Annotated Bibliography on Globalization

This appendix gives the specific references to the main readings used by the study group in A Dialogue on Globalization. The commentary on the articles is by the study chairman, William D. Murray. The bibliography is organized by: papers by World Bank and IMF staffs, disagreement with Bank and IMF policies, balanced evaluations of data, and some recommended solutions to problems.

Some significant papers by World Bank and IMF staffs that outline approaches and policies of those organizations:


David Dollar, research manager for macroeconomics and growth in the Development Research Group of the World Bank, was a key figure in developing information on the effects of economic growth on nations’ poverty levels. His work has been influential in bank policy, as is shown by his position as co-author of the World Bank Policy Research Report covered in the next reference. In this report Dollar examines growth and its effects on four countries that have opened to globalization: China, India, Vietnam, Uganda. He then broadens his analysis to cover the countries that are in the top one-third of developing countries in increased in trade as a part of GDP since 1980, using the results of an earlier study. How growth of these “globalizing developing countries” has affected poverty levels and inequality is discussed and factors that have assisted the growers and factors that have held others down are reviewed. He concludes that globalization generally has supported poverty reduction and identifies issues that will influence the degree to which poor countries can benefit from globalization. The issues he points to are: Globalization is not inevitable and efforts to improve and extend its effects must be continued. Economic integration requires development of sound institutions and policies in a range of areas beyond just open trade policy. There are many countries that have not participated due to closed policies, poor institutions and/or geographic challenges such as isolation and prevalence of diseases.


This report was written by Paul Collier, Director of the Development Research Group and David Dollar, Research Manager in that group of the World Bank. The research reported on was used to recommend development policy for the Bank. There is a Forward by Nicholas Stern, Senior Vice President and Chief Economist of the Bank, who also wrote the Forward to the Handbook outlined in Hockman et al below.

In his forward Stern states that “Globalization-the growing integration of economics and societies around the world-is a complex process.” He notes some significant pluses and minuses, such as the accelerated development of life-extending technologies at the same time that there is a spread of AIDS. The objective of the report is “more humble” than an examination of all aspects of globalization. The focus of the research is the impact of economic integration on developing countries, and especially on the poor of those countries. There are three major findings: 1). Poor countries with about 3 billion people have broken into the global market for products and services. Successful integration has supported poverty reduction. “New globalizers” (ex. Chinese provinces, Indian states, Bangladesh, Vietnam) have experienced large-scale poverty reduction during the 90s. 2). In contrast, the “left-outs”, countries with about 2 billion people, are in danger of becoming economically marginal. Extreme examples are Afghanistan and the Democratic Republic of the Congo. In successful countries there have been winners and losers. It is essential to counteract many losses through social protection. 3). Opinion polls show that people have concerns about standardization (or “homogenization”) of cultures. A look at examples from the developed world (Japan, U.S.A., Denmark) indicates that economic integration need not lead to a total blending of cultures. Among the new globalizers, China, India, Mexico, and Malaysia have followed different routes and have remained distinct cultures. However, we must be cautious that rules and standards respect countries’ freedoms and cultures.

The report Overview outlines the parts of the report. A comparison is made between the current and previous waves of globalization. Means to improve the international architecture for globalization are discussed. Domestic institutions and policies must be strengthened to attain success in globalization. In addition to addressing poverty and income distribution concerns about cultures and the environment must
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be considered and countries must have the power to develop their own approaches. Finally an “Agenda for Action” is proposed. The overall theme is that globalization, if done correctly, can be an engine for growth with reduction of poverty.

c) IMF and World Bank staffs, “Poverty Reduction Strategy Papers- Progress in Implementation”,

In 1999 the World Bank and the International Monetary Fund endorsed a framework for efforts to achieve sustainable poverty reduction. This placed a requirement that nations receiving concessional lending and debt relief adopt a “nationally-owned, participatory poverty reduction strategies”. These national strategies would form a framework for donor assistance.

This September 2000 report by Bank and IMF staff members outlines activities over the first year. It reviews progress being made in development of individual nations’ Poverty Reduction Strategy Papers (PRSP), the plans by heavily indebted countries and their development partners to use the benefits of debt relief to reduce poverty.

The PRSP are planning documents that result from coordination among Bank and IMF staff, the indebted countries and the donor countries. It will take some time to see how effective this planning will be in actual poverty reduction. Both the developing and developed countries must maintain some consistency of policy and practice of debt reduction to achieve the desired results. Later versions of the progress report and links to reports on individual countries can be found at www.imf.org/external/np/prsp/prsp.asp. For related information visit the World Bank Poverty Net page: www.worldbank.org/poverty.


The World Trade Organization (for general background see www.wto.org) was established in 1995 following the Uruguay Round trades negotiations among the world’s trading nations. As the successor to the Global Agreement on Tariffs and Trade (GATT, established in 1948) it is the international organization dealing with the rules of trade among nations. On January 1, 2002 its membership was 144 countries. Most of the trading nations were involved in the negotiation of WTO agreements and signed those agreements, which were for the most part ratified by the parliaments of the countries. In 1987 the World Bank published a handbook on trade policy and multilateral negotiations to assist countries’ integration into the world trading system. This new handbook was published to update and expand upon the earlier work, with emphasis on the development dimensions of trade policy.

As stated in the Forward by Nicholas Stern, Senior Vice President and Chief Economist of the World Bank, over the past two decades developing countries that increased their integration into the world economy fared better economically and socially than those that did not. A common thread among these countries is the use of a development strategy that builds on both improvement of investment climate and empowerment of their poor to take advantage of economic growth. In November 2001 at the Doha meeting members acknowledged that progress against poverty required opening of markets of both rich and poor countries. Since trade issues go beyond mechanisms of tariffs and quotas the handbook is designed to assist developing countries develop the needed governance and infrastructure institutions to allow participation in a trading economy and gain from such participation. The handbook is for practitioners who will participate in real-world trade policy making.

Following the Forward there is a Tribute to J. Michael Finger (Lead Economist for Trade Policy who co-authored the original handbook) that includes some interesting background on the five components of good trade policymaking and their use in policy formulation, and the Introduction to the report. The Introduction points out the complexities of multilateral trade negotiation as opposed to the traditional bilateral agreements. In the former emphasis must be on specific rules to be adopted while the latter can make use of “concessions” by the two parties to come to agreement that are mutually beneficial. The Introduction outlines the trends that have taken place in multilateral trading, the objectives of the handbook, and its structure. The body of the Handbook consists of about 150 pages.
Expressions of disagreement with IMF and World Bank activities:

Eichengreen, Barry “An Economist Reports From the Front Lines”, Foreign Affairs, July/August 2002.

Joseph Stiglitz, a 2001 Nobel laureate in economic sciences for his work on markets with asymmetric information, chaired President Clinton’s Council of Economic Advisers and subsequently was Chief Economist of the World Bank prior to joining Columbia University. During his years at the Bank he was critical of policies of the International Monetary Fund (and of some World Bank policies) and became known as the Bank’s major dissenter. His book in June 2002 was a stinging rebuke to IMF (and, by association, some World Bank) policies regarding relations with the developing world. Much of the book is summarized in the article in American Prospect. The criticism (particularly of IMF people) led to responses from IMF personnel, most notably Kenneth Roboff, IMF Director of Research, summarized in an article by Ed Crooks in Financial Times of July 6, 2002, “The Odd Couple of Global Finance”. A more recent article by Stiglitz, “The Disastrous Consequences of a World Without Balance”, also was published in Financial Times, on September 23, 2002. (The articles were found on the web page of the Global Policy Forum, www.globalpolicy.org, when searching for information on Stiglitz.) Rogoff’s comments are contained in “An Open Letter” to Joseph Stiglitz, published by the IMF (found on www.imf.org). More subdued criticisms are contained in the reviews of Stiglitz’ book by Barry Eichengreen and by John Williamson.


The Center for Economic and Policy Research (not to be confused with the Centre that is described in reference g below) is a U.S.-based not-for-profit funded largely by several respected foundations. Its web page is www.cepr.net. This report by the two Co-Directors of the Center identifies problems with globalization but does not make realistic recommendations on how to solve any problems. The authors take several narrow sets of data and run economic models to show that increased trade liberalization is not the total solution to problems of the developing world. They suggest that such things as repeal of copyright and patent protection agreements and a restructuring of the international financial system will do as much as an increase in trade liberalization. In too many cases, examples of how a change can hurt “some countries” are used as arguments that the change is not beneficial in the whole. Two examples are the statement that some developing countries benefit from the low price of subsidized agricultural products and that because tariffs represent a large part of the income of governments of many developing countries. The inferences are that subsidizing agriculture is one good policy of the U.S. and the E.U. and that tariffs on imports of manufactured goods (that raise the price of those goods to the consumers) are beneficial to the people of those countries. In a number of examples the conclusions on benefits of economic integration to developing countries are directly opposite those of the authors of references a, b, d, g and h, even though the basic data are similar. Some recommendations differ strongly from those presented in reference i.

Balanced appraisals of benefits and problems:


The Centre for Economic Policy Research is a U.K.-based not-for-profit that performs research on economic issues and policies that might influence results in a positive direction. Most of its work is performed for the European Union and its members. The research staff is drawn from universities and not-for-profits from many counties. Its web page is www.cepr.org. (Different from cepr.net in reference f.)

The report is the result of a study performed for the European Commission Group of Policy Advisors, which asked CEPR to study the benefits from and the economic costs of globalization. The report attempts to address the concerns of critics of globalization and to make recommendations on how to increase benefits to developing counties. The Forward contains comments by the President of the European Commission and the CEO of CEPR (It is interesting to read the disclaimers by these two gentlemen.)
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is an Executive Summary of the report. Chapter 1, titled “Globalization and its discontents: a response” provides a good summary of the report.

The authors point to evidence that globalization has benefited participants and has not resulted in increased inequality or growth of the percent of the world’s population living in extreme poverty. The absolute number of people in poverty remains much too high. They are encouraged by indicators of success other than pure economic benefits, like life expectancies. They describe benefits to developing countries that have participated in economic integration (China and India) and problems in countries (sub-Saharan Africa) that have not. Difficulties with the latter probably are due to limits (or absence) of basic institutions that allow people to participate in globalization. How institutions (corporations, governments, civil societies) are and should be responding to issues are discussed. Specific policy recommendations are made (particularly to the E.U.) The “policy action list” of how globalization should be approached includes recommendations on education, regulation, financial integration, and trade and aid.

Chapter 8, “The concerns of the street protesters: what are the answers?” is a balanced and concise statement of and response to 12 often-stated criticisms of globalization. In many cases the authors disagree and on others they agree with the criticisms. Most significant to me are the recommendations they make to solve problems that they agree exist.

I found this report a very levelheaded and easy-to-read summary of the key issues related to globalization. The fact that the study was performed for the European Commission and the diverse institutions of the authors gave me confidence in the objectivity of the group.


Data on poverty and on inequality can be interpreted in different ways, as shown by the papers by Dollar (for globalization) and by Weisbrot and Baker (against it). Sala-I-Martin of the National Bureau of Economic Research and Columbia University has performed and published several analyses of global poverty and economic inequality. He has been concerned that too many such analyses lump the entire developing world into one analytical pot to form global conclusions. He has taken a different approach, looking at individual income distributions for 125 countries at several points from 1970 through 1998. In order to obtain a fairly “fine-grained” look at the data he breaks the population down into centiles (rather than the usual quartile, quintiles or deciles) to develop distribution of national incomes.

With his data he also looks at inequality in each country, measured by several different indices. In his report he concludes that by all measures “inequality has reduced substantially in 20 years”. Poverty, as a percent of total world population (actually measured for the 88% of the world’s population covered in the report), has gone down, but there is great disparity among regions. Great success is seen in data on Asia, with somewhat less success in Latin America. Sub-Saharan Africa, on the other hand, reflects “disaster” in both poverty levels and levels of inequality.

Some recommended solutions to globalization problems:


Oxfam International is a U.K.-headquartered confederation of twelve NGOs “working together in 80 countries to find lasting solutions to poverty, suffering and injustice.” The web page of the umbrella organization is www.oxfam.org and each of the twelve individual NGOs (Australia, Belgium, Canada, Germany, Hong Kong, Ireland Netherlands, New Zealand, Quebec, Spain, U.K., and U.S.A.) has its own internet site. It appears to be very active in humanitarian issues and the response to its “Make Trade Fair” report indicates that it is quite influential. In this report Oxfam argues for policies by the developed countries that assist and encourage imports of the products (largely agricultural and textile) that most underdeveloped countries are able to produce. This would lead to a reduction of tariff and regulation barriers that are designed to protect workers in the developed countries.

The report led to criticism by some other organizations that have protested against globalization. These are reported on the web page identified above under “research”/“reaction to the Oxfam trade report”. The
reaction includes an article “What’s Wrong with the Oxfam Trade Campaign” by Walden Bellow (Executive Director of Focus on the Global South and a member of the board of directors of the Center for Economic and Policy Research (see reference f above)) with a response by Oxfam and a response to the response by Bellow, comments on the report from the European Commission with Oxfam’s response to the comments, a critique of the report by Dr. Vandana Shiva (founder of the Research Society for Science, Technology and Ecology) with Oxfam’s response to the critique and comments on the critique by Gavin Williams (fellow and tutor in Politics, Oxford University), statements made by Kevin Watkins (Oxfam Senior Policy Advisor) and Ransford Smith (Jamaican Ambassador to the WTO) at an Oxfam seminar with several WTO ambassadors, and notes from a debate between Kevin Watkins (Oxfam) and Colin Hines (Greenpeace) on Oxfam’s recommendations.


This paper presents a very interesting proposition: the poor of the world potentially are a very large and profitable market for companies of the developed world. The authors describe an economic pyramid with a small number of wealthy consumers of a relatively small amount of high-priced goods at the apex with a very large number of poor (“Fully 65% of the world’s population earns less than $2000 each per year.”) at the base. The authors offer many examples of products that are in demand by people at or near that base, many of which are not owned by individuals, but used by groups (ex. pay telephones and cellular phones rented by local entrepreneurs). Lest one think that they are proposing that MNEs take advantage of the poor by overcharging, the authors point out that the poor now usually pay more for a given product or service than middle-income people do. They propose that there are opportunities for efficient producers to build markets by offering superior products and services at lower prices for distribution in developing countries.

Poor areas of large cities have distinct ecosystems with shops, businesses, schools, etc. Thus there will be opportunity for local business people to benefit in selling, distributing, servicing, and perhaps producing these products or services. The markets in “bottom of the pyramid” areas are “hotbeds of commercial and technological experimentation” and shared use of some high-tech products is economically beneficial to the local people as well as to the potential suppliers. Governments of some countries are working with U.S. universities to develop product ideas for their people. In closing the authors suggest strategies for companies to use to take advantage of these markets. Creative approaches that set aside preconceptions about these potential customers are needed. Companies need to find or train employees who are capable of understanding and working with this new market and must explore new ways to partner with the many entrepreneurs who have different, but possibly very useful views of it.


Savona is a Professor of Economic Policy at LUISS, Guido Carli University in Rome. In this excellent article he outlines social problems that result from poverty and identifies where the economic benefits of globalization can help in reducing poverty. He states, however, that the simple opening of markets through bilateral or multilateral agreements cannot alone result in a global market. Agreements must include means to manage distortions to competition. Among the distortions are various social abuses and economic abuses that can result from uncontrolled monetary aggregates and unbridled play of foreign exchange. These were major elements in the Asian financial crisis of the late 1990s.

Some periodical (print and on-line) references:

