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<th>Information technology, globalization, economic security and development</th>
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Economic and Social Survey for Asia and the Pacific 1999

Theme topic: Information technology, globalization, economic security and development

UNITED NATIONS

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC
Introduction

- Information and communication technology is a generic term covering computers, broadcasting, telecommunications, data networks and smart components in products and bank cards, etc.

- The merging of the next generation of software and low cost network computers will create a consumer revolution with more users, more products and more services.
• Internet now connects 25 to 30 million users in more than 140 countries: it is likely to reach over 200 million by 2000.

• In 1997 the worldwide market for ICT was $1.8 trillion or 6 per cent of world GDP, and growing.
ICT investment in the ESCAP region grew at 15 per cent a year during 1992-97.

There has been rapid growth in
• number of telephones and computers since 1990,
• number of cellular phones since 1994,
• number of Internet connections only in the last couple of years.
Use of ICT changes the determination of competitiveness of a country by adding one more, very mobile, factor of production and by making others (skilled labour and capital) more footloose. This

- reduces the importance of economies of scale, and encourages smaller, more dispersed production units.
- enhances the crucial role of economic governance in attracting investment (content and conduct of legal system, institutional infrastructure, etc.)
Electronic Commerce

- *Internet economy* will reach $500 billion by 2002.
- Use of Internet for business saves time and money:
  - savings of up to 95% on international phone calls,
  - savings of up to 35% for fax messages,
  - savings of up to 50% through telebanking,
  - savings of time and money through use of EDI for trade documentation.

Therefore, use of ICT should be good for *SMEs*. 
There are problems of

- legality of electronic signatures,
- status of electronic contracts,
- security of business,
- assurance of connectivity.

These need to be tackled at the global level.
Most countries are encouraging Internet commerce through pilot projects involving government and private sector and exchange of experience. They are also starting to adapt relevant local laws.

Also ICT is increasingly being used by governments for:
- rapid customs clearance for exports and imports.
- transport logistics.
- promotion of trade and investment (electronic catalogues, virtual exhibitions, etc.)
Regional initiatives should be an essential part of the process.

Countries need to be prepared to participate in multilateral negotiations on Internet commerce.
Production

- ICT encourages dispersion of production units and networks within and between companies, both TNCs and national ones.

- NIEs and ASEAN have showed that blending national ICT policies and capabilities with imported technology and FDI can lead to accelerated production, export and absorption of ICT products.
• National firms also use ICT to link units and simplify orders, accounting, etc.

• SMEs are involved as outsourcing contractors and some networking among themselves.

 Governments have ICT plans for next century in order to encourage domestic investment and attract FDI in ICT products and services (Three Gold Project, China or Malaysia Vision 2020).
Governments also:

- have to pay attention to increased economic security risks arising from changing and more mobile investment patterns.

- have to improve economic governance, institutions and practices, modalities for stimulating domestic entrepreneurship to maintain competitiveness of their economy.
Financial Sector

- Banking is increasingly done through ICT. 245,000 ATMs (one third of the world total) were in operation in the ESCAP region in 1997 and the number is increasing rapidly.

- Back office use of ICT in banks, financial firms and central supervisory institutions lags in almost all countries of the region.

- Capital markets in the region are small, thin and illiquid but are all modernizing into electronic markets and using ICT to improve supervision and regulation.
Greater use of ICT by institutional investors and hedge funds increased exposure of Asian financial markets to reversals and contagion.

The solution is better regulation with the assistance of international coordination, monitoring and regulatory standards. All of these are ICT intensive activities.

Governments need to encourage ICT-based financial systems as this can reduce corruption and promote modern functioning of the systems.
Conclusions

- ICT applications will continue to change development paradigms and present a challenge to governments.

- Economies which do not adjust to this ICT intensive world will be increasingly marginalized.

- Governments and international community need to set ground rules and codes of conduct and monitor them through ICT means.
Applications of ICT can provide a major opportunity to tackle problems of poverty and income inequality as they are not bound by geography or access to traditional infrastructure.

ICT is a tool, not a threat. Its application determines whether it creates or solves problems.
Governments need to develop an ICT policy, promote skill development, and use ICT in government administrations.

Legal issues at domestic and international levels have to be addressed.
Let me leave with one final thought. On a particularly busy day, and stuck in Bangkok traffic, I happened to be reading a poem by T.S. Eliot. This is what it said: "Where is the wisdom we have lost in Knowledge? Where is the knowledge we have lost in information?"
"Information Highways: Path to Prosperity or Poverty"
David Lazarus, Chief, United Nations Information Services, Bangkok

The great English playwright and social philosopher George Bernard Shaw once remarked that all professions are conspiracies against the common folk. He meant that those who belong to elite trades—physicians, lawyers, teachers and scientists—protect their special status by creating vocabularies that are incomprehensible to the general public.

If he had been alive today Bernard Shaw, I am sure, would have included computer software engineers and information technology practitioners in his list of conspirators. For as we stand at the threshold of the new millennium, dubbed by many as the era of information technology, controversy continues over the real impact of such technology on our societies. Questions remain as to who exactly stands to benefit the most from this technology and who will be the ones losing out.

There is no doubt that in the past couple of decades information technology, or rather information and communication technology, for short ICT, increasingly pervades all our lives. One just has to try to remember how we functioned with e-mail, ATMs or mobile phones, applications of ICT which we now take for granted. The advantages of a technology which speeds up our work, saves us money and allows us easy worldwide communication are obviously enormous. The use of ICT was the theme of the 55th Commission Session of the Economic and Social Commission for Asia and the Pacific held in April this year and discussions on the subject came up with some interesting insights.

To begin with, while the increasing use of ICT has its numerous advantages, there are also new problems and serious constraints which influence how we absorb and use information technologies. This has to do with information technology and globalization, the problems its use poses to the economic security of individual countries and its implications for the development process.

ICT is clearly a very significant force behind the increasing globalization of economic activity, including production, trade and finance. While we in this room may enjoy the fruits of these technological innovations, many people in our societies do not. The reasons behind their lack of access include an absence of infrastructure, relatively high costs of connectivity, lack of skills and even neglect. However, most governments have yet to absorb the positive implications of ICT, or to adopt policies to encourage the required development of skills and the spread of access. This is not something that we can expect the private sector to do. Thus the challenge to governments is to promote imaginatively vigorous use of ICT.

There is evidence that one of the major difficulties in setting up proper infrastructure to enable wider access to ICT in the Asian and Pacific region has been over dependence of most countries on outside expertise. With the sole exception of a few countries like Japan, Korea, Singapore, India and Malaysia, which are trying to cultivate strong domestic information technology industries, the rest of the region, is almost totally
LEARNING TECHNOLOGIES: TRANSMITTING OR TRANSFORMING EDUCATION?

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