

Informational Goods and Network Effects

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The agents' choice of some routines and behaviour patterns evokes positive or negative externalities for other economic agents. Economic agents following the same institutions often form a stable group. A network is a group of economic agents generating positive mutual externalities due to following the same institutions (routines, behaviour patterns) or technologies. Informational products and services are network goods. Expansion of informational goods arouses positive externalities for agents who started to use them a while ago. The more rampant the goods are, the less their average costs are, and the more utility they have for every user. In the information society the most useful goods are free of charge.

So, the informational paradigm in economics must assume that an agent lives in a plentiful universe, where everything you need is abundant, and a real problem is to receive it correctly and to use it in a proper way. The assumption foils the Pareto optimum conception that becomes useless either for theoretical conclusions or for practical decisions. The informational paradigm ruins many well-known economic laws which seemed to be unshakeable. The time of industrial paradigm in economics is over.

The most difficult thing about the past is to realise it is the past.

The Lord has settled our world non-economically: the most useful goods - air and sunlight - are free, and no one has to toil in order to earn and consume them. A marginalist conception rearranged the core idea and impelled us to see the value of goods in their scarcity, inaccessibility for agents. The coming information age restores the original state when the most important goods are widely current and free.

That conclusion is a base for elaborating win-win strategies in information production, and government support for different forms of public-private partnership.