



The World Today

The Caribbean and the Digital Divide (Part II)

The New Economy: Implications for the Caribbean

Gale T C Rigobert

Assistant Lecturer, The UWI Graduate Institute of International Relations, UWI St. Augustine

The New Economy: Implications for the Caribbean

The global economy has witnessed progressive change through several successive techno-economic paradigms: from the industrial revolution to the age of electricity and steel, to innovations in oil and petro-chemicals, to mass production and the automobile, and now micro electronics, computers, biotechnology and nanotechnology. These have all resulted in dramatic shifts in modes of production and the introduction of a new “best practice” with each techno-economic wave.

The new economy has been variously characterized as a “knowledge economy”, “information-driven economy”, “networked economy”, and an “e-conomy”. These descriptors all emphasize the fact that digitization and information communications technologies (ICTs) play a key role in determining the productive capacity of a firm or nation, in what has been dubbed a new techno-economic economic paradigm.

Given the ubiquity of ICTs in the production and consumption of goods in the new techno-economic context, firms or national economies that fail to incorporate ICTs in their economic or productive structures are likely to be abandoned at the fringes of the global economy, with the repercussions being declining competitiveness, and negative or poor economic growth. That concern has been the impetus for much of the e-development strategies now being adopted throughout the Anglophone Caribbean.

The primary concern is capacity building, in what is now an innovation-based economy. Much of that capacity, therefore, is informed by a country’s ability to innovate. Moreover, given the expansion in ICT related services, the focus is now on specialised ICT skills associated with the host of activities that centres around not only the ICT sector, but the application of ICTs to existing or traditional sectors as well.

Despite the much publicized potential of ICTs to enable poor countries to bail out of their economic depression, nevertheless, there are important social, institutional and cultural preconditions for entering the digital age and evolving into a knowledge society or knowledge economy. The existence of an apparently daunting digital divide, however, raises significant doubt about the potential of ICTs to raise the living standards of the poor in the Caribbean.

The potential for reaping immense profits and the associated economic gain based on technological superiority is clear as evidenced by the success of the OECD countries, and others like Singapore, that are leading in that respect. However, for developing

economies that are primarily importers of technology, the problems of technology transfer and appropriateness of technology are particularly acute.

In a global economy where a great portion of the value added to products and services derives from technology development, one cannot reasonably expect the First World to hand over their technological know-how to the Third World, and understandably so. The region, however, cannot continue to rely indefinitely on foreign technology (that may be ill suited to its existing economic and production structures or processes).

There are many whose hopes are pinned on the assertion that the emerging technologies will produce new economic niches that Third World countries such as those of the Caribbean can exploit. However, there are some important challenges that must be overcome. They include:

1. The technology access divide
2. The skills divide
3. The social capability divide
4. The technology production divide

Together these define the economic opportunity divide, which is so critical to understanding the problematique of underdevelopment in the Third world and indeed the Caribbean.

The above-mentioned challenges are further compounded by a marked absence of an innovative class and the risk aversion of the business class. Still the regulatory framework has yet to respond adequately to the challenges wrought by the emergence of a new techno-economic paradigm. Furthermore, whereas these endogenous challenges are yet to be overcome, the exogenous environment is no friendlier. The lack of commitment from the North in assisting those caught on the wrong side of the digital divide continues to baffle, despite the rich rhetoric spewed out at fora such as the World Society for Information Systems (WSIS). Hence, the Third World continues to rely heavily on the North for technology production and transfer. Additionally, the relative absence of South-South cooperation has long been a spoke in the wheel of the Third World in their drive to pool their expertise and resources to boost their technological capacity.

Conclusion

The real opportunity for bailing out of peripheral woes is directly related to the extent to which a country can increase the value-added of its products and services. Nowhere is this more evident than in the new economy, where knowledge has become a very important factor of production, in this knowledge-based global economy.

The changing patterns of disadvantage in the global political economy demand that the Caribbean move aggressively toward fostering an innovation culture and environment to secure a place for itself among the technological leaders. This includes a more vigorous attempt at resolving the technology access divide, skills divide, social capability divide, and the technology production divide. It is only then that any significant strides can be made in narrowing the economic divide between the haves and the have-nots in the current techno-economic context. *This is part II of a series by this author on The Caribbean and the Digital Divide. Part I was published in The Sunday Guardian, 3 December 2006.*