Digital Divide and Poverty

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ABSTRACT. Many high technology executives and political leaders increasingly believe that bridging the so-called digital divide would lift people out of poverty. In addition, the high technology industry views the vast numbers of poor people around the world as a potential market and a large business opportunity. However, an examination of poverty in the United States suggests that the eradication of poverty cannot be easily turned into a business proposition based on technological solutions. Developing countries would do well to focus first on meeting the basic needs of the poor using affordable, low technology resources. Ultimately, the eradication of poverty demands not more technology, but fundamental social changes.

KEYWORDS. Digital divide, technology gap, global poverty

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Having penetrated the market as far as possible in the United States and other wealthy countries, many high technology companies are now eager to do the same elsewhere. However, given the stark economic inequalities in the developing world, they are being forced to address poverty as an issue. Recently, an entire conference was devoted to finding for-profit approaches to close the digital divide—the unequal access to computers and other digital technologies. The general premise of the conference was that closing the technology gap would lift people out of poverty, while creating a large business opportunity for the high technology industry (World Resources Institute, 2000). This is a view that is widely shared by many political leaders and high technology executives around the world.

Bill Gates, the chairman of Microsoft, was one of the speakers at the conference (Gates, 2000). He surprised the technology community by taking a decidedly contrarian position. Drawing on his experience with philanthropic work in Asia and Africa, he insisted that technology and global capitalism would not address the needs of the world's poorest people. He added that he did not see a significant economic opportunity in trying to sell computers to people who are struggling daily just to survive. Gates's message is consistent with recent statements by international anti-poverty groups such as Oxfam (The Hindu, July 23, 2000), but it was received with much irritation by an industry that is in search of new markets.

Some companies, such as Hewlett-Packard, believe that they can meld certain social objectives with their profit motive as they do business in poor regions (Hewlett-Packard,

2001). However, successful businesses have generally had a single purpose, which is to maximize return to shareholders. Any benefits to society as a whole—such as employment, prosperity or improved technologies—have always been incidental. If it is indeed possible for profit-oriented businesses to actively sustain social goals such as reducing poverty, then why has this not occurred in the United States so far?

The last decade has been a period of unprecedented economic growth in the United States, fueled in large part by new technologies. But in spite of all the prosperity and the proliferation of technology, the national poverty rate remains at about twelve percent— essentially the same as what it was before the computer revolution in the mid-1970s (U.S. Census Bureau, September 26, 2000). Technology and capitalism have clearly stopped short of addressing poverty in this country, and not surprisingly, they have stopped at the point where there is no profit to be made.

Moreover, the income gap between rich and poor Americans has increased by almost fifty percent over the last quarter century (U.S. Census Bureau, December 13, 2000). This suggests that, as market forces propagate new technologies, those who are already doing relatively well are likely to benefit the most. This, in turn, reinforces the existing economic disparities. The digital divide has attracted much attention as a possible _cause_ of economic disparities in the new economy, but it is more probable that the digital divide is itself an _effect_ of disparities that have long existed. Any serious solution to poverty will have to reach beneath the digital divide and confront the underlying economic divides in our society.

Developing countries would do well to learn from the failure of the United States to reduce poverty under the best of economic conditions. More than 1.3 billion people in developing countries live in extreme poverty, making do with less than one dollar a day (UNDP, 2000). Some two-thirds of these poor live in rural areas and many are illiterate. They typically earn their meager livelihoods as agricultural or other unskilled laborers. They lack many of the basic necessities of life, and have no reasonable access to health care or education. There are many basic difficulties with viewing these poor as a potential market for high technology products, and with viewing high technology as a primary answer to the problems of poverty.

First, those living in such grinding poverty need help in many fundamental ways before they will have any use for computers or cell phones. This help must begin with devising ways for the people to earn a living wage, based on work that is suited for them and their local communities—which are often small, agrarian communities. This, along with adult literacy programs, primary education for the vast number of poor children who are not in school, and access to basic health care, would be a good starting point in the long-term fight against poverty.

Second, the poor obviously cannot afford to buy any high technology products now and will not be able to do so anytime soon. This will have to wait until they become middle-class consumers, which is a long way from where they are today.

Third, if past experience in the developed countries is any guide, market forces alone will not be able to change any of this. It is unlikely that the eradication of poverty can ever be turned into a business proposition based on technological solutions. The most that

technology companies can hope to do in developing countries is to repeat what they have done successfully in the developed world: sell to those who are doing fairly well and can afford, and benefit from, the new gadgets. But this would have nothing to do with addressing the needs of the poorest people.

Finally, even if solutions based on high technology were somehow shown to be effective, they are likely to be expensive and heavy on resource consumption. Since poverty disproportionately plagues those parts of the world that seriously lack resources and infrastructure, expensive solutions are less likely to succeed in the long term. Whether the issue is employment, education or health care, the first step should be to apply every possible traditional and low technology solution to meet people's basic needs.

The idea of bridging the digital divide might serve as a good marketing slogan for technology companies interested in expanding their markets; it might also serve as a convenient catchphrase for political leaders who have no other solution to offer; but it is largely disconnected from truly waging a war on poverty. If we as a society are serious about not tolerating poverty any longer in the midst of so much prosperity, then we must make a clear distinction between two kinds of social problems: those that are amenable to technological and market-based solutions, and those that demand fundamental changes in society. There is no doubt that poverty—a problem that has outlasted most other social ills—belongs to the latter category.

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