Book Review:

The Political Economy of Digital Ecosystems: Scenario Planning for Alternative Futures

Benjamin Cisagara*

The Political Economy of Digital Ecosystems: Scenario Planning for Alternative Futures **by Meelis Kitsing, 2022, Routledge.**

In a world where digital tools are deeply integrated into our daily lives, making it nearly impossible for society to function without them, Meelis Kitsing's book on ***"The Political Economy of Digital Ecosystems: Scenario Planning for Alternative Futures"*** offers a critical analysis of how digital ecosystems develop, change, and are influenced by historical, geographical, political, and social factors. Using examples from Estonia and other EU countries, this book highlights the critical role of informal rules like social norms, expectations, and culture alongside formal institutions such as laws and regulations in explaining differences in digital development across countries. While Kitsing's scenario-planning approach is innovative, its Eurocentrism limits its relevance globally. Nevertheless, with nine chapters combining theory and real-world examples, the book encourages thoughtful discussion about potential futures for digital ecosystems.

The second chapter on the **emergence of digital ecosystems** explores how "critical junctures" shape path-dependent processes and highlights "bounded rationality" as a key limitation in technology adoption models. It questions whether users trust digital platforms, noting that in uncertain contexts, decisions are often guided by values and social norms rather than pure logic. Using the EU's failed smart specialisation policy as an example, the chapter highlights the importance of informal networks and social capital in the diffusion of digital technologies. Ultimately, it argues that emerging digital ecosystems depend not just on technical efficiency, but on how well resources are mobilised within the broader interplay of politics, culture and society. The chapter offers a great touch by analysing both the supply and demand sides of innovation. Still, it could include a deeper discussion on the incentives, strategic interests, and institutional alignment that lead to innovation by private or public actors.

The third chapter on the **global political economy of the digital ecosystem** highlights two main contributions. First, it shows that interpreting global trends in digitalisation depends on perspective, emphasising that extrapolating current trends into the future is risky due to uncertainty and complexity. Second, it draws on international relations and political economy literature to argue that digital ecosystems cannot be understood solely through trend analysis, but must also consider strategic interactions and trust dynamics. The role of epistemic communities shows how expert networks shape policy thinking. The chapter also touches on the US-China tech rivalry, the oligopolistic nature of digital markets (Cournot game), and the broader implications of regulating platform competition. While remaining conceptual, it does frame digital ecosystems as deeply embedded in the political and economic power structure. It could also more thoroughly address how these global tensions affect marginalised countries, particularly in the Global South, where digital ecosystems evolve under different constraints.

The fourth chapter on the **multilevel formal and informal governance of digital ecosystems** offers one of its main contributions to the literature on technology adoption. It presents a detailed and nuanced exploration of how digital ecosystems are governed, particularly highlighting the role of informal mechanisms such as social capital, entrepreneurial networks, and tacit norms. The chapter connects social capital theory to the digital ecosystem and argues that social capital

* E-mail: benjamincisagara@gmail.com

builds trust and spreads knowledge, positively influencing the development of digital ecosystems. Existing networks then support innovation and facilitate its dissemination within the network.

The fifth and sixth chapters explore **alternative futures in the global political economy** and **digital ecosystems,** respectively, using scenario planning. These chapters highlight that instead of simply extrapolating current trends, we should investigate alternative futures through structured meta-scenarios. Three meta-scenarios emerge in the global political economy: global cooperation, national interest, and open networks (comprising diverse state, local, private, and non-state actors). For the future of digital ecosystems, the chapter proposes three other meta-scenarios: the private platform ecosystem, the government ecosystem, and the decentralised ecosystem (e.g., diversity of platform ecosystems, divergence in regulatory approaches, etc.). While the approach presents potential futures for the global economy and digital ecosystems, it overlooks how deep-rooted inequalities continue to shape who benefits. Another possible improvement for this chapter could be to include the debate and criticism surrounding digital capitalism and surveillance. These terms are included in the chapter, but without further development.

The seventh chapter discusses **scenarios for European digital ecosystems**. Highlighting another significant contribution related to global uncertainties, it explores patterns of (de)globalization, tensions between democracies and autocracies, the effectiveness of climate policies, the influence of global powers (EU, US, China), and the role of non-state actors. These insights are developed through two structured high-level scenario planning workshops conducted in May 2020, involving 226 participants from international institutions, academia, and Estonian stakeholders. Based on two key scenario drivers – EU cooperation and infrastructure – the workshops generated four possible futures. They were Compass Europe (strong EU cooperation and advanced infrastructure), Anchored Europe (strong cooperation but weak digitalisation), Fast and Curious (weak cooperation with substantial private digital investment), and Peaceful Solidity (weak cooperation and underdeveloped infrastructure). Although the scenarios are well presented, the chapter does not sufficiently examine the specific risks they might pose to European and global digital ecosystems. A more detailed discussion of vulnerabilities, such as dependency on external infrastructure, digital (neo)colonialism, and digital ethics, would provide greater depth and make the analysis more persuasive.

The eighth and ninth chapters build upon the conceptual framework of future scenarios developed in earlier chapters, highlighting their practical **implications for the Estonian digital ecosystem and Chinese investment in European digital platforms**. The historical account of Estonia's digital journey, from a system with minimal infrastructure to a digital leader, is insightful as an example of successful policy entrepreneurship. The implications of these scenarios for Estonia and other EU countries depend on balancing EU cooperation with infrastructure development. However, under a decentralised scenario, new opportunities may arise, albeit at the cost of efficiency. The last chapter discusses how these scenarios impact Chinese investments; none fully favour Chinese global dominance, despite the recent growth of China's presence in EU technology and infrastructure. It recognises the political and economic complexities of Chinese involvement but does not explore how platformisation could alter power relations.

Overall, ***"The Political Economy of Digital Ecosystems: Scenario Planning for Alternative Futures"*** by Meelis Kitsing highlights how formal institutions, informal norms, and geopolitical forces shape digital ecosystems. Using scenario planning, the author suggests different potential future paths for Europe's digital landscape, offering a framework to manage uncertainty and encouraging us to rethink digital development as a contested, context-dependent process. However, the EU-US-China framework leaves little room for other perspectives, especially those from the Global South. It overlooks alternative ways of thinking about the future of the digital ecosystem. Additionally, incorporating the literature and critique on global digital capitalism, digital (neo)colonialism, and digital ethics could have expanded the chapter's perspectives and offered a more critical view of the future scenarios. Nonetheless, the book is highly useful for scholars in economics, political economy, international relations, and related fields, as well as practitioners involved in digital innovation. Furthermore, it offers insights into future possibilities to help policymakers develop effective responses.

Benjamin Cisagara is a Marie Curie Doctoral student in Economics and Social Sciences at the University of Latvia. His research focuses on how informal finance supports household livelihoods and how digital financial innovations impact the informal financial sector. He is part of the PRESILIENT project on Post-pandemic resilient communities: Is the informal economy a reservoir for the next generation of digitalized and green businesses in the Global South? (Funded by the EU under grant agreement ID 101073394).