**A2 Economics Unit 3**

**An Example of Perfect Competition? The Internet Economy:
Towards A Better Future**

Can you remember life before the internet? Though quite a new technology, already a world without the web has become as unthinkable for many of us as a world without telephones. But what of the future? Can the benefits of this extraordinary technology be multiplied, and how can the thornier challenges be met?

How times have changed since the OECD convened its first-ever ministerial conference on e-commerce in Ottawa, Canada, in 1998. But a great deal of “internet time” has passed since that Ottawa meeting. Back then, Google was a month old, and was still operating in a garage with just three employees. Amazon and eBay were fledgling ventures, but have since gone on to become successful mainstream companies. And in the last few years, new services, such as iTunes, Skype and YouTube, have become part of the daily vocabulary of millions of people around the world.

Underneath, the network’s infrastructure has also fundamentally transformed in the last decade. Dial-up internet access has given way to always-on broadband technology.

Moreover, users are accessing the internet via all manner of wireless devices, from laptops to mobile phones.

Along the way, communications became the fastest growing part of household expenditure since 1993, even faster than health and education.

Millions of people now use the internet for everything from doing homework to buying books, or playing or downloading games, music and movies. Levels of user participation and publication on the internet have also surged, from blogs, podcasts and interactive wikis that anyone can modify, through to services for sharing photos and video clips, such as Flickr and Daily Motion. Social networking sites such as Bebo, Facebook and MySpace represent another rapidly developing frontier of communication.