Globalization and Development: Squaring Criticisms With Data

Andrea Goldstein
OECD (Paris) and World Bank Group (Washington)

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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

![Graph showing the per capita GDP in dollars for the richest and poorest 20 countries from 1960 to 1995.](image)
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

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Current (USD m)</td>
<td>56 428</td>
<td>53 737</td>
<td>-4.8%</td>
</tr>
<tr>
<td>Constant ('1999 USD m)</td>
<td>56 428</td>
<td>56 134</td>
<td>-0.4%</td>
</tr>
<tr>
<td>CDA/ODI</td>
<td>0.24%</td>
<td>0.22%</td>
<td></td>
</tr>
<tr>
<td>Bilateral share</td>
<td>67%</td>
<td>67%</td>
<td></td>
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Net Official Aid (OA)

| Current (USD m) | 6 488 | 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

By Income Group (USD m)

- LDCs
- Other Low-Income
- Lower Middle-Income
- Upper Middle-Income
- High-Income
- Unallocated

By Region (USD m)

- Sub-Saharan Africa
- South and Central Asia
- Other Asia and Oceania
- Middle East and North Africa
- Latin America and Caribbean
- Europe
- Unspecified

By Sector

- Education, Health & Population
- Other Social Infrastructure
- Economic Infrastructure
- Production
- Multisector
- Programme Assistance
- Debt Relief
- Emergency Aid
- Unspecified

Source: OECD
Aiuti allo sviluppo nel 2000
Miliardi di dollari

Japan 13.51
United States 9.95
Germany 5.03
United Kingdom 4.50
France 4.10
Netherlands 3.13
Sweden 1.80
Canada 1.74
Denmark 1.66
Italy 1.38
Norway 1.26
Spain 1.19
Australia 0.99
Switzerland 0.89
Belgium 0.82
Austria 0.42
Finland 0.37
Portugal 0.27
Ireland 0.23
Greece 0.13
Luxembourg 0.11
TOTAL DAC 53.74
Aiuti allo sviluppo 2000
in % del reddito nazionale dei Paesi donatori

Denmark 1.06
Netherlands 0.84
Sweden 0.80
Norway 0.80
Luxembourg 0.71
Belgium

Switzerland
France
United Kingdom
Finland
Ireland
Japan
Germany
Australia
Portugal
Canada
New Zealand
Austria
Spain
Greece
Italy
United States
TOTAL DAC

UN Target 0.7
Average country effort 0.39

Ottobre 2003
Aiuti allo sviluppo italiani

Italy

<table>
<thead>
<tr>
<th>Net ODA</th>
<th>2000</th>
<th>2001</th>
<th>Change 2000/01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current (USD m)</td>
<td>1376</td>
<td>1627</td>
<td>18.2%</td>
</tr>
<tr>
<td>Constant (2000 USD m)</td>
<td>1376</td>
<td>1632</td>
<td>18.6%</td>
</tr>
<tr>
<td>In Euro (million)</td>
<td>1493</td>
<td>1817</td>
<td>21.6%</td>
</tr>
<tr>
<td>ODA/GNI</td>
<td>0.13%</td>
<td>0.15%</td>
<td></td>
</tr>
<tr>
<td>Bilateral share</td>
<td>27%</td>
<td>27%</td>
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</tr>
</tbody>
</table>

| 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

By Region (USD m)

By Income Group (USD m)

source: OECD
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”
Globalizzazione e sviluppo

Due termini incoeribili?
Cinque luoghi comuni
da contrastare