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<th>Information highways and byways : the rural-urban divide</th>
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<td>Nair, Govindan</td>
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<td>1997</td>
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Presentation outline

- The "rural-urban divide" in the context of the global information infrastructure
- What are economic effects of disparities in information and knowledge?
- How can knowledge and information be used to reduce economic disparities?
- Public policy implications
- Some global initiatives to better understand these issues
What does the "divide" refer to?

The global information infrastructure risks remaining incomplete because of:

- "information gaps" (scarce data, poor infrastructure)
- "knowledge gaps" (disparities in ability to exploit information)
of global disparities in information and knowledge

Knowledge and information gaps exist
- within countries
- between countries
- within urban areas
- between urban and rural areas
knowledge disparities

- Losses in **efficiency**
  - “incomplete markets” because of high transactions costs (e.g. agricultural marketing)
  - inefficiencies in logistics, production, etc.
- **Worsening outcomes in income distribution**
  - increased wage premia to educated, skilled labor vs. unskilled labor and global convergence of wage structures
information be used to reduce economic disparities?

- Remove monopoly power and rents by opening up marketing channels
- Aggregating micro-markets and creating new economies of scale and scope
- New marketing and export opportunities for small and medium-scale enterprises
- Extend and improve service delivery to remote areas by leveraging scarce assets (e.g. teachers, doctors, bank branches, etc.)
Public policy implications

- Encourage economic opportunities where the value of information exceeds the costs of producing and transmitting information.

- Key principle: allow information to create value, without creating distortions.

- Government should tackle market or policy failures which stunt development of infrastructure.

- In small, isolated areas, assist entrepreneurs and communities to complete markets through improved information.

- Ultimately, human capital, not physical capital, becomes the critical success factor.
knowledge and information in development: some initiatives


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