

THE WORLD BANK

About Us

GLOBALIZATION

The growing integration of economies and societies around the world

The World Bank Group. 2013.

What is it?

Globalization is an inevitable phenomenon in human history that's been bringing the world closer through the exchange of goods and products, information, knowledge and culture. But over the last few decades, the pace of this global integration has become much faster and more dramatic because of unprecedented advancements in technology, communications, science, transport and industry.

While globalization is a catalyst for and a consequence of human progress, it is also a messy process that requires adjustment and creates significant challenges and problems. This rapid pace of change can be unsettling and most societies want to control or manage it.

Why should I care?

Globalization has sparked one of the most highly charged debates of the past decade.

When people criticize the effects of globalization, they generally refer to economic integration. Economic integration occurs when countries lower barriers such as import tariffs and open their economies up to investment and trade with the rest of the world. These critics complain that inequalities in the current global trading system hurt developing countries at the expense of developed countries.

Supporters of globalization say countries like China, India, Uganda and Vietnam that have opened up to the world economy have significantly reduced poverty.

Critics argue that the process has exploited people in developing countries, caused massive disruptions and produced few benefits.

But for all countries to be able to reap the benefits of globalization, the international community must continue working to reduce distortions in international trade (cutting agricultural subsidies and trade barriers) that favor developed countries and to create a more fair system.

Some countries have profited from globalization:

- **China:** Reform led to the largest poverty reduction in history. Between 1990 and 2005, poverty rates in the country fell from 60% to 16%, leaving 475 million fewer people in poverty.
- **India:** Cut its poverty rate in half in the past two decades.
- **Uganda:** Poverty fell 40% during the 1990s and school enrollments doubled.
- **Vietnam:** Surveys of the country's poorest households show 98% of people improved their living conditions in the 1990s.

But others have not:

- Many countries in **Africa** have failed to share in the gains of globalization. Their exports have remained confined to a narrow range of primary commodities.
- Some experts suggest poor policies and infrastructure, weak institutions and corrupt governance have marginalized some countries.
- Other experts believe that geographical and climatic disadvantage have locked some countries out of global growth. For example, land-locked countries may find it hard to compete in global manufacturing and service markets.

Over the last few years, there have been protests about the effects of globalization in the United States and Europe. But in many developing countries, there is very strong support for different aspects of integration -- especially trade and direct investment, according to a survey conducted by The Pew Center. In sub-Saharan Africa, 75% of households thought it was a good thing that multinational corporations were investing in their countries.

What is the international community doing?

Some economists have described globalization as a fast train for which countries need to "build a platform" to get on. This platform is about creating a foundation to make sure the country functions well. It includes property rights and rule of law, basic education and health, and reliable infrastructure (such as ports, roads, and customs administration).

International organizations, such as the World Bank, bilateral aid agencies and nongovernmental organizations, work with developing countries to establish this foundation to help them prepare for global integration.

When governments don't provide this foundation and basic services, poor people can't take advantage of the opportunities that globalization offers and are left behind.

It is equally important that the government governs well. If a country's government is corrupt and incompetent, outside agencies won't be able to make a difference.

What can I do?

If you live in a developed country:

- Learn about the world and current events.
- Volunteer. Search the UN Volunteers or Idealist websites to find out about opportunities worldwide.

If you live in a developing country:

- Stay in school -- study and learn.
- Volunteer to help those in need.
- Encourage other young people to stay in school and to volunteer.
- Learn how much money your government receives in development assistance and take action to ensure government funds are properly spent.

For more information: [Global Economic Prospects](#)

Permanent URL for this page: <http://go.worldbank.org/V7BJE9FD30>