

**ICT Enabled  
Globalization  
and  
Economic Development**

**Ronald M. Lee**

**School of Business, Florida International University  
[formerly: Erasmus University, Rotterdam, Netherlands]**

**AMPATH Workshop, 29-31 January 2003**

# GLOBALIZATION

# UN/ CEFACT

**United Nations**

**Centre for the Facilitation of Procedures and Practices for Administration, Commerce and Transport**

**"The worldwide facilitation of international transactions, through the simplification and harmonization of procedures and information flows"**

- \* **Business Process Analysis Working Group (BPAWG)**
- \* **Codes Working Group (CDWG)**
- \* **EDIFACT Working Group (EWG)**
- \* **Legal Working Group (LWG)**
- \* **International Trade Procedures Working Group (ITPWG)**
- \* **Techniques and Methodologies Working Group (TMWG)**





**Anti-globalization protest, Barcelona, 16 March 2002**

# Globalization Complaint:

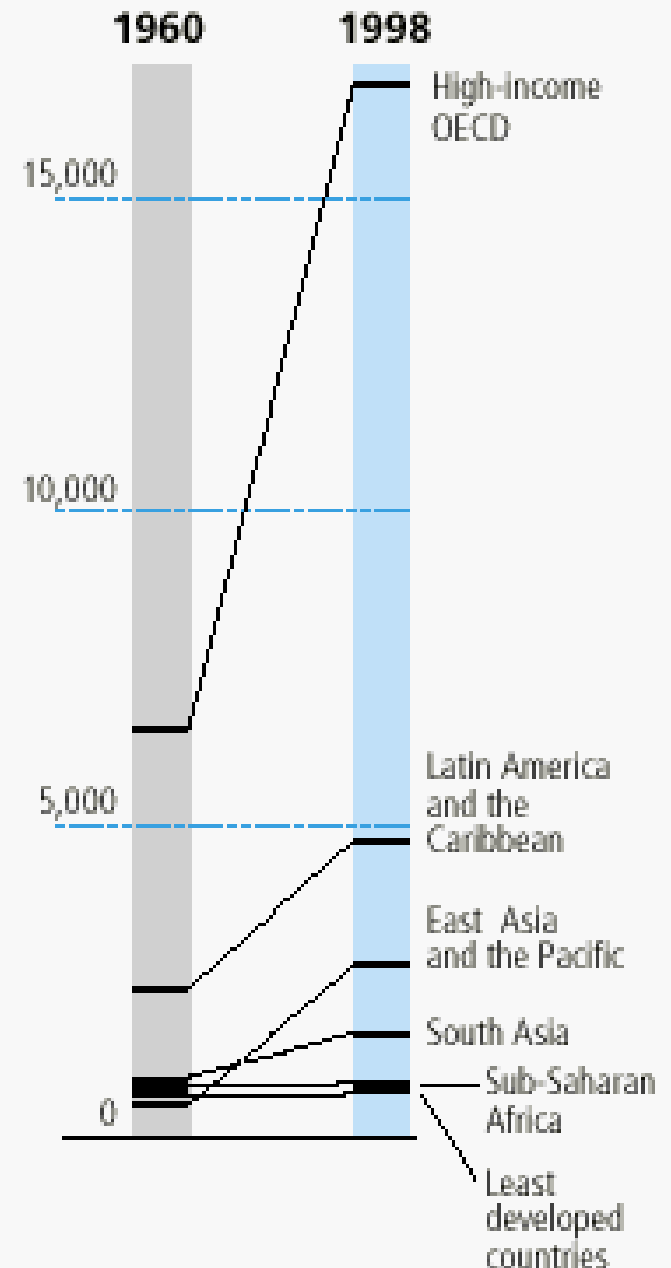
ratio poor to rich countries  
in 1960: 1 to 8  
in 1998: 1 to 29

[Jimmy Carter, TV Interview; also  
Human Development Report 2001, p. 17]

Is ICT...  
part of solution?  
or part of problem?

## Widening income gap between regions

GDP per capita (1985 PPP US\$)





# ECONOMIC DEVELOPMENT

# Terminology

**Jan Tinbergen:**

**1st world = industrialized countries**

**2nd world = transition countries**

**3rd world = developing countries**

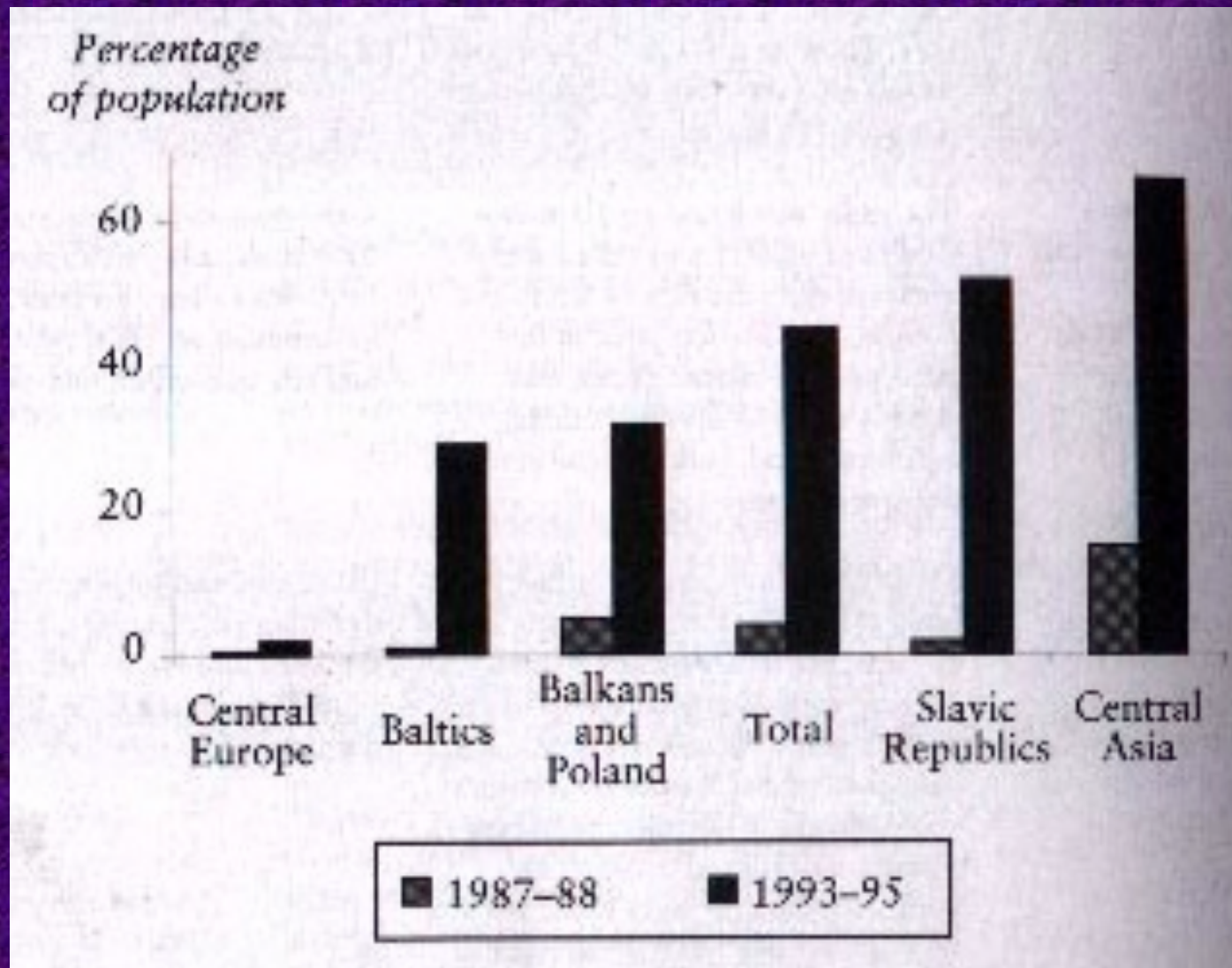
**How extend involvement  $W \geq 2$ ?**

## **W2: transition/emerging economies**

- \* have some basic telecommunications infra-structure in place, with a fairly wide-spread level of literacy.**
- \* especially characteristics of so-called transition economies (ex-communist countries),**
- \* also applies to various other emerging economies in South America and Asia and Africa that are actively seeking to transform themselves via ICT.**



# Main motivation: help transition economies



**Poverty headcount in transition regions**

# W3: developing economies the digital divide

“65% of the human population have never made a single phone call and 40% have no access to electricity  
[Rifkin, p. 229]

Phone lines per 1000 people:

Hong Kong: 590

Singapore: 490

Taiwan: 340

South Korea: 340

Thailand: 30

Indonesia: 6

China: 5

[Rifken p. 30]

# 3rd world = developing countries...

of 4,600 million total population...

2,800 million on less than \$2 a day

1,200 million people living on less than \$1 a day

## Health

2,400 million people without access to basic sanitation

968 million people without access to improved water sources

34 million people living with HIV/AIDS (end of 2000)

## Education

854 million illiterate adults, 543 million of them women

325 million children out of school at the primary and secondary levels

## Children

163 million underweight children under age five

11 million children under five dying annually from preventable causes

[Human Development Report 2001, UN Development Programme, p. 9]



# Development Myth: “trickle down”

e.g. tourism “leakage”

# TECHNOLOGY LEAP

- **Russia**
- **Portugal**
- **Phillipines**
- **Armenia**



# Case study: Armenia

Population: 3mm

Capital city: Jerevan, 1.5 mm

Few natural resources

Wealthy diaspora

Hostile neighbors on all sides

(Azerbaijan, Turkey, Georgia, Chechnya)

PTT: Armentel

1997: strategy: technology leap into cyberspace

Joint venture, Siemens

Wide band fibre optic ring, access all buildings

International stock offering

Outcome: mixed -- see ARKA, [www.arka.am](http://www.arka.am)

# Quote

During the 20th century such tangible elements as capital, labour and natural resources were the driving force behind economic development. But in the new century such intangible elements as information and creativity will give nations a competitive edge. Consequently, if we succeed in developing the potential of our citizens by fostering a creative spirit of adventure, individuals and nations will become rich, even if they are without much capital, labour or natural resources.

Kim Dae-jung, President of the Republic of Korea  
Human Development Report, 2001  
Making New Technologies Work for Human Development  
United Nations Development Programme (UNDP)  
Oxford University Press, 200, p. 24

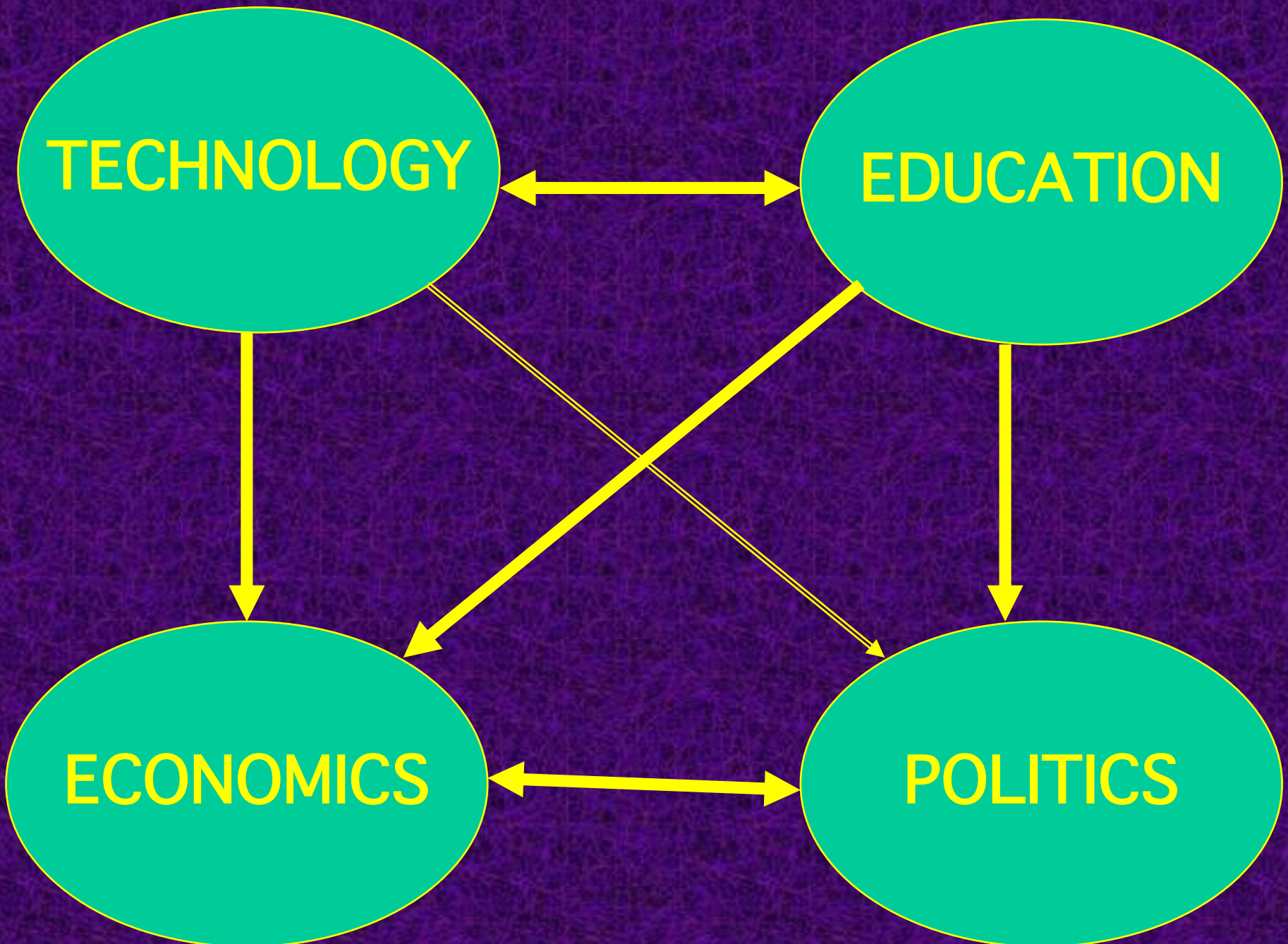
# CONJECTURES

## *[and PBI's]*

**CLAIM:** Most effective strategy focuses on development of local capacity, talent and entrepreneurialism.



# Influence Diagram:



# *PEGASUS*

## **Global Inter-University Consortium for eBusiness Transformation of Emerging Economies**

**MISSION:** is dedicated to the exchange of knowledge about the commercial, governmental and tourism application of e-technologies, especially for emerging economies. Its goal is to alleviate the "digital divide" by a strategy of teach the teachers, enabling young researchers to collaborate abroad during their graduate studies, and providing continuing and distance learning opportunities for international educators in these areas.

# Pre-Proposal: **E-CARIBE**

## E-Transformation of Caribbean Archipelago

