The Invisible Continent. The Strategic Imperatives of the New Economy

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The Invisible Continent. The Strategic Imperatives of the New Economy

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Editor, Interface

For me, one of the values of travel, is having access to unfamiliar books and authors. Ironically, for a nation that prides itself upon its economic advancement and takes for granted the relentless process of economic globalization and sees the global impact of the Internet largely as a “good thing”, most Americans tend to read only what American commentators say about these topics.

One of the pleasures of the month I recently spent working in Taiwan was my introduction to Kenichi Ohmae (pronounced, I assume, “Oh My”). Perhaps I should already have been familiar with Ohmae in that he has written widely in American publications. But his impact has been primarily as an economic advisor to many governments, particularly Asian ones, and to many international firms. While I was in Taiwan during January of 2003, his name seemed to be everywhere I turned.

This was in part because he was very much in the news for warning the Taiwanese government that it had little more than a few years to solve its central problem of economic and political relations with the mainland of China, or it would simply be absorbed, as the rapidly growing Chinese economy gave it more and more influence over the far smaller though historically much more dynamic Taiwanese economy (See editorial essay in this issue).

Ohmae’s impact, however, comes largely from his grasp of the economic issues relative to globalized communication, as represented, of course, by the Internet. His record of predicting major changes in the world economy, at least in their broad outline, is an impressive one. He was one of the very few commentators to be quite specific about the inevitable outcome of the Internet bubble, and even predicted the timing of the collapse to an astonishing degree. His
analysis, then, works, and is worth considering.

One of the central quests of Internet studies is for the appropriate metaphor: how can we best understand the unprecedented impact of such a major technological change as the rapid development of the Internet? What is it most similar to in terms of our experiences?

For Ohmae, the Internet is an “invisible continent”, a vast virtual geographic area without government or laws. This invisible continent is marked by continual competition and occasional cooperation. Most importantly, governments are increasingly irrelevant to understanding or controlling it.

Ohmae introduces another useful concept, that of “platform.” A platform is a complex of standards, including which language should be utilized in common parlance, which financial, technological and cultural values best serve as the base for common action. Increasingly, then, it is not governments or nation states that compete in the international arena, but “platforms”.

In describing this scenario, eerily reminiscent of Japan’s “Greater East Asia Co-prosperity Sphere” of the period before World War II, Ohmae makes a number of valuable points. For him, the central issue of the Internet-enable economy, as for many others ranging from the financer George Soros to the Sociologist Manuel Castells, is arbitrage, the process whereby value is instantly assigned to world currencies as they trade in the electronic swarm of vast movements of goods, services, and the payments for them.

Part of the value of this book is Ohmae’s careful parsing of the relationship between recent events in the world economy, including the relative levels of economic development of many countries, and the development of the Internet. Ohmae’s insightful review of recent American history is a strange one, coming as it does from a foreign observer who sees such familiar icons as Ronald Reagan serving quite unfamiliar purposes. For Ohmae, Reagan’s perhaps unintended victory was to deregulate commerce and industry in such a way that it paved the way for the global cyber-economy. It is this economy which is synonymous with the process of development; those nations which fail to enter the Invisible Continent fail to modernize.

But those nations that do enter the Invisible Continent necessarily give up military and monetary autonomy. Their currency becomes subject to instantaneous arbitrage as the buyers and sellers of the Invisible Continent continually vote upon the value of their respective currencies, reflected in part against the entire world’s judgment of the rationality of their political and economic policies. If, in Ohmae’s belief, for example, the United States chooses to ignore the collective opinion of the world and does attack Iraq, it may very well find its currency entering a black hole as the Invisible Continent renders its instantaneous judgment with a deluge of “sell dollars” orders.

Ohmae’s perspective, like many of those who follow the Internet, is somewhat reductionist: it tends to concentrate upon only one or two factors while trying to explain incredibly complex events and chains of causation. But if you wish to encounter a very learned and uniquely
individualistic perspective of a very accomplished author with an extremely broad understanding, you could do far worse than read *The Invisible Continent*.

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ONE THOUGHT ON “THE INVISIBLE CONTINENT. THE STRATEGIC IMPERATIVES OF THE NEW ECONOMY”

Gianna Erlandson
on January 30, 2014 at 6:14 PM said:

You really make it seem so easy together with your presentation but I to find this topic to be actually something that I believe I might by no means understand. It kind of feels too complex and very wide for me. I am looking ahead for your subsequent submit, I