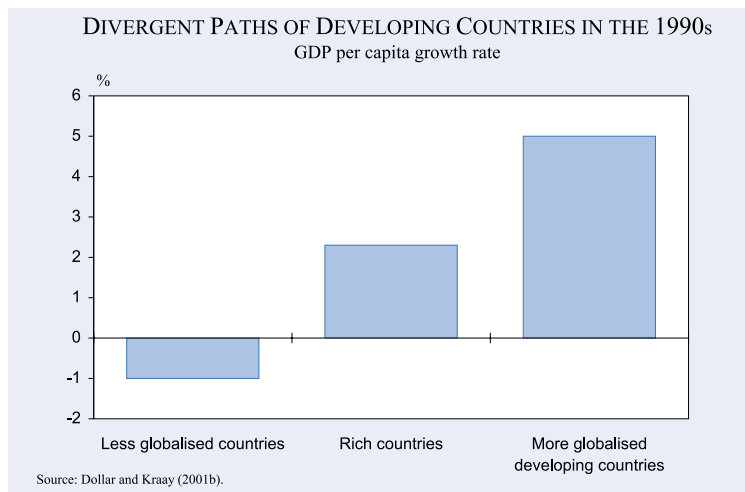


GLOBALISATION IS GOOD FOR YOU

Globalisation – the growing integration of economies and societies around the world – has many faces. Opponents of globalisation claim that poor countries are the losers from global integration. Are they?

World Bank research on *Globalisation, Growth and Poverty* yields the opposite conclusion. If you divide poor countries into those that are more globalised and those that are less globalised – where globalisation is measured simply as a rise in the ratio of trade to national income – you find that more globalised poor countries have grown faster than rich countries, while less globalised countries have seen income per person fall.



Poor countries with around 3 billion people have broken into the global market for manufactures and services. This contrasts sharply with 20 years ago, when most exports from developing countries were of primary commodities. Since 1980, manufactured goods rose from 25% of poor countries' exports to more than 80% in 1998. These countries have doubled their ratio of trade to national income. This successful integration has helped to reduce poverty as in some provinces of China, some states of India, the countries of Bangladesh and Vietnam, Mexico and another two dozen countries. In the 1990s their income per capita rose by an annual average of 5%. The number of their people who were poor declined by 120 million. Life expectancy and schooling levels increased.

On the other hand, around 2 billion people live in the less globalised countries. Incomes in these countries – which include much of Africa, but also countries like Afghanistan – have been falling, poverty has been rising, and they participate less in trade today than they did 20 years ago. In other words, the poor countries that are in the biggest trouble are those that have globalised the least. The challenge is for the world economy to become more inclusive. The rich countries can do much both through aid and trade policies, to help the currently marginalised countries onto the path of integration that has proved so effective for the new globalisers.

H.C.S.