

Globalization and Development: Squaring Criticisms With Data

Andrea Goldstein

OECD (Paris) and World Bank Group (Washington)

Economy, Society & Justice
—
Free Market: Means or End?

USI - Università della Svizzera italiana
International conference

Lugano, 5th – 6th February 2004

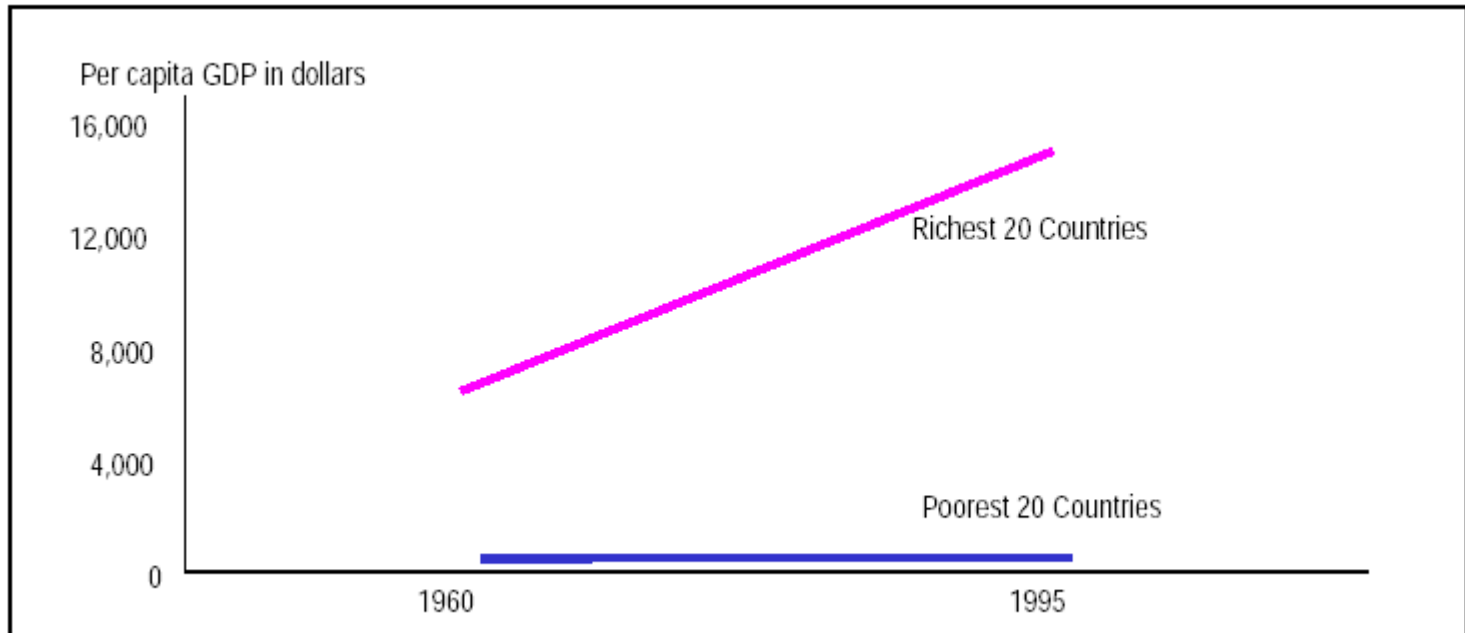
Outline

- The sad state of the world
- Does globalization cause underdevelopment? Or would more globalization make it easier to fight poverty?
- What role for the international community?

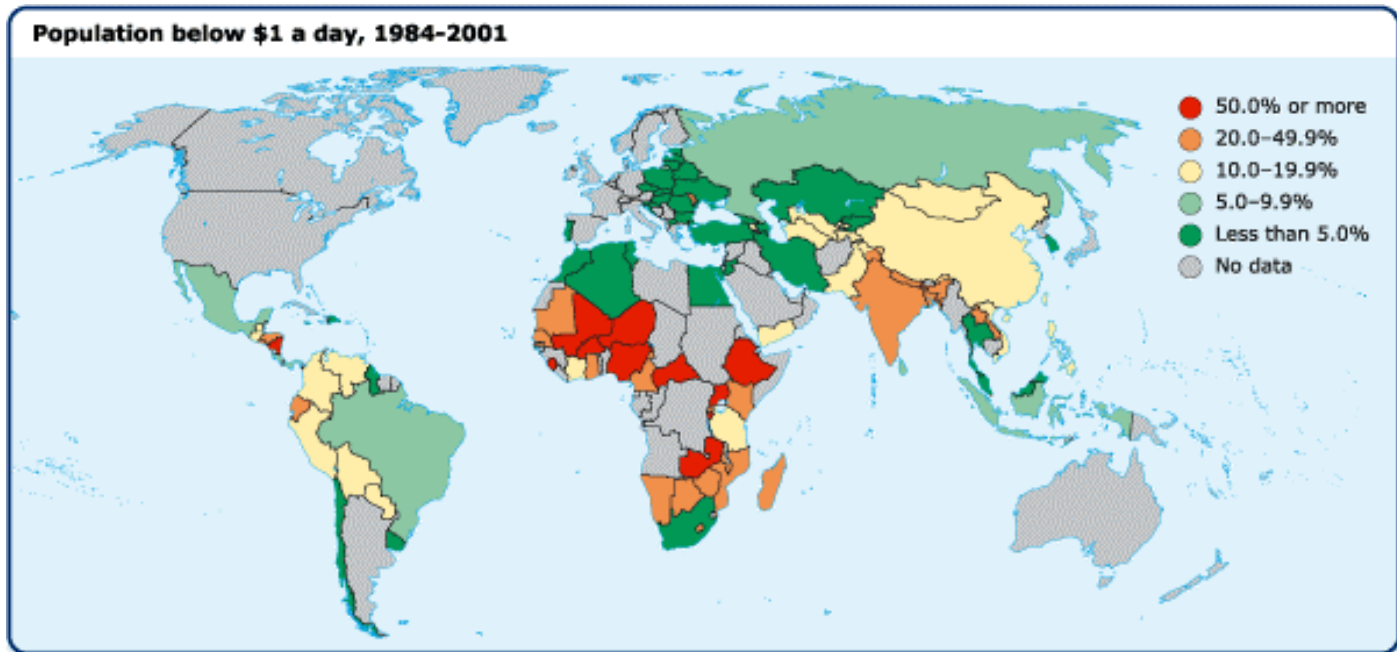
If the World were 100 People, what would we see?

- ✎ 57 Asians
- ✎ 21 Europeans
- ✎ 14 from North and South America
- ✎ 8 Africans
- ✎ 52 female
- ✎ 70 non-white
- ✎ 80 in sub-standard housing
- ✎ 70 cannot read
- ✎ 1 with a college education
- ✎ 50 not enough to eat
- ✎ 59% of the World's wealth belongs to 6 people
- ✎ And all 6 in the US
- ✎ 99 cannot read this
- ✎ Because they have no computer

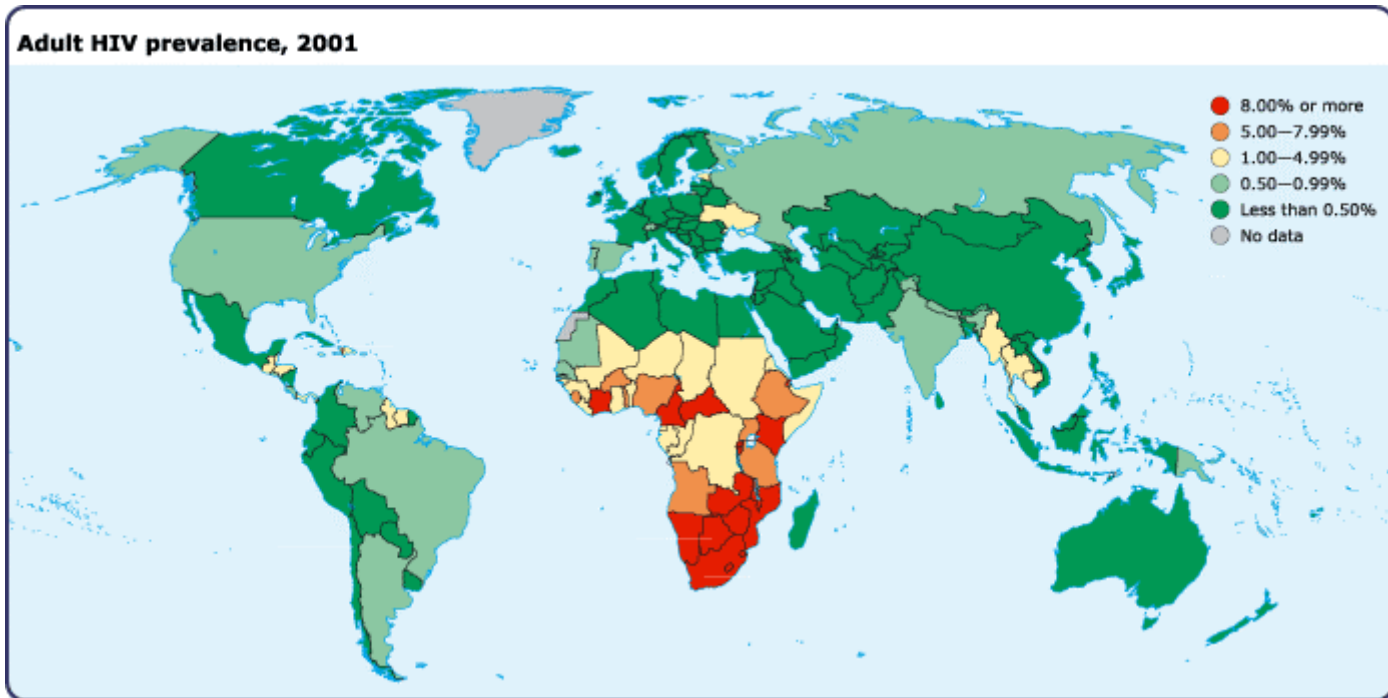
Divario nei redditi pro-capite



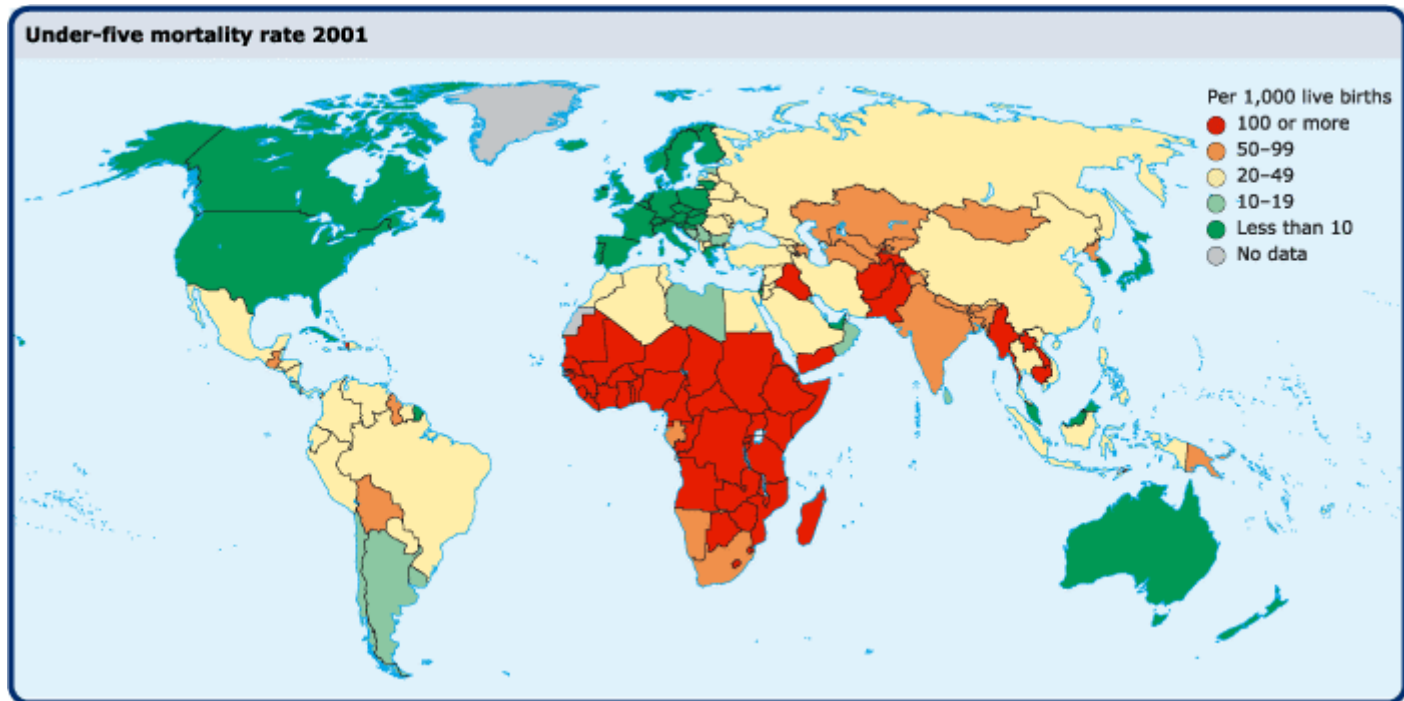
Popolazione in stato di povertà estrema (< 1\$ al giorno)



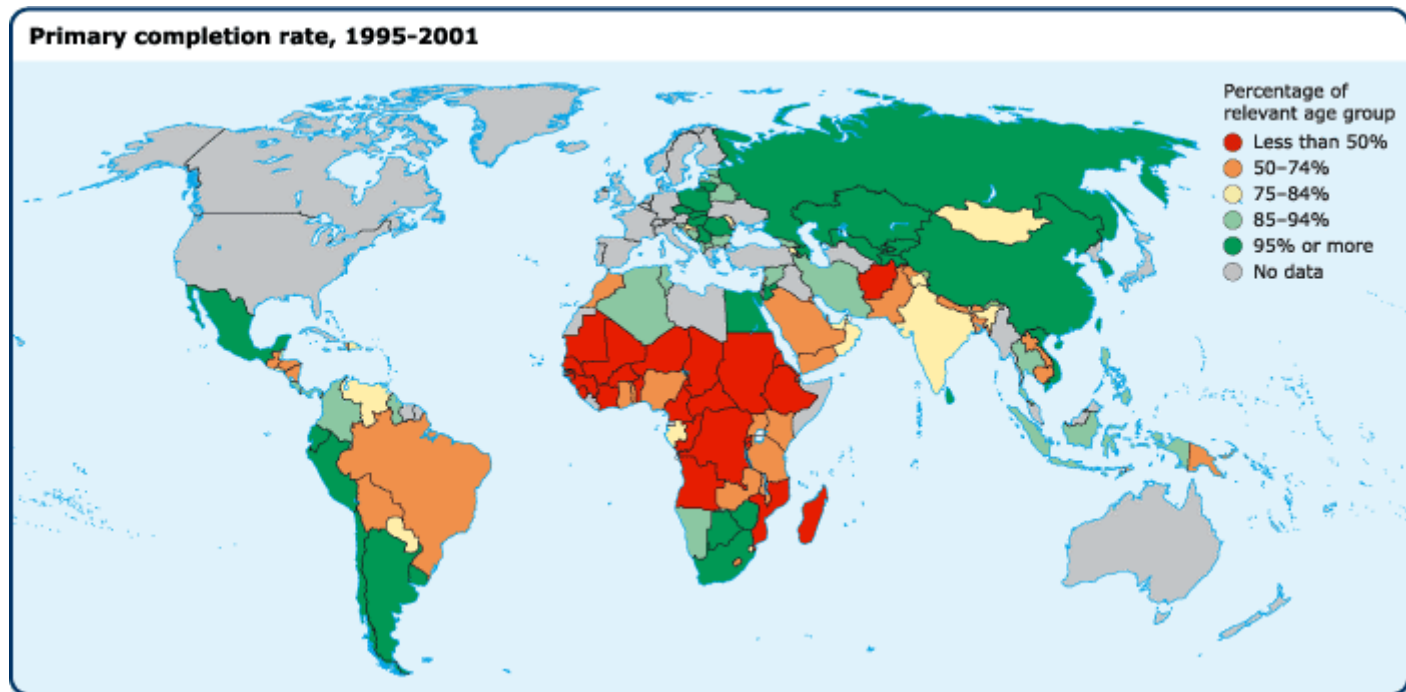
Tasso di contagio HIV



Tasso di mortalità infantile (bambini morti prima dei 5 anni ogni 1000 nati)



Completamento dell'educazione elementare (% dei bambini in età scolare)



Globalisation and poverty: the criticisms

- Free trade is **unfair**
 - rules (e.g. TRIPS) are unbalanced
 - increases poverty in DCs and weakens social safety nets in OECD countries
 - threatens human rights and the environment
 - destroys the social fabric
- IFIs are **undemocratic**

Globalisation and poverty: the (some?) data

- Although **convergence** has halted since *circa* 1970s ...
- countries that have become more global have **grown faster** ...
- ... and there is no evidence of a **race-to-the-bottom** ...
- ... although the list of **urgent reforms** is certainly long!!

Globalisation and poverty: Rodrik's policy priorities

- **Property rights and the rule of law** are important so that investors--both current and prospective--can expect to retain the return to their investments → what is the best way to do this under a society's existing institutional preconditions?

Globalisation and poverty: Rodrik's policy priorities

- **Private incentives** need to be aligned with social costs and benefits if productive efficiency is to be achieved → does this result in unconditional support for the Washington Consensus (i.e. trade liberalization, deregulation, and privatization)?

Globalisation and poverty: Rodrik's policy priorities

- **Macroeconomic and financial stability**
require
 - debt sustainability
 - prudential regulation
 - sound money.

Panoramica sugli aiuti allo sviluppo 2000

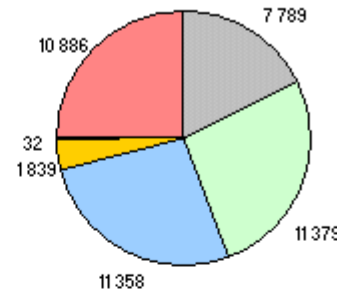
TOTAL DAC COUNTRIES

Net ODA	1999	2000	Change 1999/2000
Current (USD m)	56 428	53 737	-4.8%
Constant (1999 USD m)	56 428	56 194	-0.4%
ODA/GNI	0.24%	0.22%	
Bilateral share	67%	67%	
Net Official Aid (OA)			
Current (USD m)	6 468	6 848	5.9%

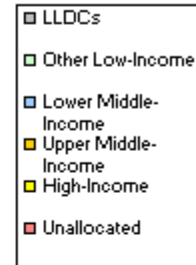
Top Ten Recipients of gross ODA/OA (USD million)	
1 Indonesia	2 456
2 China	2 097
3 Russia (OA)	1 495
4 Egypt	1 442
5 India	1 438
6 Thailand	1 187
7 Viet Nam	1 153
8 Israel (OA)	1 000
9 Philippines	990
10 Bangladesh	825

Gross Bilateral ODA, 1999-2000 average, unless otherwise shown

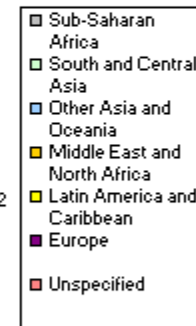
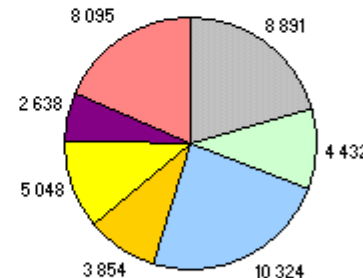
By Income Group (USD m)



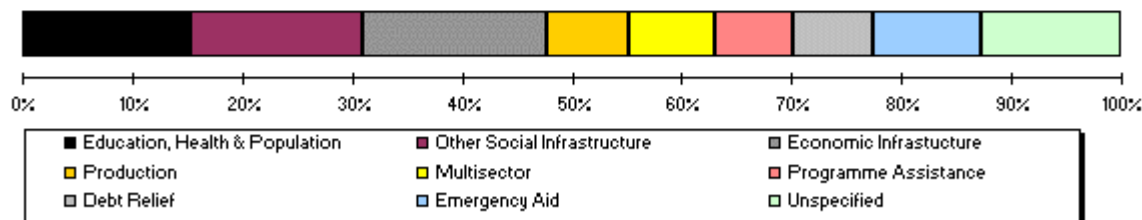
Clockwise from top



By Region (USD m)



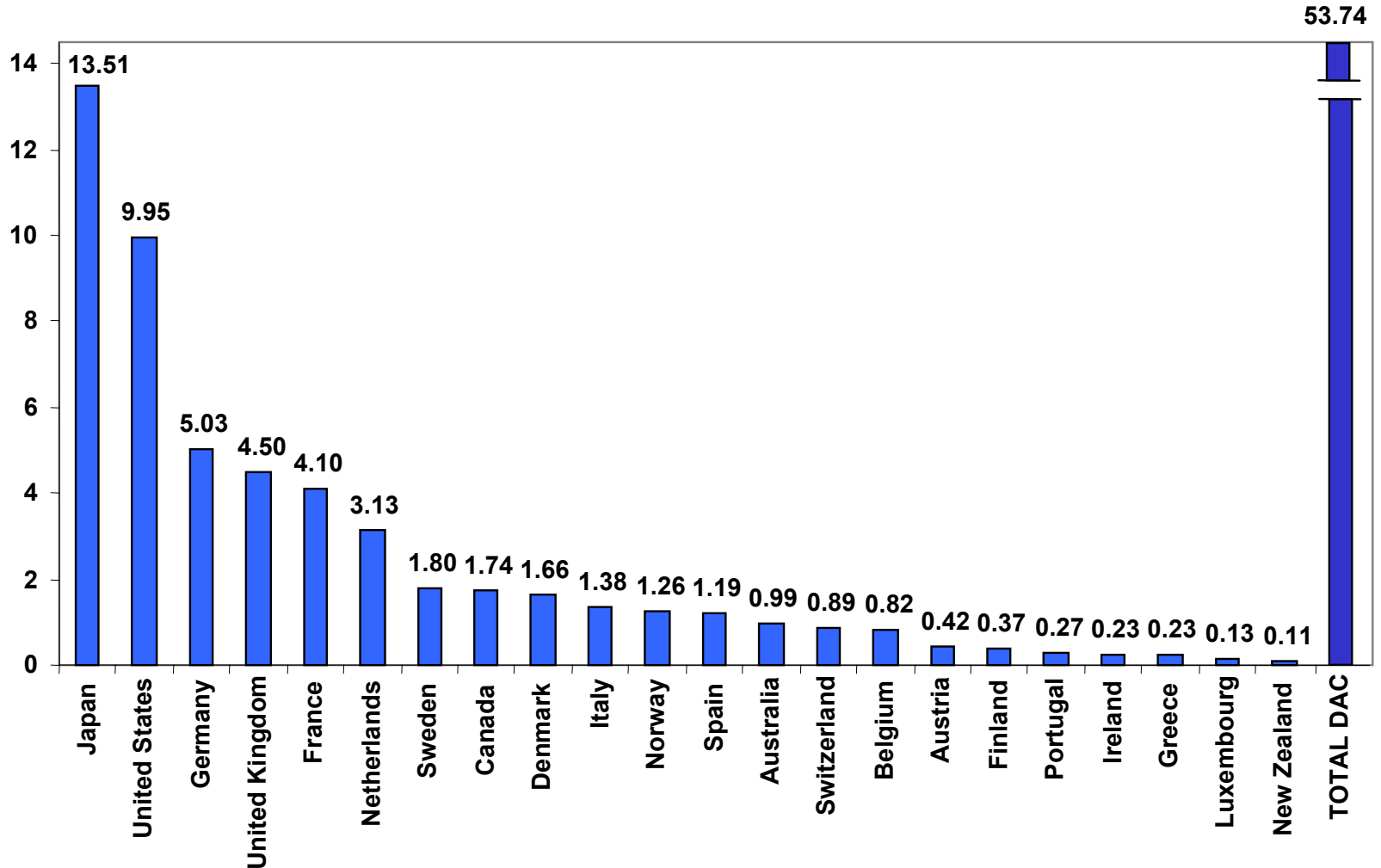
By Sector



Source: OECD

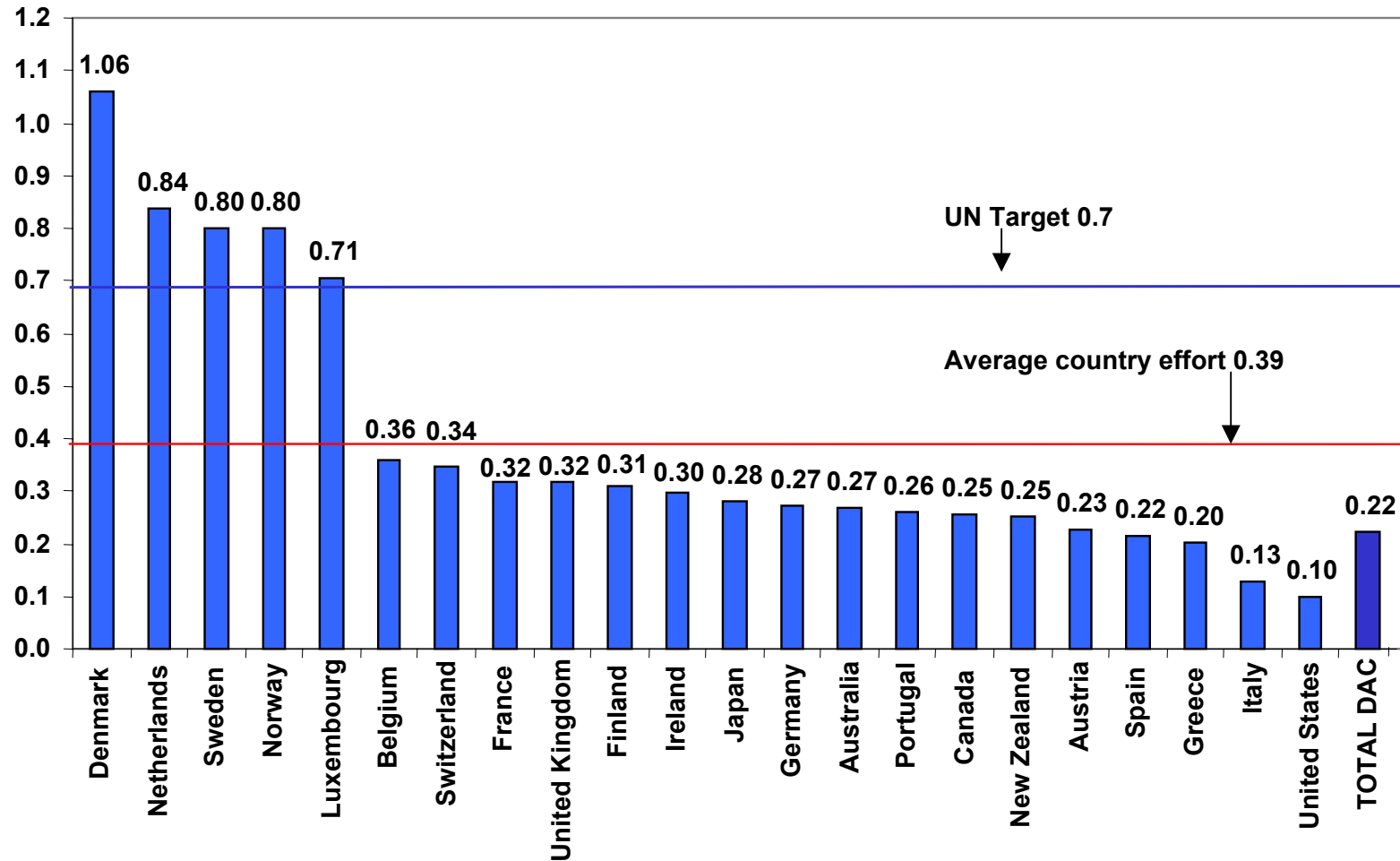
Aiuti allo sviluppo nel 2000

Miliardi di dollari



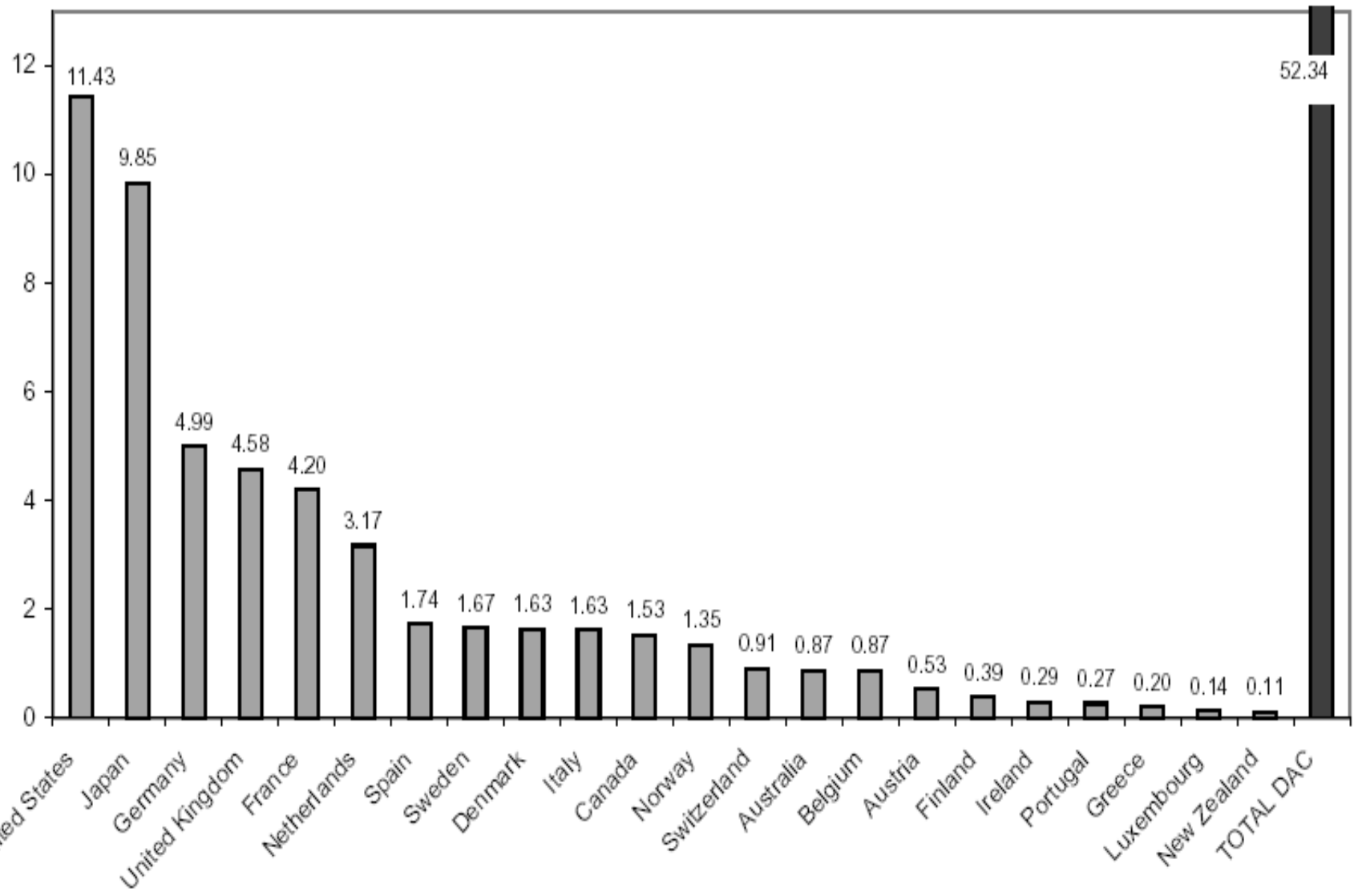
Aiuti allo sviluppo 2000

in % del reddito nazionale dei Paesi donatori



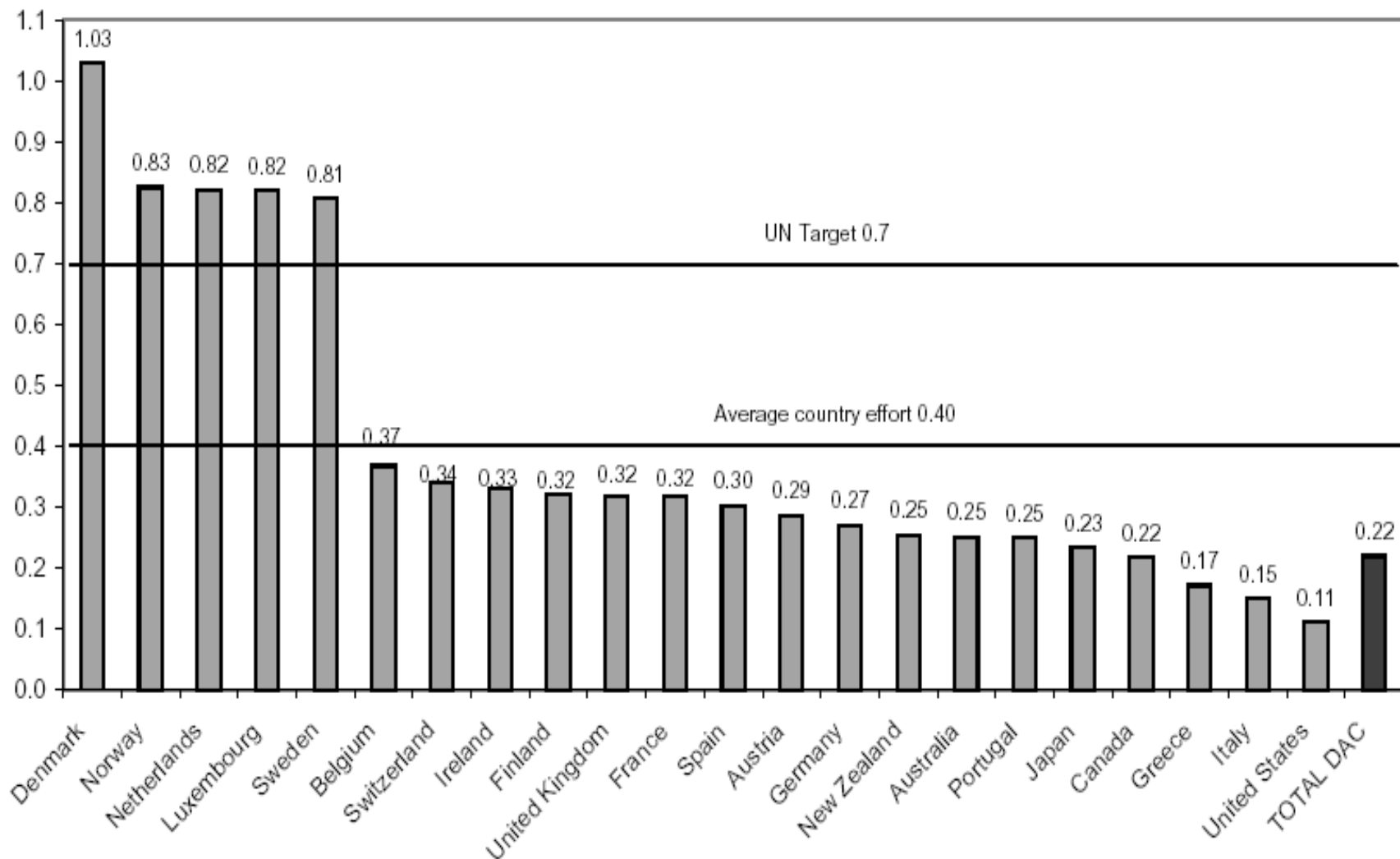
USD billion

Net ODA in 2001 - amounts



Net ODA in 2001 - as a percentage of GNI

As % of GNI



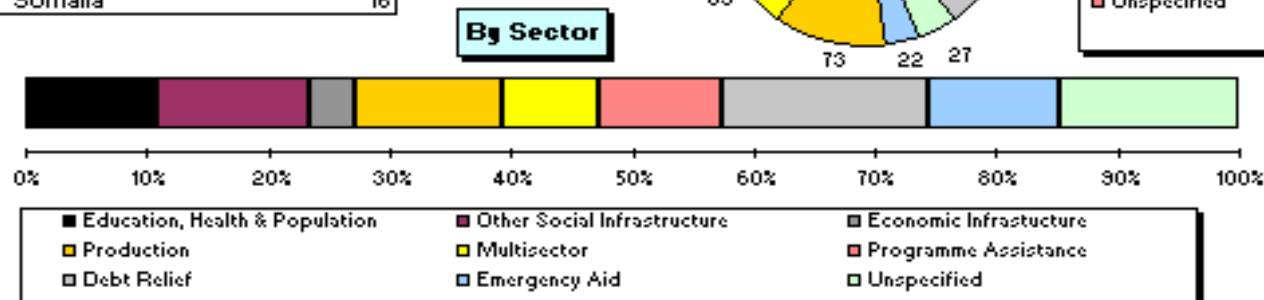
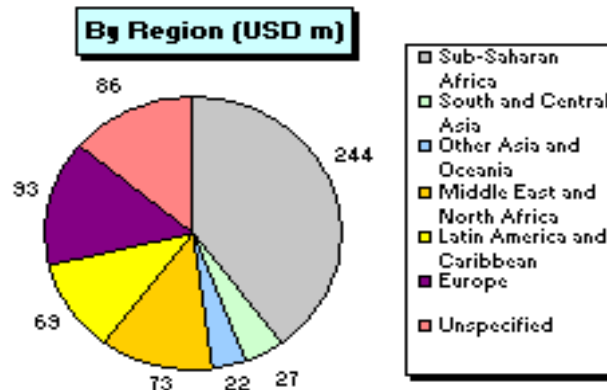
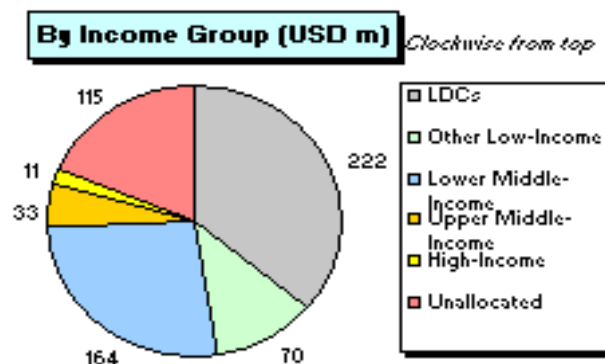
Aiuti allo sviluppo italiani

ITALY

Net ODA	2000	2001	Change 2000/01
Current (USD m)	1376	1627	18.2%
Constant (2000 USD m)	1376	1632	18.6%
In Euro (million)	1493	1817	21.6%
ODA/GNI	0.13%	0.15%	
Bilateral share	27%	27%	
Net Official Aid (OA)			
Current (USD m)	406	281	-30.7%

Top Ten Recipients of gross ODA/OA (USD million)	
1 Russia (OA)	96
2 Uganda	44
3 Eritrea	38
4 F.R. of Yugoslavia	26
5 Tunisia	23
6 Ethiopia	20
7 Albania	20
8 Bosnia and Herzegovina	19
9 Honduras	16
10 Somalia	16

Gross Bilateral ODA, 2000-01 average, unless otherwise shown



The World Bank Mission

Our Dream

A world free of poverty.

Our Mission

To fight poverty with passion and professionalism

To help people help themselves and their environment

To be an excellent institution

Our Vision

To be the premier global development institution. A respected leader and trusted partner catalyzing knowledge and financial resources in the fight against poverty.

Historical Notes: Why are we Here?

IBRD (1946)

To assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes . . .

IDA (1960)

To promote economic development, increase productivity and thus raise standards of living in the less developed areas of the world . . .

IFC (1956)

To further economic development by encouraging the growth of productive private enterprise in member countries . . .

MIGA (1988)

To encourage the flow of investments for productive purposes among member countries, and in particular to developing member countries . . .

Some Historical Landmarks

- **1950s: Financial Stability**
- **1960s: Venturing into new fields and countries:
IDA**
- **The McNamara Years: Growth, reorganization**
- **Economic Crisis and Adjustment Lending**
- **50th Anniversary 1994**
- **Strategic Compact 1997**
- **The Wolfensohn Era – 1996-?**
- **2000-2003 Globalization Debates?**
- **A World “Out of Balance”**



Federico Bonaglia
Andrea Goldstein

Globalizzazione e sviluppo



Due termini inconciliabili?
Cinque luoghi comuni
da confutare