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Breaking News



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Fri, Apr 20, 01

## Digital warfare threatens global economy

An economic battle is looming and the frontline will be in cyberspace. With paranoia on all sides, innovation will be an innocent victim

History certainly has a habit of repeating itself. After the second World War we seemed to be moving towards an era of globalisation. International trade took off. People started to travel to places that their parents had only read about in the National Geographic magazine. Aircraft and television technology were perhaps most responsible.

Then came the Cold War and everything changed. Its two chief characters were the US and the USSR, battling out opposing ideologies. Similarly, the late 1990s have marked an era of globalisation. The PC and the Internet have been the technologies most responsible for shrinking the world. The Internet has made us acutely aware of business climates in far-flung parts of the planet.

However, once again, this is all about to change. I believe we are heading towards the digital cold war. Its two principal characters will be the US and China. However, this time it's just business - or, more precisely, business backed with military and technological muscle.

In some ways it's a question of personality. President Bill Clinton was, by all accounts, what they call in the pop psychology trade, a people pleaser. He had great difficulty making decisions because he wanted to keep all parties happy. President George W Bush is not a people pleaser and has no problem making decisions. Last week's rift between the US and China was less about spy planes and air space and more about a comment that

President Bush made at the beginning of his presidency - that China was not a strategic partner.

So does that mean that we are heading towards a third world war? Not exactly.

This war will be an economic one and the battlefields will be electronic.

It will be about global markets and economic output, and many believe that the centre of the economic and technological world will move from New York and Silicon Valley to South-East Asia.

Now that may or may not happen but, regardless, we are certainly on the dawn of a new era of paranoia in the US.

The wide-eyed optimism about technology that was evident last year is being replaced by scepticism.

The FBI and the Defense Intelligence Agency are crying "digital" wolf and reporting that terrorists are about to take the Net. Islamic fundamentalist terrorist Usama bin Laden and the Cuban head of state Mr Fidel Castro, they say, are trying to use computers to wreak terror and destruction on the US public. There are reports of high-profile hacker attacks every week, and crimes like credit card and identity theft are rising sharply. Identity theft is where a trickster applies for credit in your name rather than pinching your credit card.

Meanwhile, the climate in the business world has changed also. When I started working as a technology journalist we had network and PC trade shows, and magazines like NetworkWorld and PCWeek. Then came Internet and multimedia tradeshows, and magazines like InternetWorld. Then came electronic commerce and investors' conferences. Now every tradeshow organiser is trying to put together a security trade show and a new breed of security publications is being established.

Recently, I met Mr Craig Mundie, senior vice-president of advanced strategies at Microsoft. His message was that the technology industry had better shape up and get serious about its lax security infrastructure. It's far too vulnerable, he said, to all sorts of cyberattacks, intrusions and sabotage. One only need to look at the California power crises to realise that it would no longer take a neutron bomb to wreak havoc. A few hackers could disable banks, power and communications without leaving their desks.

So what will happen to the technology industry? Who knows? Certainly, such paranoia will stifle innovation. It's

hard to defend your trenches and take ground at the same time.

Niall McKay is a freelance writer in Silicon Valley, California (niall@niall.org).

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