

.US

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“ The heart of the U.S. IT engine is innovation. People and ideas come here from all over the world to thrive and [they] often produce global ripple effects.”

—*Technology consultant, United States*

“ Change and evolution of IT and communications here happens so quickly that it’s often difficult to keep up with both the technology and its social implications.”

—*E-commerce manager, United States*

The United States is ranked first in overall Readiness for the Networked World. American ICT firms and capital markets have served as the primary drivers of both domestic and international growth in ICT over the last decade. Perceived productivity increases and unprecedented stock market valuations of ICT-related companies in the U.S. between 1995 and 2000 propelled one of the largest periods of investment in American history. B2C e-commerce, offered by thousands of businesses, grew rapidly and is expected to reach more than US\$60 billion by the end of 2001.¹ B2B e-commerce is expected to exceed US\$3 trillion by the end of 2003² (Ranking in e-Commerce micro-index: 1).

The United States shows strengths in Networked Readiness across most significant measures. In both component indexes, Enabling Factors and Network Use, the U.S. ranks second overall, behind Finland and Iceland, respectively. Considering the size and diversity of the U.S. geography and population compared to these smaller, more homogeneous nations, these strengths are particularly striking. ICT networks in the U.S. are abundant, diverse, and of high quality, marked throughout the country by redundancy of coverage and vibrant competition among service providers that extend affordable and dependable services to most citizens. The U.S. is the largest online nation.

The Network Policy environment in the U.S. is unique. While many other countries have enacted digital signature laws, e-commerce legislation, and national ICT strategies, the U.S. government has taken a hands-off approach to the Internet. The only major Internet-specific federal law to be enacted was in essence a tax holiday—a moratorium on Internet taxation between 1998 and 2001. This less-interventionist approach, along with low prices, booming investment, and a large domestic market, allowed the private sector to rapidly build out Internet infrastructure, explore new and innovative business models, and facilitate

e-government (Ranking in Legal Framework for e-Commerce: 1).

The U.S. government focused on establishing loose guidelines for state-level policy, as well as general assistance to individual federal agencies. Most frontline federal and state agencies now use the Web to interact with citizens and businesses—the Department of Education, for example, through its Web portal (<http://www.students.gov>), now provides online services to thousands of U.S. students (Ranking in Online Government Services: 12). Many states are considering “fair” Internet taxation that would mirror existing sales taxes on products sold physically. The Department of Education and state governments have wired nearly all primary and secondary schools (Ranking in Internet Access in Schools: 7).

High performance relative to the other countries on the Index does not imply that the U.S. does not have its own Networked development challenges as well. The Telecommunications Act of 1996 has failed to relieve regional incumbents of their monopolistic levels of market share in the local loop, and did not pave the way for widespread broadband. Additionally, the U.S. has yet to extend ICT services equitably to minority and lower-income groups, resolve many interoperability standards, get broadband to rural areas, find effective ways to integrate ICT into classroom curricula, or reverse its declining pool of ICT-trained college graduates.

The investment exuberance is now over, and recent terrorist attacks on the U.S. have added to a cautious investment atmosphere across industries, and particularly in ICTs. Venture capital and internal investment, once the vanguard of the Internet boom (Ranking in VC Willingness to Invest in e-Commerce: 1), have declined significantly and changed their focus to implementation and applications of existing technologies across society and industries.

Key Facts

Population	275,000,000
Rural population (% of total population) 1999	23.02 %
GDP per capita (PPP)	US\$33,886
Global Competitiveness Index Ranking, 2001–2002	2
UNDP Human Development Index Ranking, 2001 (adjusted to GTR sample)	6
Main telephone lines per 100 inhabitants	69.97
Telephone faults per 100 main telephone lines	13.40
Internet hosts per 10,000 inhabitants	2928.32
Personal computers per 100 inhabitants	58.52
Piracy rate	24.00 %
Percent of PCs connected to Internet	50.04 %
Internet users per host	2.04
Internet users per 100 inhabitants	59.75
Cell phone subscribers per 100 inhabitants	39.79
Average monthly cost for 20 hours of Internet access	US\$19.58

RANK

Networked Readiness Index 1

Network Use component index 2

Enabling Factors component index 2

■ Network Access 3

Information Infrastructure 4

Hardware, Software, and Support 1

■ Network Policy 5

Business and Economic Environment 6

ICT Policy 3

■ Networked Society 8

Networked Learning 2

ICT Opportunities 1

Social Capital 20

■ Networked Economy 5

e-Commerce 1

e-Government 9

General Infrastructure 4