



Chapter XIV

Information and Communication Technology-Enabled Economic Growth and Convergence: Examples from the EU's Central and Southeastern European Members

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Abstract

Globalization can be viewed as a process of increased freedom and capacity of individuals and firms to conduct economic activities with residents of other countries. The driving forces of globalization stem from the reduction in barriers for conducting business across political and geographic barriers, as well as the reduction and convergence of transaction costs via advances in "transport of information." There is a consensus that innovation and the accompanying progress in information and communication technology (ICT) serve as a catalyst for economic growth. This chapter

discusses the ICT environment within the Central and Southeastern European (CSEE) countries and the changes in this sector within the European Union (EU). Examination of strategies taken by these nations to improve their economic performance may offer decision makers in other regions some options to deal with impending changes. Particular emphasis is on the efforts of CSEE nations to build a creditable government, reliable political system, and competitive economy. These nations serve as a laboratory for implementing radical changes in their political economy from a centrally planned, one-party system to a democratic market-based system. Specific recommendations include emphasis on effectual dissemination of information between purchasers and suppliers. Information broadcasting is highly related to the creation of an efficient digital system. Specific needs include improved capacity to standardize reports, forms and information transmission functions. Furthermore, IT support and training programs are essential to reduce market distortions.

Introduction

Over the past two decades, some developing countries have embraced economic transition policies to enter the emerging global market. An important dimension of the globalization process has been the implementation of economic policies to restructure developing nations. Many countries established greater levels of macroeconomic stability and encouraged competitive environments, as well as pursued policies promoting privatization, liberalization of trade and greater accountability (transparency of government conduct).

However, some nations experienced results that were disappointing. Many began to question the success of the restructuring programs. Economic policies sometimes failed to achieve their goals, and even exacerbated the problems of a few developing nations. For example, the so-called “Washington Consensus” pushing privatization over and above any other considerations ended up enriching only a few to the detriment of millions (as in the case of the Russian oligarchs). Reasons for failures reside in the governments’ unwillingness to change and incapacity to deliver due to political conflict or domestic political leadership fallout. In this context, better governance has become critical to the establishment of an open market, transparency and an efficient public administration.

Creating a modern public procurement system is just one part of the process for an efficient and competitive market economy that is necessary for a nation’s full integration into the global community. In this area, information and communication technology (ICT) can help achieve a competitive environment (open bidding) and provide opportunities for the private sector (through access to public information), greater governmental transparency and technical and market convergence; and it may even reduce a country elite’s hold on the key sectors of a national economy.

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