

ICT and E-Business Strategies for Development

High-level Regional Conference for Transition Economies
Geneva, 20-21 October 2003

Organized by the

United Nations Conference on Trade and Development
and the
United Nations Economic Commission for Europe

Summary of “ICT, the Internet, and Economic Performance: Empirical Evidence and Policy Recommendations”

Professor Donald Siegel

The presentation begins with a review of empirical studies on the impact of investment in ICT on productivity, wages, and labor composition. Several stylized facts emerge from this literature. There is a positive correlation between almost any proxy of ICT investment and productivity. These results, in conjunction with voluminous qualitative industry-specific evidence, suggest that the social returns to ICT are fairly high. The bottom line is that there is growing evidence to indicate that ICT and the Internet constitute a general purpose technology (GPT). A GPT is a technology that causes dramatic changes by stimulating new applications and industries, and also rejuvenates existing sectors.

Investment in ICT also appears to have exacerbated “skill-biased technological change” (SBTC), or the notion that improvements in technology favor more highly educated and skilled workers. SBTC is stronger in developed countries than in the developing world. ICT is also associated with workplace transformation and other types of organizational change. International evidence suggests that developing countries are falling further behind in the “digital divide,” as well as in the “learning divide.” To alleviate this condition, we conclude with a set of policy recommendations to diminish these gaps and enhance the social returns to ICT in developing countries.

NB: presentation summaries are provided unedited as received from the authors and presenters