



Sistema Económico
Latinoamericano y del Caribe

Latin American and Caribbean
Economic System

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Latino-Americano e do Caribe

Système Economique
Latinoaméricain et Caribéen

**Address of the Minister in charge of Information,
ICT and Culture of Grenada, Senator the
Honourable Arley Gill during the Forum:
“Knowledge Economy and Social Development
in Latin America and the Caribbean”**

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Today we are living through a period of profound change and transformation of the shape of society and its underlying economic base. The nature of production, trade, employment and work in the coming decades will be very different from what it is today.

In an agricultural economy where land was the key resource. In industrial economy natural resources, such as coal and iron ore and labour were the main resources. A knowledge economy is one in which knowledge is the key resource. The exploitation of knowledge has come to play the predominant part in the creation of wealth. It is not simply about pushing back the frontiers of knowledge; it is also about the more effective use and exploitation of all types of knowledge in all manner of economic activity.

Incorporation of knowledge and information into economic activity is now so great that it is inducing quite profound structural and qualitative changes in the operation of the economy and transforming the basis of competitive advantage.

The rising knowledge intensity of the world economy and our increasing ability to distribute that knowledge has increased its value to all participants in the economic system. The implications of this are profound, not only for the strategies and policies of government but also for the institutions and systems used to regulate economic behavior.

The Knowledge Economy is emerging from two defining forces: the rise in knowledge intensity of economic activities, and the increasing globalisation of economic affairs. The rise in knowledge intensity is being driven by the combined forces of the information technology revolution and the increasing pace of technological change. Globalisation is being driven by national, regional and international deregulation, and by the ICT related communications revolution.

The last twenty years have seen an explosion in the application of computing and communications technologies in all areas of business and community life. This explosion has been driven by sharp falls in the cost of computing and communications per unit of performance, and by the rapid development of applications relevant to the needs of users. Digitalisation, open systems standards, and the development software and supporting technologies for the application of new computing and communications systems.

It is in the Internet that these technologies come together, and it is the Internet phenomenon that exemplifies the ICT revolution. By 1989 there were only 159,000 Internet hosts' users worldwide. Now, just 20 years later, there are 1.966 Billion User. In Latin America there are 200,144,290 Users and Caribbean it is 4,689,836 users and which is changing every second every minute every hour. Google launched in 1998 with just 25 million pages, which even then was a small fraction of the web. Today Google index billions and billions of webpages, and index are roughly 100 million gigabytes.

Trade data is one area in which these changes can be observed. In both goods and services trade it is the relatively knowledge intensive exports that are growing most rapidly. World exports of high technology products grew by 20-25% per annum between 1995-2005, and 30-35% per annum between 2005-2010 compared to less than 10 per cent for all other goods.

Many economies are showing the benefits of these trends. In the United States the index of knowledge composition for wages is well above that for employment, and the gap

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between the two has increased since the early 1990s. This implies both higher wages per unit of employment in the more knowledge intensive industries over the period since 1972, and a more rapid growth in wages in knowledge intensive industries.

We in the Caribbean and Latin America must innovate, create or tweak technology for our own realities. So often we simply accept wholesale technology without adopting same to our realities. In Grenada we are about to launch our Health management information systems that will link our hospitals and medical stations that will transform our health sector. The Caribbean knowledge and learning network project to link our tertiary institutions will positively enhance learning in our region. E procurement in the OECS e government project is another initiative that is transformative in character. SELA work is important and we look forward to their work to assist and guide us in this growing knowledge economy.

The other main driver of the emerging knowledge economy is the rapid globalisation of economic activities. While there have been other periods of relative openness in the world economy, the pace and extent of the current phase of globalisation is without precedent.

The global communications revolution has been accompanied by a widespread movement to economic deregulation. The rapid integration of world financial and capital markets since the early 1980s impacts on every element of the financial systems in our countries irrelevant of size. Caribbean is still struggling to recover from the two-year global economic and financial crisis that has taken a major toll on their individual economies which is based on Tourism and Agriculture.

What makes the emergence of the knowledge economy important is that it is, in some significant respects, different from the industrial economy we have known for most of the last 200 years.

The ICT revolution has intensified the move towards knowledge codification, and increased the share of codified knowledge in the knowledge stock of advanced economies. All knowledge that can be codified and reduced to information can now be transmitted around the world at relatively little cost. Hence, knowledge is acquiring more of the properties of a commodity.

The skills required of humans will increasingly be those that are complementary with information and communication technology; not those that are substitutes. Whereas machines replaced labour in the industrial era, information technology will be the locus of codified knowledge in the knowledge economy, and work in the knowledge economy will increasingly demand uniquely.

The knowledge economy increasingly relies on the diffusion and use of knowledge, as well as its creation. Hence the success of enterprises, and of national economies as a whole, will become more reliant upon their effectiveness in gathering, sustainable in use, absorbing and utilising knowledge, as well as in its creation.

The economic crisis "calls for renewed efforts, imposes additional responsibilities and also opens new opportunities, For Latin America and the Caribbean, more than ever, innovation is the only way to tackle the persistent lag in productivity, economic growth and social inequality The "most innovative" countries who "investing better" to "optimise sustainable resources."

ICT and innovation are powerful tools for promoting human development towards Knowledge society.