

# The Challenge of Domestic Resource Mobilisation in the Digital Age

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A detailed painting of a tiger in a lush jungle. The tiger is in the foreground, walking through tall grasses and ferns, with its mouth open as if roaring or growling. The background is filled with dense foliage, including large green leaves and tree trunks. The word "Ecosystem" is written in large, white, sans-serif letters across the middle of the image.

# Ecosystem

What is right about the metaphor?

Capitalism needs sustenance to survive (profits, surplus, Domestic Resource Mobilisation (taxes, savings and investment)).

“The central problem in the theory of economic growth is to understand the process by which a community is converted from being a 5 percent saver to a 12 percent saver” (Arthur Lewis, 1955: 325-26)





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**Products are not discrete objects;** products exist within a broader institutional environment.

Henry Rousseau

# Artificially Created Eco-systems

**Firms actively fashion the ecosystem in order to extract profits.** They seek to change:

- the **regulatory/legal** environment.
- the **physical infrastructure** and **human capital**.
- the way people **perceive** their business models.
- ‘truth claims’- through fashioning the market, they also build up the infrastructure for **measuring and describing the market** (i.e. credit data does not just describe your credit worthiness, it creates it).



We should see digital ecosystems not as natural environments but as gardens or nature reserves that **need cultivation and care.**



The metaphor also captures the sense that ecosystems can wither or **die if they run out of sustenance.**

# Specific challenges of DRM presented by Digital Tech

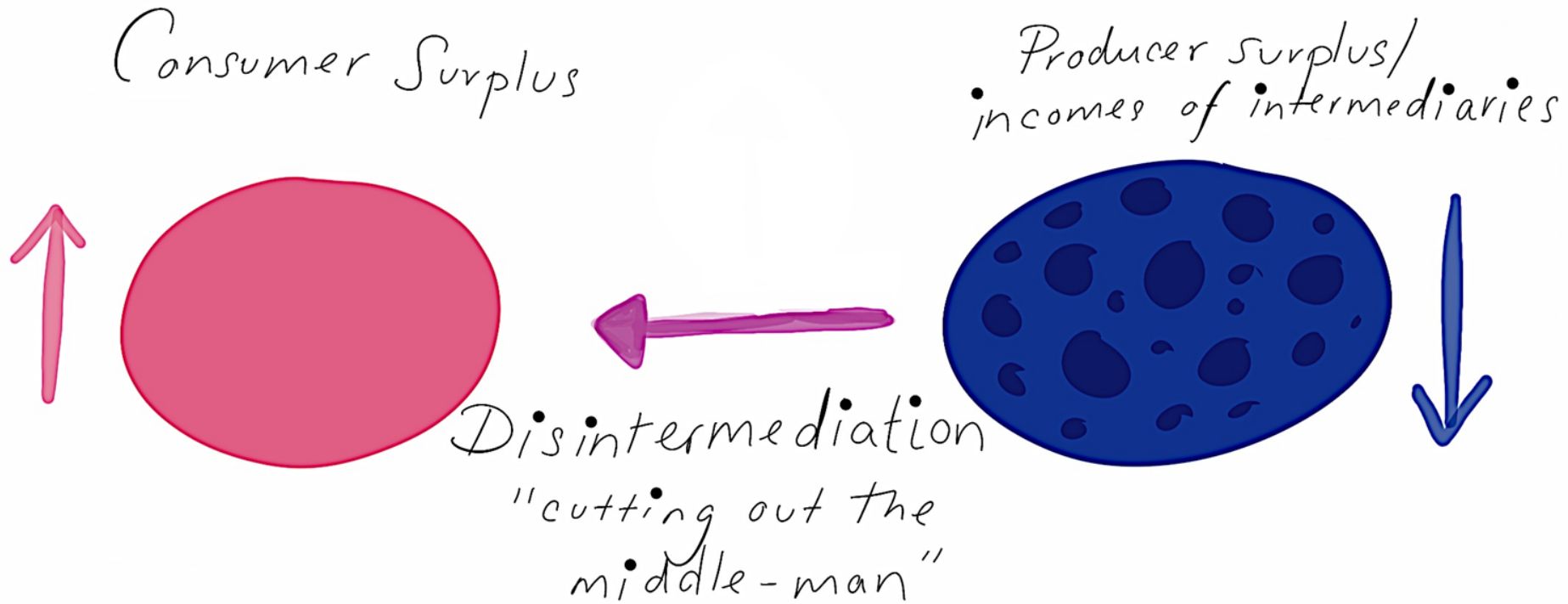
- **Monopoly tendencies** (network effects but also as platforms, they can control the terms of other actors within the 'ecosystem')
- **Informationally extractive** (they generate market intelligence and can conduct psychological micro-experiments on users to extract maximum profit).

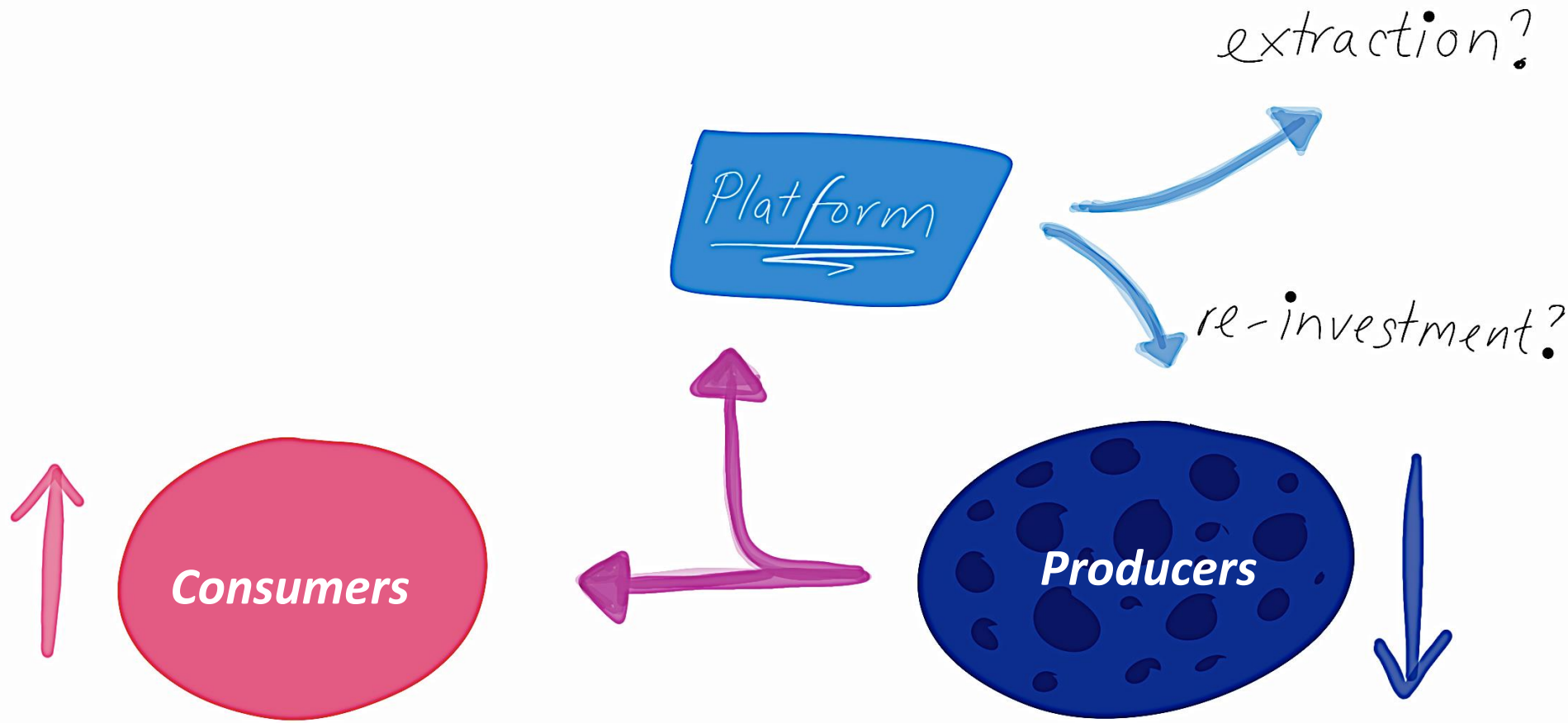
# Broader Political Economy Context

- Financialisation incentivizes **short-term profit and lucrative 'exits'**. (I.e. maximisation of shareholder value, rather than stakeholder value) (Mazzucato 2014).
- New public management places emphasis on efficiency and **maximisation of consumer surplus/welfare often at the expense of livelihoods** through disintermediation (cutting out the middle-man) and network effects.



Inherent Tension between **maximizing the consumer surplus through disintermediation** and **maintaining livelihoods and income security.**





Does the 'digital surplus' get **re-invested into further productivity growth** and innovation or does it get **extracted and drained away**?

# Policy Relevant Conclusions

- Don't focus on consumer surplus/welfare while **neglecting the livelihoods refashioned to deliver that surplus.**
- Don't focus on the creation of value alone. **Move away from seeing the promotion of start-ups as a public policy goal. Ask what these start-ups are doing to the economy.** Re-align 'social investment' (particularly when using public money) along economic transformation objectives, not humanitarian or entrepreneurial objectives.
- Move away from focusing too much on transaction costs. **Think about production costs.** Making your market incredibly efficient without lowering production costs is not going to create growth, it will create a very extractive 'ecosystem'.

# Policy Relevant Conclusions\_ Part 2

- Move away from the tech firms' promotion of 'basic digital skills training' (which is basically training people to consume their products) towards thinking about who controls the learning process. **Ask: whose learning is being facilitated?** Use ethical and privacy protections to enforce mutual learning and capacity building.
- **Training 'gig economy' workers isn't development.** Digital labour needs to be embedded within core sectors like agriculture and industry to reduce production costs. Or if you want to focus on global service networks, find ways to slowly move into positions of power (both domestic ownership but also foreign expertise are necessary) \*I have a co-authored paper about this if anyone is interested!

# Policy Relevant Conclusions\_ Part 3

- Domestic resource mobilisation: How can these **'efficiency maximizing' digital systems be taxed effectively and used for investment and redistribution?** Be wary of the targeting potential of technologies and what they may do to social policy debates. Universal programs play a role in industrial policy beyond the focus by donors on extreme poverty alleviation (Mkandawire, 2005; UNRISD, 2017. See also Marion Ouma's forthcoming work).

# Questions and Comments?

**Some relevant publications (happy to share any of them):**

Mann, L. (2018) “Left to Other Peoples’ Devices: A Political Economy Perspective on the Big Data Revolution in Development” *Development and Change* 49(1): 3-36.

Foster, Christopher, Graham, Mark, Mann, Laura, Waema, Timothy and Nicholas Friederici (2018) “Digital Control in Value Chains: Challenges of Connectivity for East African Firms” *Economic Geography* 94(1)

Connectivity at the OP Forum (2017) “Connectivity at the Bottom of the Pyramid: ICT4D and Informal Economic Inclusion in Africa” Bellagio Centre White Paper, December 2017.

Mann, L. and M. Graham (2016) “The Domestic Turn: Business Processing Outsourcing and the Growing Automation of Kenyan Organisations” *Journal of Development Studies* 52(4): 530-548.

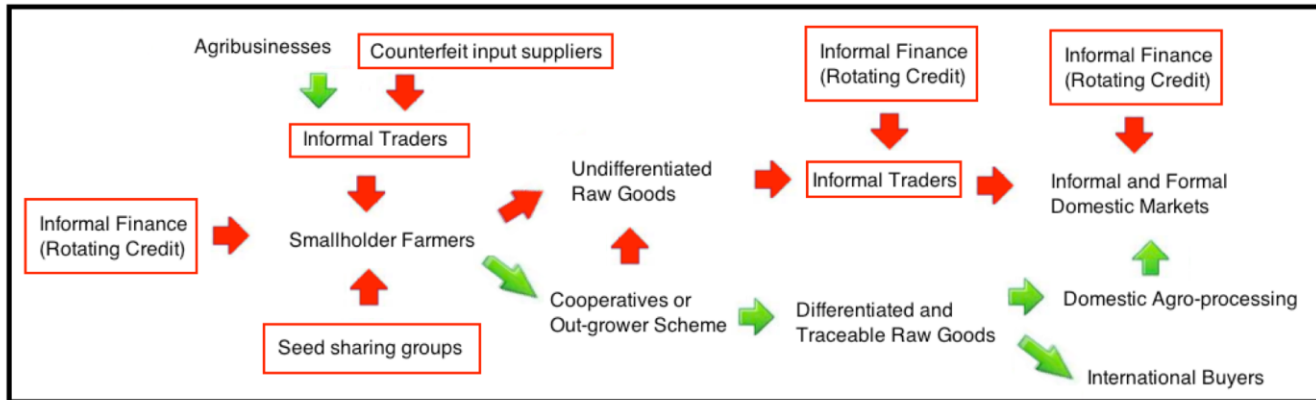
Mann, L. and E. Nzayisenga (2015) “Sellers on the Street: the Human Infrastructure of the Mobile Phone Network in Kigali, Rwanda” *Critical African Studies* 7(1): 26-46

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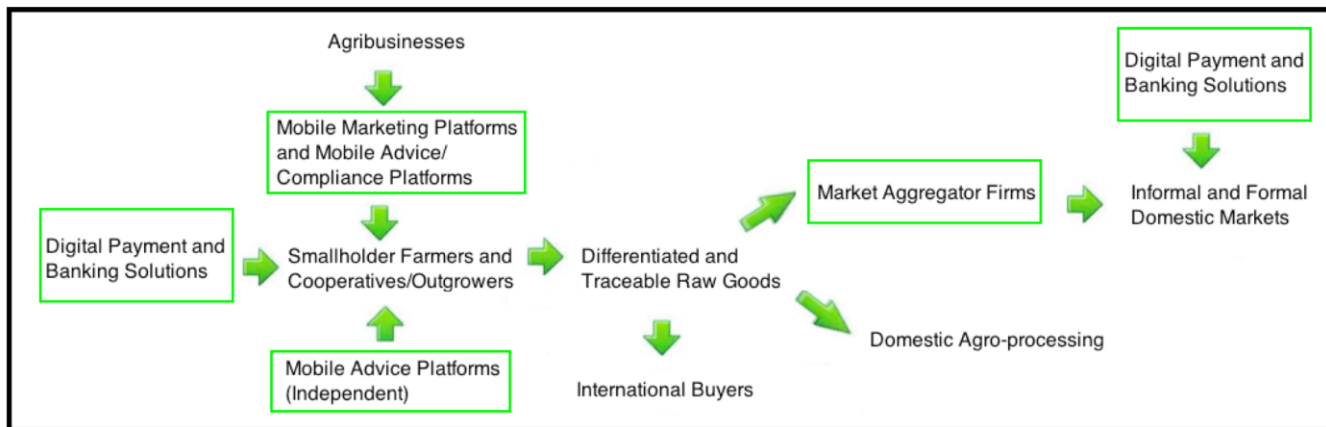
Our project website: <http://www.lse.ac.uk/africa/research/twovalleys>

Our twitter: @balootiful (Laura’s personal) and @TwoGreenValleys (our project)

In case of questions about what kind  
of data systems....



**Box 4: Existing Value Chains**



**Box 5: Digitally Intermediated Value Chain**



