy to find (Marsden 2011, 2).*

This has led to the burgeoning business of online snooping, otherwise known as "social intelligence." Executives from these companies insist that they are not infringing on any rights as the information is freely available. However what is not revealed is the fact that people often frequent social networking sites to relax and do not consciously upload material of them with the idea of later being microscopically analysed. A whole range of aspects and attitudes are collated and analysed from immigration to charities, drug taking, sexuality, explicit violence, weapons usage etc. The worst aspect of this trawling is that people have been encouraged to share information about themselves by online companies in the business of "social intelligence" under the guise of friendship. Marsden describes how this process occurs, often without our knowledge.

*Wary of being brought into disrepute by the online misdemeanors of employees, many companies implement social media policies that punish transgressors. It has reported that 8 percent of companies have dismissed people for inappropriate online behavior. But far less is heard about those whose applications for new jobs fail because of things they've left visibly strewn around the net. An American firm, Social Intelligence, is gaining a high profile following the launch of its web-based pre-employment screening service. But the evidence suggests that the practice of digging up dirt online has quietly become endemic among employers; you might think that you're being judged on the information you send them, but it might be the things you choose not to reveal that end up denying you the post. And you may never find out the real reason. Social intelligence has stated that its activities have very precise boundaries. A "deep trawl" is done through the*

*last seven years of blog comments, forum contributions and even classified ads that might have been posted, along with any visible social media content (ibid).*

The alarming aspect of this kind of surveillance is the tangible effect it has on an individual's life path. One may be denied a job as a result of an innocuous online search that others deem as a misdemeanour. Sometimes there are extenuating circumstances to risqué material, often in the case of a breakup; some wounded parties have been known to take revenge online by publishing risqué material that the subject did not voluntarily circulate in the virtual sphere. Given the way in which societies are closing across the globe, this kind of trawling lends itself to the bigger threat of *good old-fashioned discrimination* under the guise of a questionable online reputation. In this regard it would be interesting to track the way in which corporations utilize findings from such social intelligence companies. It could lend itself to huge abuses, being applied unequally and used as a means to dismiss those who question or hold management to account. Marsden quotes Purdy, a recruitment business executive:

*Your online reputation is part of your professional reputation. If say, a man is going for a private banking post that puts him in charge of 200m portfolios, pictures of him wearing a thong at a stag won't go down well. (ibid)*

Purdy's response may carry some weight but a more balanced point of view would be that there are worse things. Executives engaging in insider trading are far worse. A closed society exposing its citizenry to routine surveillance is far worse. The lack of culpability from executives who have proven to have engaged in serious white collar crime is far worse. Corrupt politicians who are not brought to book under the scrutiny of the law are far worse. This small list of far worse things ought to be more feared than the vision of misplaced thong!

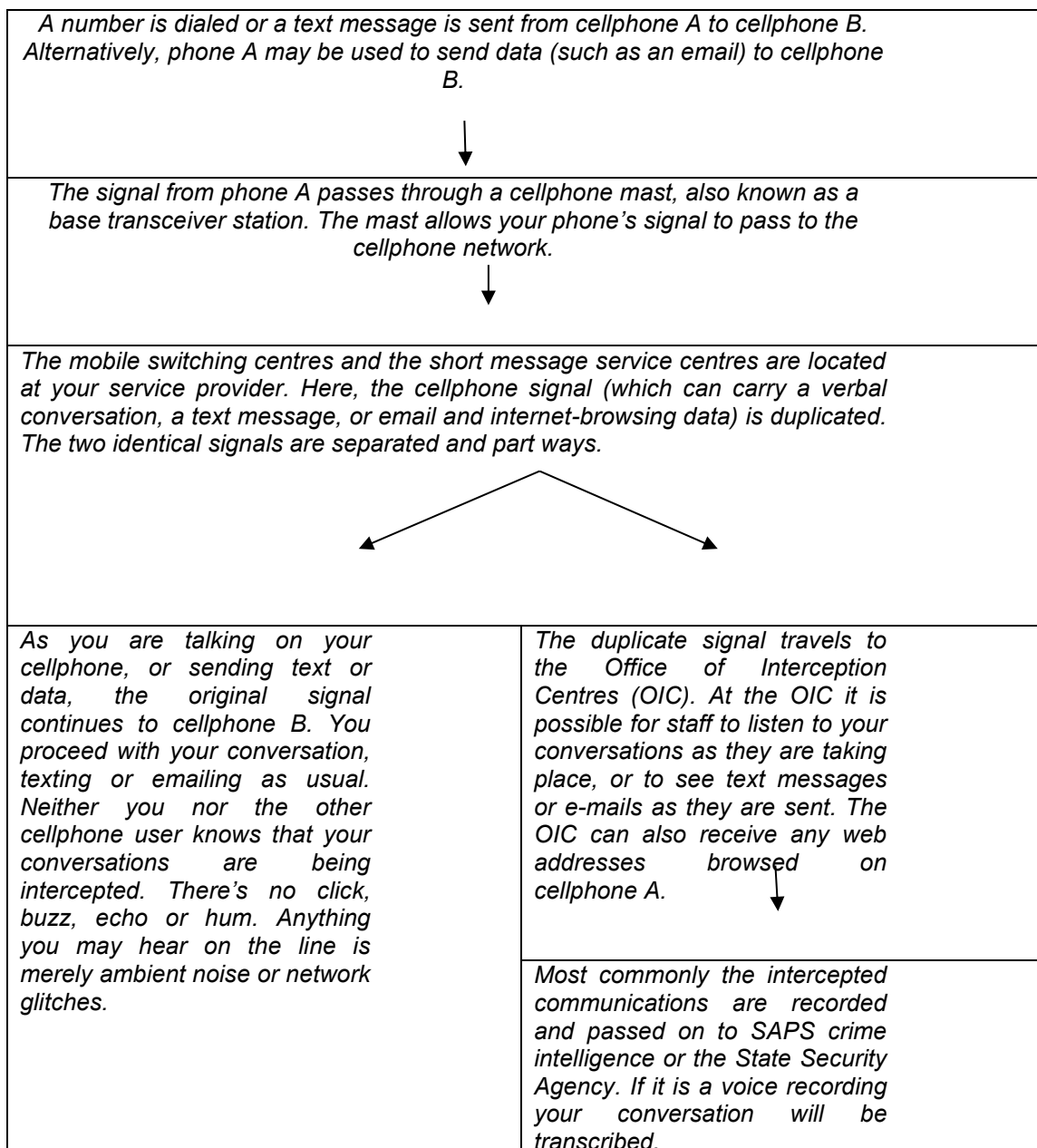
## Local context

The local context is even more disconcerting than the global context. Swart (2011, 2-3) in an article on South African law enforcement describes how technology and loopholes in the law result in surveillance that one may not even be aware of. History proves a repeated point that all it takes is gung ho enforcers in the service of political elites to decimate individual rights paving the way for tyrannical rule. Swart reports:

*In 2005 an investigation of the then-National Intelligence Agency's use of the centre found that bulk interception facilities had been used illegally to intercept conversations of private citizens in South Africa...Despite strict legislative provisions, people working in state intelligence agencies can access private communication at any time by bypassing the legal system. And you are unlikely to know about it, unless someone in an agency informs you. This is possible, sources say, because of the huge number of interceptions that take place, the advanced technology involved and the lack of oversight in intelligence agencies. The office for interception centres in Sandton houses the technology and expertise that enable the state to scrutinize ordinary citizens' private lives. In particular, cell phone and telephone conversations, text-messages and data – emails and internet website addresses – are intercepted using these facilities, all supposedly within the bounds of Rica. (ibid)*

This extremely disconcerting report goes further indicating that the state's use of outsourcing to a private company may aid in deniability and is also utilized. Anonymous sources stated that there are such volumes of interceptions made that even if brought to court or investigated, it would take a long time to monitor and discern the legality of each interception. Swart (ibid) explains how this surveillance occurs:

## South African surveillance process



It is quite a mystery to discern how South Africa has such a high level of crime given the sophisticated surveillance capacity. Crime statistics beg the question of

what surveillance is used for. Swart states categorically that, “the role of surveillance in our politics recently is undeniable.” (ibid)

### ***The South African Panopticon***

In the film, *A scanner darkly* (2006) the absurdity of national surveillance reveals a nexus of power (the State, the police via intelligence agencies and industry) working together to generate hegemonic relations and manage the citizenry through surveillance and force when necessary. South Africa has an intimate memory of the suffocating and oppressive effects of such nodes of power during apartheid years. In a way the abuses during this era provided a tremendous impetus for comprehensive provisions for freedom of information in the post 1994 constitution as one of the pillars of good governance enabling transparency. The South African constitution, when passed into law in 1996, was saluted as one of the world’s most progressive constitutions. The legislation around freedom of expression is dealt with in section 16 of the Bill of Rights detailing the list of freedoms; i.e. of the press and other media; to receive or impart information and /or ideas; of artistic creativity; academic freedom and freedom of scientific research (South African constitution, 1996). The limitations to freedom of expression typically deals with propaganda for war; incitement of imminent violence; and advocacy of hatred that is based on race, ethnicity, gender or religion and that constitutes incitement to cause harm. The constitution also details allied freedoms; such as freedom of assembly (section 17); freedom and right to security (section 12); and access to information held by the State (section 32) (Berger 2007, 99-104). A little under two decades later since adoption, South Africa remains a legislative democracy facing serious threats to these key constitutional freedoms.

The *Secrecy Bill* formally known as the '*Protection of State Information Bill*' emerged in 2010, when public hearings were held for debate on the bill (Staff reporter, 2010a). It drew widespread condemnation from all walks of South African life. In its original form the *Secrecy Bill* or *Information Bill* sought government latitude in classifying information deemed in the interests of protecting national security (Staff reporter, 2010b). The bill further criminalised any infringements of said classifications without any protective provisions for weighing up public interest against what was a matter of national security. Simply put this amounted to the possibility of wholesale classifications of any information government would not want released into the public domain. There were even provisions for municipalities to classify information.

The Information Bill when first proposed was referred to as an elephant dressed up as a sheep. Sole (2010, 27) explores the multitude of problems with the bill.

*The Bill allows commercial information held by the state to be easily classified, which will mean tender processes and the activities of state-run enterprises are likely to be shielded from public scrutiny. This will have a negative impact on competitiveness and accountability in the government and will promote corruption...The Bill makes members of the public or journalists as guilty as those who disclose classified information. The possessor and the publisher are as guilty and the "leaker" (Sole 2010, 27).*

Vuuren and Nkomo (2010, 17) add that the Bill could impose harsh sentences (up to twenty five years) on whistle-blowers criminalizing even the leaking of information in the public interest. Ironically such whistle-blowers and journalists could face a longer prison sentence than officials who deliberately hide information that is in the public interest, and which ought to be disclosed. The bill would trump the Promotion of Access to Information Act seen as unconstitutional as the Act provides for citizens' rights to have access to State information. A further clause in the bill sanctions banning the release of any state security matter (Clause 49) (Witness reporters 2012). Another final aspect which is most

troubling is the *veil* drawn over the work of intelligence services preventing public scrutiny of abuses of power and violations of human rights.

The Secrecy Bill has been strongly contested by opposition parties; civil society; ngo's and public intellectuals. The official opposition, the Democratic Alliance (DA), amongst others raised objections to the bill in parliament comparing it to apartheid style laws, stating that 'the opposition parties would continue in their efforts to not back down in the face of this assault in democracy' (SAPA, 2013). Following the public hearings on the original version of the bill in 2010, a civil society coalition formed to stop the bill and its damaging effects on freedom of expression in South Africa and the troubling knock-on effect on levels of corruption. The coalition was named the Right2Know (R2K) campaign, garnering support from other organizations, famous South Africans and ordinary citizens, who mobilized to voice their opposition to the Secrecy Bill, (Staff reporter, 2010a). R2K embarked on a week long campaign of raising awareness and protest, the climax being on the 27<sup>th</sup> of October 2010 when thousands of South Africans marched to Parliament and also flooded the main streets of the other metro-poles giving visual voice to the protest against a repressive 'apartheid-style bill'. R2K has the support of 400 organizations and has collected 14 000 signatures in a petition (Staff reporter, 2010b).

The civic protest which included the support of major labour unions in the country and the prolific publicity around the bill forced a rethink resulting in a revised version appearing before the national assembly in 2013 (SAPA, 2013). In the revised version, the secrecy bill no longer trumps the Promotion of Access to Information Act; clause 49 covering banning the release of information relating to State security has been revoked and the provision extending power to municipalities to classify information has also been revoked (Witness reporters, 2012). The revised bill though still contentious gained a majority vote and now

awaits President Zuma's signature to be passed into law. The limbo in relation to the bill is good news for South Africans as it could be testament to the vigorous protest raised against it. However it could also be that 2014 was an election year and the ruling party did not wish to chance any unpopular moves. The public sphere continues to reflect the R2K debates on the bill revealing the problematic issues in relation to freedom of information and a decisive win would be for the bill to be retracted altogether.

It is clear that under the guise of state security, very repressive control mechanisms are being promoted in relation to information. The secrecy bill even in its revised format promotes parallel information regimes reminiscent of the apartheid past. The revised bill still criminalizes any use of classified information without the inclusion of a public interest defence. This will effectively close the public sphere in South Africa if the revised bill is signed into law. It will also extend the state security ministers powers to regulate on oversight bodies like the Public Protector, including what access and use can be made of classified information (Editorial, 2013). Under these conditions the South African public would not have been made aware of the exorbitant upgrades of President Zuma's home (Nkandla) that was bankrolled by public spending; as Nkandla is defined as a *national key point*. National key points are another throw back from apartheid times used to define sites of national security. National key points have increased from 118 in 2006 to 344 in 2013 (Hunter 2014). Apart from a private home, the public service broadcaster (SABC), the national energy regulator and petrochemical firms are listed under national key points. These amendments to the constitution reflect sinister efforts towards creating a securocratic state, one where democratic principles are adjusted and modified until democracy is all but gone leaving behind a bureaucracy of surveillance and force in the service of a small political and financial elite. The former president, the late Nelson Mandela



once said, “The administrative conduct of government and authorities are subject to the scrutiny of independent organs. This is an essential element of good governance that we have sought to have built into our new constitutional order...It was, to me, never reason for irritation but rather a source of comfort when these bodies were asked to adjudicate on the actions of my government and judged against” (Editorial, 2013).

The digital sphere in all its permutations has the potential to bridge the great divides existent in society. It is possible for content to be made available at minimal cost through mobile devices. While much rhetoric abounds for open access and freeing information, any real commitment appears to be solely in the safe field of education (Czerniewicz 2012, 36). However the real frontier remains the public sphere, where information is freely available in order for civil society to freely question and react to the type of localized democracy on offer and the power structures of big business among other things. Roper finally expresses the wish fulfilment of many in the field of NSMI and development. He states:

*The true worth of social media lies not in its ability to make time pass in a blur, but in its disruptive potential politically. All over the world, social media practitioners are using the power of the internet to fight despots, dictators, corrupt politicians, evil regimes and cell phone companies. They're also using it to bring knowledge and information to places where those essentials for civic action are sorely repressed (Roper 2011, 33).*

Alongside the burning discourses for freedoms for information and the capacity to mobilize against corrupt regimes be they political or economic, lies the binary opposition of control in the virtual sphere. This refers to Intellectual Property Rights (IPR), often manipulated solely in the interests of industry.

### ***Extending IPR***

Give the penchant for institutional surveillance of individuals in the digital age, it has become vital to extend and clarify definitions of intellectual property. At the start, perhaps a differently nuanced designation would go a long way to

cementing a semantic signifier for legal protection of rights other than that of government and big business. At present IPR covers all creative acts even extending to e-mails, poems and even text messages. It covers these ideas or products or processes that have an economic value or potential economic value. This is a key factor to refine in the extension of IPR.

As a starting point perhaps a new designation could be Individual property rights (INDPR), referring to a range of extended protections in the digital sphere. INDPR ought to cover personal property regardless of whether it contains an economic or potential economic value. Personal property must extend to the right to control the circulation of images and ideas about oneself. Again, there must be legal frameworks in place to enforce this idea regardless of whether or not there is an economic value attached.

However in some instances one could argue that potential economic value applies if a candidate is denied employment or fired as a result of questionable (by the company's standards) images, texts and ideas circulating about the incumbent. This is especially since companies may use this kind of information in times of recession, among others, to trim excess staff unfairly or to get rid of staff that is critical of management.

There must also be a very clear definition of the division between the online private and online public spheres. This could assist in knowing what information about an individual may or may not be admissible in relation to employment or dismissal.

MXit was slow to take steps to remove the *slut list* from circulation. There must be some legal, enforceable culpability ascribed to telecoms MNCs and the smaller corporations that profit from the circulation of obviously harmful and damaging material like the MXit slut list and the footage of the gang rapes that

went viral in addition to child pornography. Finally there must be some legal enforceable individual property rights with regard to institutional surveillance by way of companies, educational and social service organizations and the government. These suggestions represent just the start and needs to be refined as NSMI practices evolve.

As was stated at the start of this section, the digital age has blurred the boundaries between the public and private sphere. A commercial imperative appears to preside, laying civic sensibilities to rest. As a society we must pause and ask how better to manage, regulate and enforce a healthier digital age. Perhaps it may be worthwhile considering the differences between data, information, knowledge and wisdom as these categories are often conflated to our detriment in the calculation of evolution and progress in the digital age.

## **Data, information, knowledge, wisdom**

In the digital age, data, information, knowledge and wisdom are often conflated to signify similar meanings, giving rise to a generic binary of knowledge and ignorance. As was stated in chapter four, knowledge is equated in an unqualified way to abundance and success while the lack of knowledge is equated to poverty and darkness.

The knowledge society set against the backdrop of neoliberal economic model defines information as an economic category. Talero (a member of the World Bank) quoted by Wilson states that “information is a factor of production, in a category with land, capital, and energy”. The information society is hailed as a global panacea to social ills but what is remarkably silent about the information economy is that not all information is equal and not all information is valued equally.

The point was made, also in chapter four that the categories of data, information and knowledge are considered as such only when they have an economic or potentially economic value. This first difficulty with this construction is other categories are ignored as valueless, insignificant and hence a category of ignorance. The second difficulty is that development initiatives are designed within this trajectory of thought and ICT development is often seen in terms of providing access or more technology. This is because knowledge is seen as an accumulation of sets of data.

Maes (2006, 10-11) explores the notion of wisdom beyond information, in so doing reveals why technologically deterministic trajectories remain inadequate. Maes makes a plea for *data modesty* as a result of observing how data is seen in IS as a source of wisdom.

*After all, too many systems developers and other standardizing do-gooders gladly forget the wise words of its author, Bill Kent: "The questions aren't so much about how we process data as about how we perceive reality, about the constructs and tactics we use to cope with complexity, ambiguity, incomplete information, mismatched viewpoints and conflicting objectives." The world view of these IS people is quite often straightforward and one-dimensional: data are supposed to be interpretation-free representations of reality, we get information if we add interpretation to these data, information in the head of people means knowledge and knowledge is the first step towards wisdom. Hundreds if not thousands of textbooks on information systems have been filled with this type of repeated claptrap: data as the source of wisdom...Ultimately, information is not in the transformation of data, but in our continuously adapted understanding of the real world: "We do not need more data; we need a more primordial understanding, more thinking. This understanding, by definition, deals with the full complexity, ambiguity, incompleteness and other "annoying" features of reality Bill Kent was referring to as the true issues of information processing. Knowledge based on this reading of information has nothing to do with the mechanistic world view as expressed in the technical knowledge management literature. Knowledge is not an asset, but an insight (Maes 2006, 10-11).*

The following table elicits proposed definitions that may be useful not just in a developmental context, but generally in the rapidly evolving digital age.

RE-DEFINITIONS OF DATA, INFORMATION, KNOWLEDGE AND WISDOM	
DATA	Representations of reality.
INFORMATION	Sets of representations that may be divided into personal and public information.
PERSONAL INFORMATION	Representations or constructs of individuals that may not be used in the public arena to any effect. This refers to the use of private online information to deny or terminate employment, the circulation of damaging images or ideas etc.
PUBLIC INFORMATION	Representations or constructs that may be used in the public arena to any effect.
KNOWLEDGE	Information that arises out of applied thinking and reflection or applied analysis connecting cause and effect and processing complexity and ambiguity of reality so that it becomes insight.
WISDOM	Insight that applies to abstractions or solutions that brings about the best possible consequences for the most number of stakeholders.

In a recent public lecture, former president Mbeki stated that, “knowledge must be used to better the human condition [and a vital question is] what does the betterment of society mean?” (2012). Burkett (2000, 691) in a way directs us to possible answers to this question stating that,

*it seems that what is needed to resolve these ‘real’ problems is not further information, but rather things which are much more difficult, time-consuming and probably not as glitzy as ICT development – that is, political will, recognition of personal and social responsibilities, and ultimately action on the part of governments and civil society...a call is made for a turn to social*

*and human development to counter the increasing emergence of a “cyber-elite alliance” which is neatly camouflaged within much of the largely apolitical ICT and development discourse (Wilson 2002, 4).*

Thus the conclusion based as much on logic as humanity is that it is ultimately wisdom that we must seek and cultivate. Wisdom must drive all our considerations of the information age.

## **Conclusion**

The comparative analysis of the narrative of commerce, consumption and policy appear to collude to create and maintain twin hegemonic discourses. These are the technological apparatuses of coercion / compliance and the legal apparatus of compulsion. These twin discourses function in the service of what Wilson referred to as a cyber-elite alliance comprising of telecoms MNCs and political regimes, a framework within which normative goals are all but abandoned.

The narratives of commerce demonstrate the technological apparatuses of coercion where the shiny portal of technology teaches consumers their place as an obedient digital *prosumer*. The narrative of technology also betrays the repressive legal apparatus which enforces an adoptive compliance of new age digital citizens. Finally the narrative of policy indicates a weak will towards development aims; signifying an arcane publicity, just enough for the acquisition of consent. All these factors point to NSMI bolstering a seemingly legislative democracy but not a participatory one.

The following section attempts to capture citizen experience of mobile telephony. Though the analysis reflects a small sample it is revealing and useful to the context and argument of the thesis.

# CHAPTER EIGHT: CONSUMPTIVE HABITS

## Description of data gathering

A survey of twenty five questions was administered over a five month period (June 2013 – November 2013) in Glenwood, Durban. One hundred and ninety five respondents completed the survey. The survey was voluntary, anonymous and contained no questions of a sensitive nature to warrant ethical concerns. The questions were dominantly of a categorical nature, with only two questions inviting a longer written response. The questions focused on demographics, consumption of mobile telephony and regulation, and finally invited opinion about sector-related issues that were highlighted in the survey. The respondents were between the ages of 18 and 25. They were selected as ‘mature’ users of mobile telephony. The survey was collated and data was captured by L. Msholo between March 2014 and May 2014 and it was checked by the author. Numbers reflected in tables are recorded in percentages of the whole group.

## The Data

### *Demographic breakdown*

Race	Black	White	Coloured	Indian	Asian	Total
Gender						
Male	17%	5%	1%	4%	1%	28%
Female	39%	6%	6%	21%	0	72%
Total	56%	11%	7%	25%	1%	100%

The survey was voluntary, however the statistics according to race are roughly aligned to the demographics in the region, but that of gender is skewed in favour of females. This was simply because females were more inclined to respond to a questionnaire.

### ***Consumptive habits***

In order to gauge consumptive habits of this group of respondents, questions were raised in relation to cell use, cell preferences, branding, and pricing. Seventy-one percent of the respondents cited communication as the main purpose of cell phones while three percent cited connectivity instead. Twenty-four percent cited both as key purposes while two percent did not respond to this question. Of the seventy-one percent, nineteen percent were male respondents and fifty-two percent were female.

In terms of choice of brand responses were interesting if only anecdotal. The table below indicates the brand respondents currently possessed and the brands they desired if they had more or unlimited funds.

Brand	Current	Desired
LG	6%	2%
Samsung	21%	6%
Nokia	37%	16%
Blackberry	21%	11%
Apple	2%	42%
Sony	5%	1%
Motorola	3%	2%
Siemens	3%	2%
No response	2%	18%



The popular brands appear to be Nokia, Blackberry and Samsung; however the group does indicate an overwhelming preference for Apple iPhone range. Factors that influenced the initial choice of phone were cost, internet access (smart phones) and the camera. It is interesting to note the desired choice of a significant percentage of the group for Apple which has always been perceived as quite a modernist instrument, in that it exists as an elite computing and telephony tool where one can do little to modify it in any individual way. This becomes significant to a later non-categorical question inviting responses to whether cell phones may be seen in a modernist way where users choose cell phones for the Veblenesque purpose of conspicuous consumption, thereby conferring a certain class position and reflecting a certain status; or if choice of phone has anything to do with postmodern ways of constructing identity and reflecting the self through modifications and savvy choice.

In a 2013 survey conducted by Effective Measure<sup>74</sup>, 4956 desktop internet users were asked about their consumption with regard to mobile telephony (Effective Measure, March 2014). The survey indicated Blackberry to be the highest ranking at 37.9% with Samsung (35.2%) and Nokia (31.4%) being other popular preferences. Apple reflected a lower percentage at 12.3%; however the survey did indicate that the, 'relatively lower ranking of Apple's Iphone in South Africa is mainly attributed to the pricing structure of the brand as numerous studies showed that South Africans find Iphone quite expensive' (Effective Measure March 2014, 7). One respondent from my survey stated, "South Africa's internet costs are high, and Blackberry makes it affordable for South Africans" (Survey 2014). Another respondent from my survey confirmed that, "...having an Iphone is known to be an 'elite' phone because not everyone can afford it as only the

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<sup>74</sup> Effective Measure is a global provider of digital audience, brand and advertising effectiveness measurement and targeting solutions for publishers, agencies, networks, advertisers and researchers. The company is involved exclusively with administrative research. Its South African division is located in Cape Town.

rich can, while anybody can own a Blackberry because it's a reasonable and affordable price pre-owned as well" (Survey 2014).

The survey conducted by Effective Measure did look exclusively at desktop, internet users which immediately accounts for the difference in current choice as the survey universe suggests a working population, while this study looked at young users who were still studying or were at the inception of their careers.

Other statistics roughly correlated:

Sony Ericson: 3.2%

Siemens: 0.2%

LG: 1.3%

Motorola: 0.8%

Effective Measure also investigated future purchase choices of their respondents. The comparison between both surveys reveals some points of correlation and surprising points of variation.

Brand	Effective Measure: future choices	Desired by respondents in this study (2014)
LG	0.6%	2%
Samsung	40.2%	6%
Nokia	16.7%	16%
Blackberry	14.9%	11%
Apple	16.3%	42%
Sony	3.5%	1%
Motorola	0.2%	2%
Siemens	0.1%	2%

LG, Sony Ericson, Motorola and Siemens remain consistently the least popular cell phones. There is a strong correlation across studies with Nokia and Blackberry, while there is a big variance across Samsung and Apple. Effective Measure found that Samsung dominated the future choice of desktop, internet users, while Samsung did not feature very strongly among respondents of this study. In contrast Apple did not feature as highly in Effective Measure's survey (16.2%) while it was significantly high in this study (42%). One of the reasons for this is the framing of survey questions. Effective Measure asked respondents what their future cell phone purchase would be while this study asked what respondents desired if money was no object. Clearly Apple is the desired brand but is prohibitively priced and hence it was not the featured choice of a significant number of respondents. There was a close correlation with Nokia and then Blackberry, with a rough correlation with the four least popular brands in South Africa: Sony Ericson; Siemens; LG; and Motorola.

Functionality	Awareness of cell functions	Actual use of cell functions
Calling/SMS/MMS	65%	89%
Internet	61%	68%
Social Networks	21%	57%
Radio	64%	64%
Games	7%	2%
Camera	42%	58%

Respondents tended to recognize only the basic features of their phones (as listed in the table above). They tended not to be able to describe the specific technical level of the camera or the battery life or the range of other features commonly advertised. Respondents cited first generation functionality as the

most recognized and the most used feature of their cell phones. Although the radio was cited to be second, the internet and use of social networks appeared to dominate the second most used feature. The use of cameras also ranked highly; however the most surprising was that games were ranked astonishingly low in comparison to the other features recognized and used.

The Effective Measure indicated that when using the internet via cell phones, users tended to use instant messaging the most (27%), with accessing emails second (24%). It is interesting that even though these respondents (desktop, internet users) represent the more affluent classes in South African society, they reflected the most use of the cheapest functions such as messenger services and accessing emails (which is also quite cheap or free). This also points to the fact that data costs in South Africa are still prohibitively high. Only 14% of respondents from the Effective Measure survey accessed the social media via their cell phones and with regard to radio/music usage, games and camera/video functions it was a negligible 2-3%.

It is interesting that even desktop, internet users and young adopters use first generation functionality most on their cell phones. The contrast of actual use to the dizzying array of cell phone products and packages available in the market indicates the way industry utilizes planned obsolescence to create incremental changes to handsets and data offerings so as to generate a sense of value for the high charges. The range of choices available in the South African market place (over 4000) also indicates that the market does provide choice but with the cost of obfuscation. It is difficult for South African consumers to sift through the best cellular package as hidden costs are revealed / understood only with actual use. Companies like Tarifica and Phonefinder.co.za are telecom pricing providers. Tarifica is a US based company that provides tariffs internationally while Phonefinder is South African. Both companies use complex algorithms to

determine or rank cell phone deals. These are updated on a monthly basis as cell phone companies modify and publish new deals on a monthly basis. With regard to South Africa as of 29.4.2015 there are approximately 4581 options if one browses deals by type and 4400 is one considers deals by the network (see table below). There are also options to browse deals by manufacturers like Blackberry; Alcatel; Nokia; Samsung etc. which is also quite extensive.

Deals by type		Deals by Network	
Voice Contracts	2722	Telkom	198
Data Deals	1678	Vodacom	3786
Deal with free gift	181	MTN	168
		Virgin Mobile	9
		Cell C	239
Total	4581	Total	4400

In light of the cellular industries practices, Kelly's argument as to the homage to uselessness when it comes to technological goods resurfaces even though he was referring at the time to the video cassette recorder.

*Marketing departments of corporations, in their struggle for market share in the electronics industry, force their engineers and designers to create new products laden with extra features. One main selling point: Our machine has the most features for the money. The question for the consumer is: "Did I get a good deal [i.e., the most for the money]?" The question of "Can I actually use what I buy?" is never raised. The corporations know of the desire for the useless (a desire that can never be fulfilled), and comply by heaping on their products as much useless gadgetry as possible in order to seduce the bargain-hungry consumer. And so the cycle starts (Kelly, 1994).*

The cycle is perpetuated by the neoliberal economics and technology is driven by the perpetual production of new gadgetry marketed as new and improved

laden with a host of (incremental) new features, rendering the old still usable but obsolete. One respondent from my survey spoke directly about planned obsolescence reflecting that, "...technology and major companies have an influence on people and are able to manipulate them into wasting their money and buying goods and services that they don't require" (Survey, 2014).

Furthermore the purpose of having 4500 packages when even a few hundred would do serves to obfuscate pricing structures rather than clarify when consumers are attempting to compare pricing. Duncan states that pricing of cellular telephony is deliberately opaque, "Pricing has become so opaque that it's become practically impossible for the ordinary consumer to decode what the true cost of the service is" (Duncan 2012). The array of cellular options also reflects commodification, where competition is created among products in the marketplace in order to generate value. In this sense, a sort of negative value is created via murky, unclear pricing packages. Value is also created via branding and making the most out of new or incremental changes. The table below (Survey 2014) illustrates various influences related to branding and if respondents were at all influenced by brands.

		Male	Female	Total
Attention to branding		19%	45%	64%
Attention to adverts		14%	52%	66%
Attention to celebrity		3%	10%	13%
Keeping up with new phones		12%	26%	39%
Pricing	Affordability	8%	15%	23%
	Prohibitive	10%	21%	31%
	Indifferent	1%	9%	10%

It is interesting that while a significant number of respondents did pay attention to advertising and followed brands, they did not necessarily follow celebrities linked to these brands. Only 39% kept up with purchasing new cell phones perhaps accounting for the fact that these respondents were mostly in the age range of 18-25, even though they are deemed mature users of mobile telephony. Affordability is an important qualifier as this group may not be part of the productive workforce or may only be part-time or casual workers. In relation to pricing, a larger number (31%) found pricing prohibitive while a less significant number (23%) found it affordable.

Internet use proved to be surprising as respondents cited unexpected categories in relation to internet use. Overall 82% of respondents said that they did access the internet via their cell phones. When asked to clarify their usage, i.e. what types or categories of sites they frequented, news and information sites were not top priorities.

Internet Use	Male	Female	Total
Sport	7%	5%	12%
Ringtones	12%	40%	52%
News	6%	14%	20%
Current Affairs	4%	10%	14%
Celebrity news	3%	14%	17%
Games	12%	28%	40%
Pornography	2%	2%	4%

This indicates Garnham's (2004: 358) and Karvonen's (2004: 348) salient points that access to technology does not guarantee participation in the public sphere. It merely facilitates it as the potentials the internet creates can only be actualized

via human discrimination and commitment and not via the provision of technology in and only of itself.

95% of respondents indicated that they would feel the absence of their cell phone if it was mislaid. However most missed features correlate with internet usage in that the first generation use of simple telephony, i.e. calling and sms'ing, was the most missed feature and social networks was the second.

	Male	Female	Total
Sms'ing	14%	47%	61%
Social Networks	9%	29%	38%
Radio/Camera	4%	11%	15%
Internet	3%	9%	12%
Games	2%	2%	4%

### ***Regulation and consumer/user reflections***

With regard to regulation questions related to knowledge of ICASA (the key regulatory body of telecoms in South Africa) and it's allied public activities, it was found that a very small number of respondents were aware of ICASA or any of their activities.

		Male	Female	Total
Awareness of ICASA		7%	6%	13%
Awareness of ICASA public road shows		3%	4%	7%
Complaints	Service Provider	14%	38%	52%
	ICASA	0%	1%	1%
	CW	1%	0%	1%
	Indifferent	5%	14%	19%



The low level of awareness of the regulatory body governing telecoms is quite troubling. In order to discern a bit more of end user thinking around cellular telephony and the public sphere, respondents were asked to record their thoughts in reaction to quotes. Two quotes were used to elicit reactions from respondents. One question referred to the 2008 Mxit<sup>75</sup> 'slut-list' saga where an increasing list of names of teenage girls were being circulated via Mxit and it was alleged that this list was a 'slut list'. The second question described modernist and postmodern identity formation, where in modernity commodities reflected social status and in postmodernity commodities form part of one's identity in that consumption and use is part of self-construction.

10% responded to the question regarding the MXIT 'slut list' saga and of this group, 10% reflected positively about the service. 90% of the responses highlighted the negative aspects arising as a result. More respondents made reference in some way to technologically deterministic thinking. That is, referring to the potential of technology to drive certain activity, where even if it is negative, it is perceived as inevitable or unavoidable.

*It's abuse but things like these are inevitable.*

*It should be understood that with the growth of technology and its accessibility such things are becoming quickly unavoidable.*

*I believe it's a glimpse of the future; bullying etc. is becoming more sophisticated. Technology is bringing us closer together and breaking down geographical barriers.*

*It's unfortunate but that's just the bad side to it.*

*It is an abuse of technology for one's own personal gain at the humiliating expense of others – just because you can.*

*It epitomizes the platform which social networks give to people to insult people anonymously; one takes no responsibility for their actions. Technology allows for 'hidden acts'.*

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<sup>75</sup> MXit is an instant messaging software application that runs on 3G phones and prices texting at 1cent per message.

There was also a yearning for control but no reflection or knowledge as to where that should come from. Perhaps the low levels of awareness of the regulatory body accounts for this perception.

*People take advantage of technology and there should be some control.*

*It is really shocking that Mxit took so long to take that content down.*

*This is shameful and an indication of the misogyny still rife in our society, technology can amplify this.*

The respondents who reacted positively stated that, “this is a good thing for those who want to meet new people”, and, “it is not fair to blame MXIT for this sort of behaviour. These people on the list took advantage of the service and got what they deserved.”

With regard to the final quote (below), respondents were invited to expand on their reflections to the thoughts raised by May and Hearn (2004, 200).

*The convergence and blurring of industry boundaries increasingly see entertainment, ICTs and lifestyle products and services combine. These personalized services lie in contrast to mass-produced goods and services, more suggestive of the modernist industrial period. Poster (2004, 416) notes how in modernity, ‘consumer objects represented social status: in postmodernity they express one’s identity...consumption is part of self-construction.’*

It is interesting that only 10% responded to the issue of Mxit raised in the earlier quote but 51% responded in some way to this quote. It is clear that respondents felt the need to express their opinions on the issues raised. A few respondents made reference to how cellular telephony (also referred to by respondents as technology) has emerged as the new staple:

*I still feel that people are certainly becoming inseparable from their cell phones.*

*I agree cell phones have become as much a part of people’s lives as food.*

*I think that phones are taken over as an important part in the media. People are using their phones almost every day to see current news, weather. It has become vital.*

*Yes, technology does have control over us.*

An overwhelming number of respondents reflected on their own consumption and people who they know who engage in consumption for the purpose of reflecting or projecting social status. This may be seen in a modernist way where users choose cell phones for the Veblenesque purpose of conspicuous consumption. The South African cellular market is seen as one that lacks maturity in that consumers are affected not strictly by functionality and pricing but by status and class positions as they relate to cell phone choice. Some respondents simply reflected that consumer goods generally reflect an individual's status.

*The consumer has changed in terms of their receptiveness to objects and the new currency is social status through possessions.*

*Objects that people have do show a person's status.*

*Sometimes you are classed or given a social status according to the way you dress, look, even the possessions you have. That is how society is.*

*Through media people see lifestyle products which they long for, this is done through effective advertising, and thus lifestyle products have become status symbols to many.*

*It is true that we are more or less what we purchase and our purchased items resemble or symbolise or even make a statement about our social status.*

Other respondents reflected that consumption reflects the status one aspires to, i.e. that consumers will invest in commodities beyond affordability in order to reflect the status they aspire towards. This was still in a general sense, as opposed to reflecting on cellular commodities themselves:

*What people consume is a way to define themselves and when something is expensive it gives them status.*

*By having the latest brands and new technology is a status thing and many people want people to identify them as being modern and more upmarket.*

*People judge others according to their external appearance and material objects that they have. This puts pressure on individuals to present themselves in a way that will reflect how they want to be seen- even if it is not who they really are.*

*In a way, I'd say that these consumer objects do to some extent now represent social status, you are considered "cool" just for owning something.*

*Of course, everyone likes feeling head of the crowd and technology helps them achieve that.*

*Consumer objects do to a certain point define a person's social status and maybe identity.*

*Our identities to the exterior would world are defined by our consumption preferences. E.g. if a person buys an ipad, one would confer great taste and a wealth status on that person. Our identity is constructed by the technology we possess.*

*It seems that in today's society you are what you own.*

*The more expensive it is shows that a person can afford stuff and are quite up there in the social class.*

*The more expensive your product is the more you are seen as being of higher social status.*

*It is true that in this day and age, having the recent technology and being well educated about it has nothing to do with having money and has everything to do with the image that one wants to portray of themselves. Appearances have become very important and if you aren't well connected, you lose out.*

*Technology is often used to express on individuals lifestyle and personality. It also aids in presenting the image that person the world wants to have of them.*

It is interesting that respondents who chose to gain status through cellular commodities themselves appeared to show a rather overt connection to status:

*The brand and technology you are able to afford says what kind of person or prestige you are. It's true, even the most behind people nowadays have the most expensive phones and one has also noticed that in townships people would rather sacrifice their education and reputation just to keep up with the brands because they declare that even if you live in a township one can still afford the most expensive things.*

*The more gadgets and more compact my blackberry, the higher is my social class and greater acceptance. My efficiency is marked by the technological ability.*

*If you have an expensive phone you are seen to be rich; those cheap ones reflect you are not so rich.*

*Technology is now able to show social status and project ones identity to others. Consumer's use these avenues (cell phones or laptop covers for example) to either conform or stand out.*

*The phone you have can determine your social standards as having an iPhone is known to be an 'elite' phone because not everyone can afford it as only the rich can, while anybody can own a blackberry 8520 because it's a reasonable affordable price as pre-owned and second hand as well.*

*If a person owns a certain type of cell phone, you can immediately link it to their status and the same goes to their purchases.*

*Objects do reflect one's social status. We live in a very materialistic world and the use of technology on consumer reflects how rich you are, e.g. expensive cell/house with cool features say you are a 'brat'.*

One respondent did add that, “consumption is part of our identity now, more than ever before, simply because capitalism has created an environment where almost everything we do requires payment. We are affected by technology and cultural industries; this cannot be avoided, especially in the 21st century” (Survey, 2014).

## ***Conclusion***

A review of consumptive habits of young cellular users indicates a few pertinent findings. The first irrefutable point is that cellular telephony has moved beyond a novelty item of the ‘yuppie set’ to being a ubiquitous staple of the current age, what with ‘spending on cell phones accounting for eight per cent of income at a national level and eighteen percent of income for the poorest’ (Duncan 2012). The survey conducted by Effective Measure (2013) provided a useful contrast to the survey conducted by the researcher (2014). Effective Measure surveyed approximately five thousand respondents who were desktop internet users. This group represents a more upwardly mobile set than the young adopters represented in this survey. It was interesting that despite different levels of upward mobility and financial independence some statistics correlated across the surveys. This indicated that cellular services are still prohibitively high as both sets of respondents tended to use first and second generation telephony most (like calling and messaging). Even if respondents had smart phones through which they could access the internet, they tended not to via their cellular phones and if they did, they accessed their email account which is a relatively cheap

thing to do as opposed to viewing news sites. Consumption peaked around the cheaper services.

It is therefore questionable if telecoms companies can claim universal access in South Africa as one has to balance the question of access qualitatively. This means scrutinizing what consumers are accessing via their cell phones and what services they actually use. One has to be quite circumspect in claiming that the public sphere has arrived via the cell phone as most South Africans own one, as data costs remain prohibitively high.

It is also clear that traditional neoliberal mechanisms like competition cannot be relied on to drive pricing down. The experience in the sector has been for industry to hold on to inexplicably high pricing for as long as they are permitted to do so. The interconnection debacle is one example and another is the pricing of smses.

*But the most perverse indicator of profiteering is the profit margins on sms'. International research has put the cost incurred by cell phone companies to transmit an sms at 2.6 cents per sms, and industry insiders claim that it is definitely below 5 cents. Yet the cell phone companies [in South Africa] continue to charge as much as 80 cents per sms, which means up to a 3,000 percent profit on these sms' (Duncan 2012).*

It is also clear that industry tends to obfuscate when it comes to pricing and the researcher found it surprising that so many people were simply unaware of the vastly different cellular pricing regimes in South Africa versus other countries in Africa and even the north Atlantic region. Respondents were also not aware of the regulatory structures governing telecoms in South Africa which points to the dire need for communication campaigns to gain traction.

*The Right 2 Know Campaign has conceptualized and developed a Right 2 Communicate Campaign, with the costs of communication as a key focus (Duncan 2012).*

A final concluding thought is that consumer protest for better communication value/s in South Africa telecoms needs to harness the larger population of end

users in order for it to be a successful contestation of prohibitive pricing in the sector.

# CHAPTER NINE: FURTHER STUDY

## **Introduction**

Within this burgeoning sector, there is no real limit to further studies in this field as the field itself appears to be constantly morphing. However within the trajectory of this study, one may list a few key areas that are worthy of further research time and effort. This list has been loosely divided into specific issues of local relevance and other issues of broader interest.

## **The local context**

### ***Gender***

Taking gender equity into consideration, further research of a strongly qualitative nature must be conducted in order to ascertain how female employees and black female employees manage their work environment. This could be to discern how much line managers do (and what they are encouraged to do) to facilitate an enabling work environment; how promotions occur and if fronting persists in gender appointments. This research task is not without huge challenges as it necessitates an almost anthropological insider approach which may prove very difficult to arrange.

### ***Disability***

In terms of disability employment, Vodacom reports a rise from 0.5% in 2007 to 1.2% in 2009. The company indicates that the aim is to reach 2%. Using Vodacom as an example, it would be useful to track the progress of company's projections and promises quantitatively. Further research of a strongly qualitative nature must be conducted in order to ascertain how employees with disabilities



manage their work environment. This could be to discern how much line managers do (and what they are encouraged to do) to facilitate an enabling work environment and to discover if fronting occurs in the disability sector.

Here again this research task is not without huge challenges as it necessitates an almost anthropological insider approach which may prove very difficult to arrange.

### ***Universal Access***

Until achieved, universal access will continue to be a bugbear in the developing context. Communication access speaks to the basics of human rights and the constitution. It is thus imperative to achieve this goal. Alongside universal access, one must also consider the quality of access.

## **The broader context**

The following issues apply to the local context but also have broader applications and are therefore listed as such.

### ***Corruption***

Sutherland in his public lecture (WITS, 13 March 2012) listed a range of further research activities as a contribution to stemming the flow of global corruption within the telecoms sector. These are very activities relevant to both the local and global levels and are listed as follows:

- Identification of unreported cases
- Analysis of cases
- Tracing ownership of operators
- Development of a framework in terms of:
  - “Crony capitalism”
  - Nepotism
  - Regulatory or state capture
  - Corruption
- Identification of best practice:
  - Integrity pacts

- Whistle-blowing
- Estimation of overall:
  - Payments
  - Costs
  - Effects (ibid)

In relation to the identification of unreported cases, the analysis of these cases and uncovering ownership and control patterns across the operators, and publication of findings is an important harbinger to corrective measures. Apart from publication in academic style, researchers in the field ought to summarize or condense findings into accessible feeds for the popular press in the relevant locations. Of particular relevance is the publication of operator's license fees, levies and taxes recorded both in terms of monies paid and monies received. This record ought to include the details of the principal players and the location of transacting accounts which preferably ought not to be in the Cayman Islands!

### ***Policy and legal frameworks***

This consistent research work would certainly assist in the development and constant updating of the policy and legal frameworks which often suffer time-lags, given the sophistication, creativity and scale of telecoms corruption. Much work is needed in the legal sector in order to fast track effective extradition, prosecution and fund or asset recovery. Clarity is also needed in terms of beneficiaries' of fines especially as telecoms companies are often MNCs operating across many differently nuanced and differently enforced legal systems.

On the micro level, legal frameworks protecting against individual property infringements must be developed in a meaningful way that allows the arms of the law to work swiftly in defamatory cases and *INP* infringement.

## ***Consumption and citizenship – the divide***

The EU narratives of mobile citizens (Lillie 2009) concluded with the idea of addressing significant research questions in the field of NSMI. These refer to the attempts to discover alternative mobile narratives than that offered by the discourses of commerce and consumption; and alternative mobile practices and techniques of resistance to the dominant discourses of commerce and consumption. Also included is the need for the development of “specific technologies that open up rather than close down possibilities for future uses of new media for public and political communication vis-à-vis “citizenship” as merely consumption and labor articulated through a global and pervasive media and information network” (Lillie 2009).

This effectively translates into the kind of programs related to municipal voting; aids medication assistance; and corruption name and shame campaigns among other interventions.

## ***Cell phones and health***

The popular press has been littered with stories across the spectrum either warning of cancer-causing cell phones and wireless devices or appeasing public fears by discrediting any causal link between cellular telephony and cancer. An example of the former is a Daily News headline: “*Wireless device hazard. Experts warn on effect on babies, pregnancy*” (2011, 1). This story cites scientists from one of the world’s top 50 universities which also supply the scientists who select the Noble health prize winner<sup>76</sup>.

*The panel of influential international scientists has called on governments to introduce in much stricter safety measures needed to protect people from being harmed by electromagnetic radiation from devices including cell phones, cell phone towers, powerlines and wireless internet. They are*

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<sup>76</sup> These credentials were cited by the author but need to be taken with some skepticism as increasingly academic institutions appear to be influenced by funding sources. Hence findings must always be juxtaposed and balanced with that in mind.

*particularly worried about how radiation affects the development of children and fetuses. "Safety standards also ignore developing fetus and, and young children who are more affected"...The scientists met to consider all the evidence linking wireless devices to cancer, neurological diseases and infertility, and concluded that there was evidence of "serious disruptions to biological systems"...Many researchers now believe the existing safety limits are inadequate to protect public health because they do not consider prolonged exposure to lower emission levels that are now widespread. (Cullinan 2011,1).*

It is also very interesting that the first response from Vodacom was that there is no real cause for alarm as there is no real evidence to convince experts that exposure below the guidelines set by the International Commission on Non-Ionizing Radiation Protection (ICNIRP) carries any health risks for either adults or children (Cullinan 2011, 1).

Another article in the press was featured in the Health section of the Mail & Guardian (2010, 25) entitled: *Health scare often just a brain scam*. Williams' explores a publicized statistically dubious report linking brain cancer to prolonged cell phone use and questions biases that emerge among scientists and further asks how this information may be reported in a meaningful way to the public.

Williams' perspective is useful as another report indicates that a study into the link between cell phone use and cancer was put on hold as scientists from 13 countries interpreted the results differently thus findings have been delayed as scientists have failed to agree (Mail & Guardian 2010, 28).

While the opposing perspectives need to be considered in a balanced way, and scientists' work must also be cast against the canvas of their funding sources and possible obligations arising thereof, it remains clear that much more research is needed in this important area of health. Perhaps the rather ambivalent telephony corporations could be taxed and funding could be supplied to researchers in the field via government grants. This would effectively reduce the influence direct funding could have on findings.

## **Conclusion**

While a range of areas for further research have been furnished, the concluding remarks in this section must certainly be a short and singular plea for the urgent focus on tracking, reporting and documenting corruption and conclusions of cases within the telecoms sector across the globe.

# CHAPTER TEN: CONCLUSION

On 15 June 2015 FNB, a traditional bank in South Africa launched its own mobile services (Van Zyl 2015, 5). This means that the bank can now offer a range of cellular services (not unlike that of Vodacom and MTN) to clients and also integrate its traditional banking services with a range of cellular services. This is a surprising form of diagonal integration no doubt motivated by the two hundred billion rand industry that the cellular business generates. Neither the regulator (ICASA) nor the competition commission found the license wanting in terms of conflict of interest or anti-competitive practices (Web 66).

This recent move (amongst a range of others) indicates the changing position of the state from custodian of citizens' rights to an entity that performs for business and for itself. Given the new configurations of power it is no longer possible to rely on traditional reform mechanisms or traditional ways of regulation. This is simply because the traditional regulator is too weak to withstand the pressures from government and industry.

Post 1994 with South Africa's change to a democratic dispensation, communication rights were established as an equal and fundamental part of the bouquet of human rights. At this juncture the newly elected government addressed the provision of human rights for all via the three tier system<sup>77</sup> for traditional mass media (print, and broadcast). In relation to telecoms the historical redress in terms of communication rights was pursued via connectivity.

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<sup>77</sup> This system involved a mixed model of public service broadcasting, commercial and community media.

Licenses were issued to telecoms operators on the basis of universal service agreements, and attempts were made to introduce competition to the sector.

The notion of universal access, affordable communication and bridging the digital divide formed part of the first wave of the normative imperatives emerging out of the 1994 change in leadership to a democratic dispensation. In addition changes in ownership of the communications industries were also prioritised. To an extent this has been achieved as the telecoms industry has been the one to create more Black millionaires than most of the other sectors in South Africa. Apart from this much of government holdings across the companies are in the form of state pension funds from the states civil servants and the major alliance of unions, COSATU.

A second wave of normative imperatives is emerging as a local and global discourse. This second wave deals with issues of citizenry, consumer protection, surveillance and personal informational property. The exploration into the South African telecoms discourses has proven to be alarming with regard to the second normative wave as it were.

In this thesis, I have attempted to investigate the industry along the lines of a political economy of communication. This entailed reviewing ownership structures, competition and narratives from the end user – the mobile consumer – which was compared to the first and second wave of normative imperatives.

Within the discourses of industry, the central issue focused on ownership and control using the key concepts of structuration, spatialization and commodification as articulated by Mosco (1996) and (2009). It is interesting that despite legal battles and regional spats over controlling interests, the dominant narrative of the telecoms industry in South Africa has been one of huge success,

unprecedented profit and both regionalization and globalization of South African companies.

Within the discourses of policy the key issue, apart from a scrutiny of policy itself was an evaluation of the independence, strength and vision of the national regulator - ICASA. In trying to chart the successes and failures of ICASA, it was mainly found via repeated accounts in the press (amongst other critics) that ICASA's performance as a regulator was lack-luster at best, summed up as always positioned "between a rock and a hard place". Ironically a regulator of such a phenomenally rich industry attributes its lack-luster efforts on being terribly under resourced and subject to regulatory capture.

Within the discourses of consumption data gathered from reports were taken up as case studies, analysed to establish 'lived experience'. In relation to consumers, while any mobile user would testify to connectivity being indispensable, the narrative also reveals that a certain texture of mobile telephony in South Africa is creeping in, marked by predatory pricing, predatory solicitation, predatory billing and surveillance.

It is thus clear that the telecoms discourses across industry, policy and consumption appear dissonant. This dissonance has an undeniable implication for the digital divide, which was increasingly revealed as an oppositional binary of consumption and citizenship.

It is of increasing concern that informational industries are becoming increasingly centralized, operating equally alongside nation states with a kind of sovereign power conferred by the massive revenue the industry generates. Concentration and centralization in industry have never boded well for the ideals of citizenship and civil liberties and it is now more important for civil society institutions to act as this industry's fourth estate.



The international acts presiding over corruption in the field and the international cases that have been brought to these courts have inspired hope that these acts would be a deterrent to corrupt practices. In applauding the endeavour and the forensically intense effort involved in prosecuting these cases, it must also be noted that fines are less advantageous as they tend to accrue to the international courts or local governments. Corruption that involves profit accrued from local revenue must go back to that constituency i.e. the consumers themselves. While Sutherland (2012) argues that this is very difficult to do, perhaps fines could be imposed in terms of service agreements for a particular nation. A few examples of this could be:

- An enforced lowering of tariffs for a designated period
- Enforced employment pacts maintaining the employment compliment for a fixed term
- Enforced apprenticeship of tertiary students in the field (at no cost to government or the institution)
- Imposing universal service access goals
- Once a person is found guilty of corrupt practices, there ought to be a lifetime ban on any industry related involvement in the telecoms industry as their actions would have been a terrible breach of public trust.

While we may appeal to the large institutions to act on behalf of the citizen and end user, citizens themselves must work towards making their voices heard. Here local activism especially in the various institutions of learning could be initiated, and some work needs to go into developing models to make connectivity and consumption work for consumers<sup>78</sup>. As consumers we are often asked to participate in the most inane of polls; given that these avenues are already there, industry could be mandated to have a more direct feedback mechanism for consumer issues. These portals could be financed by industry,

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<sup>78</sup> This could be done by attempting to get critical mass to engage in a planned boycott of a few hours at most of a service provider. In addition sms polls could be organised as a means of consumers airing their views on a company.

again as an alternative to fines accrued out of anti-competitive or corrupt behaviour.

The final point perhaps must reiterate previous concluding arguments calling for more scholars to focus rather urgently on tracking, reporting and documenting corruption, anti-consumer practises and surveillance within the telecoms sector across the globe. This thesis has been an attempt to add another voice to the oppositional discourse.

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