



# Global trends: an ever more integrated world economy?

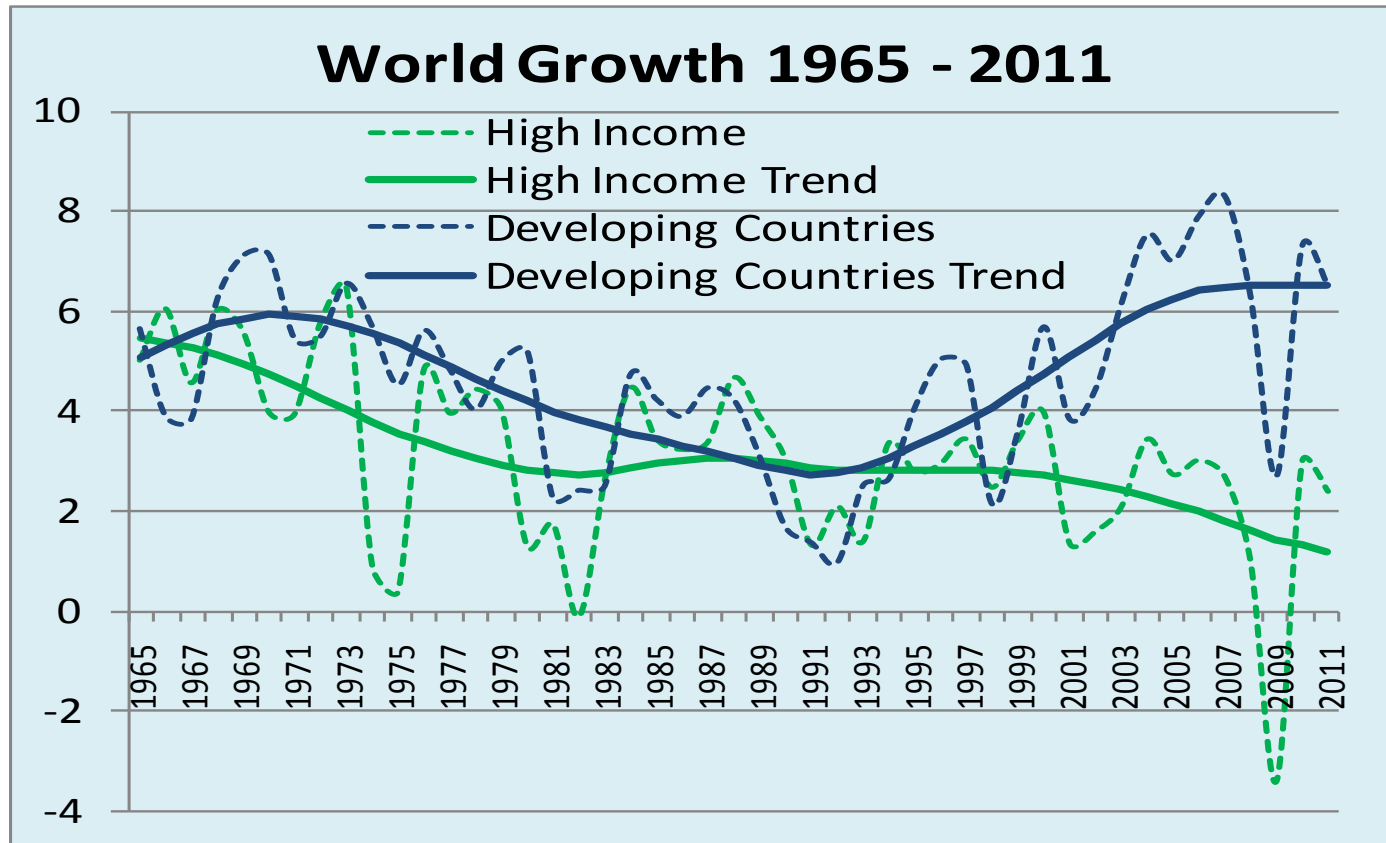
Bernard Hoekman

Banque Mondiale

“Peut-on domestiquer la mondialisation”

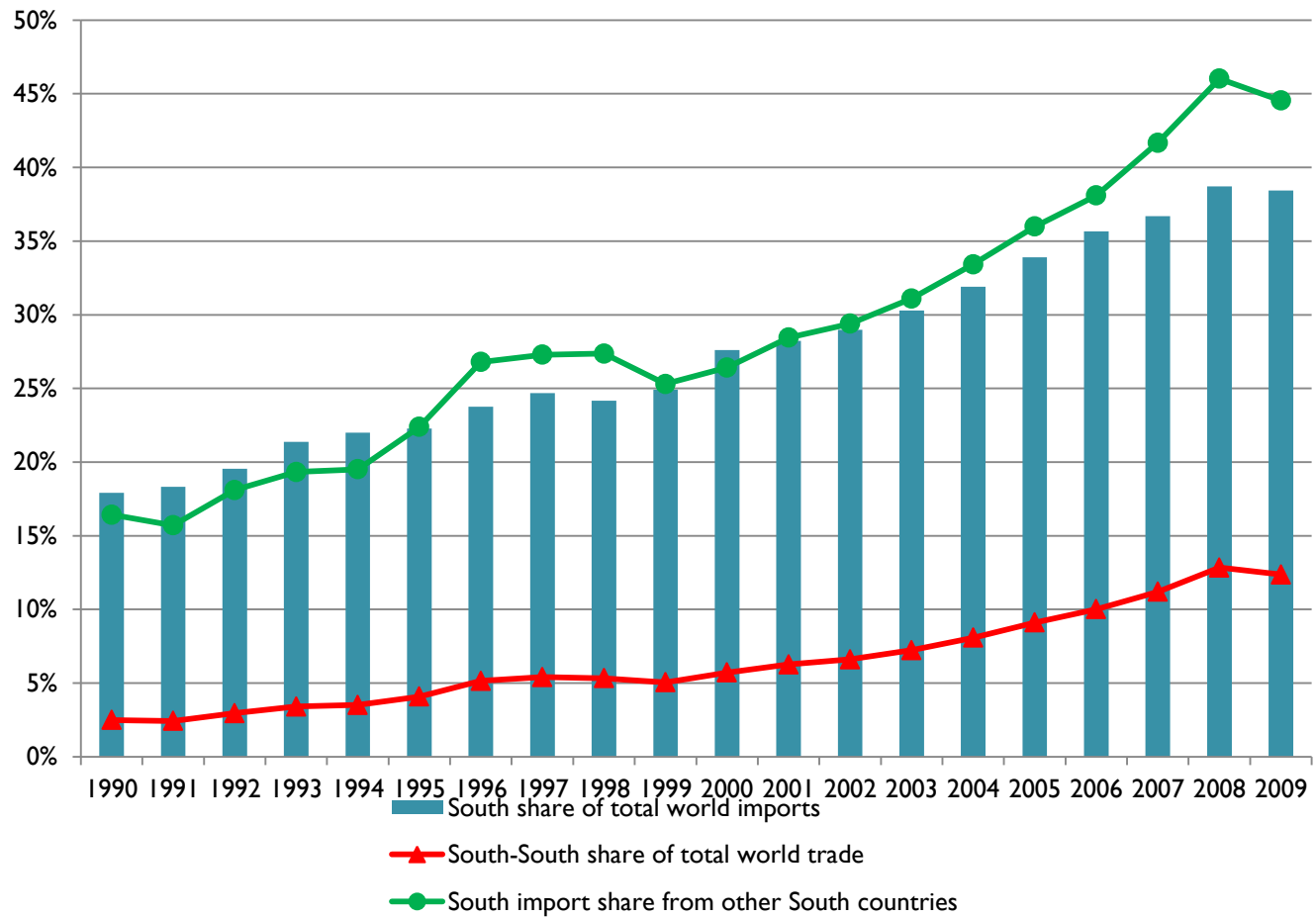
Lyon, 9 Novembre, 2011

# Trend decoupling—starting in early 90s



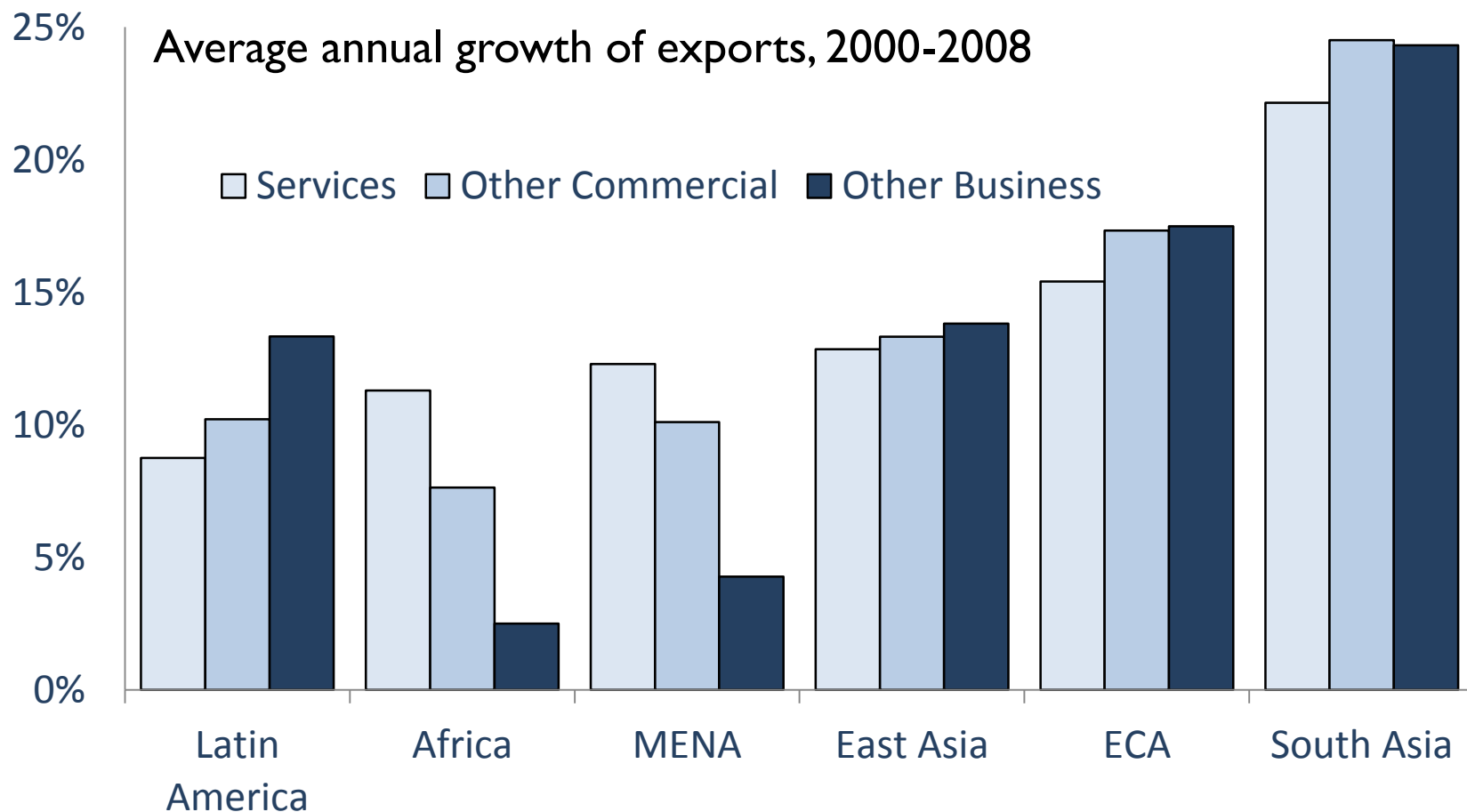
- Higher GDP growth levels associated with expanding trade
- World trade has grown twice as fast as global GDP

# South-South trade rising steadily



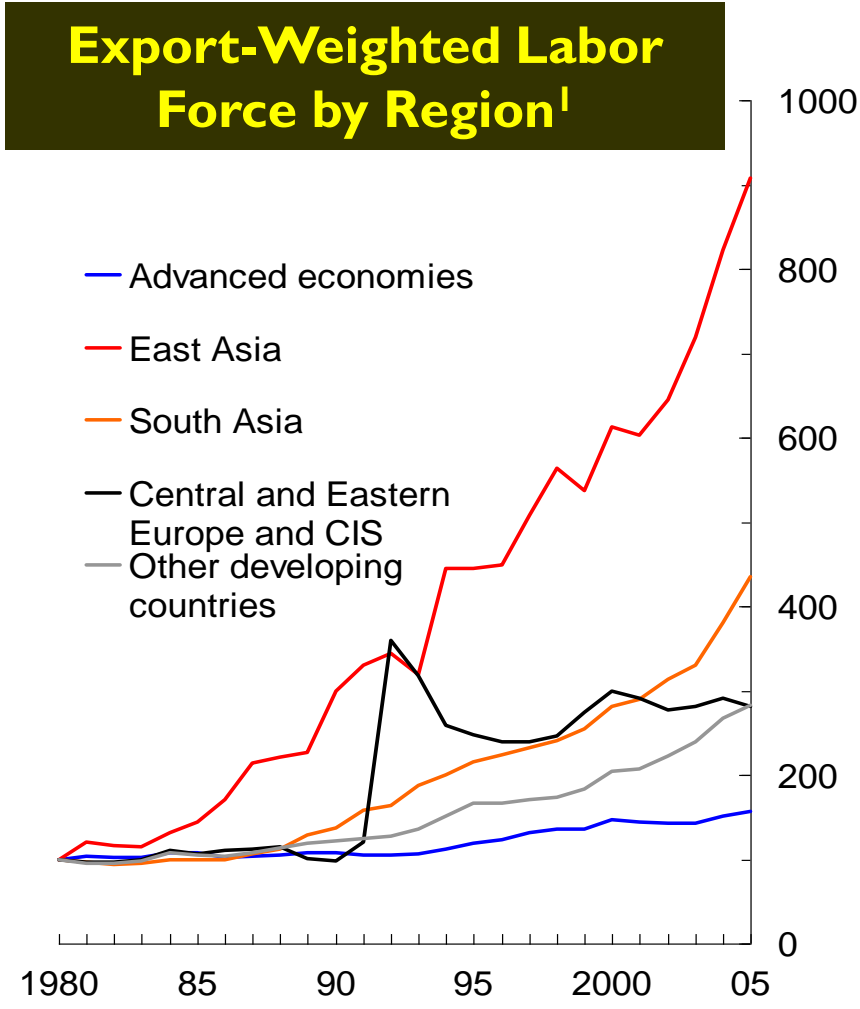
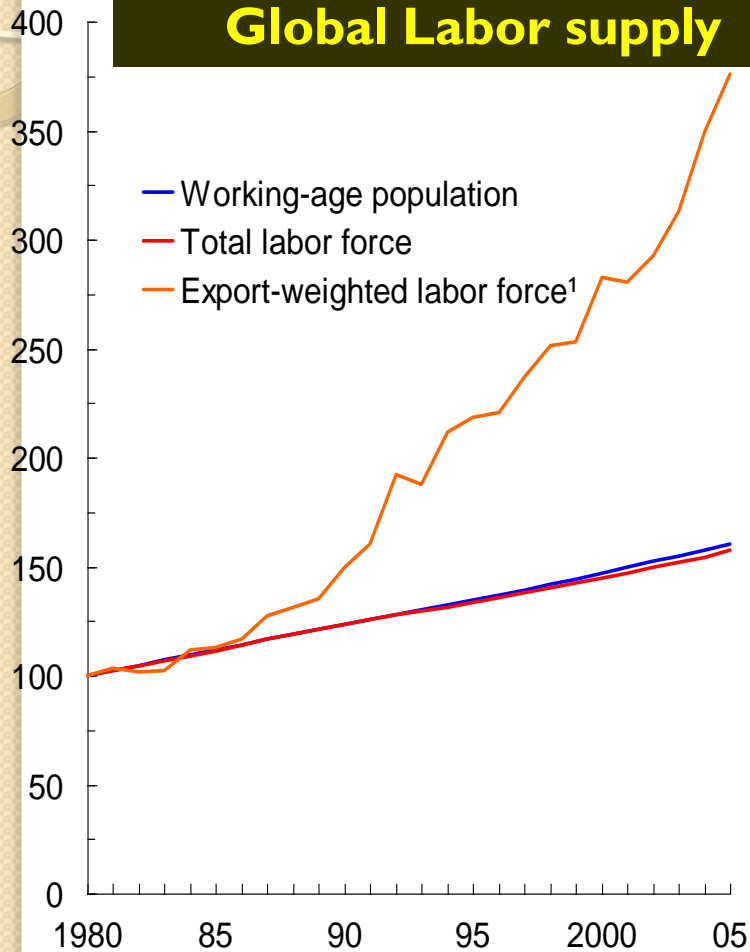
Source: Comtrade (via WITS)

# Not just goods—services trade growing



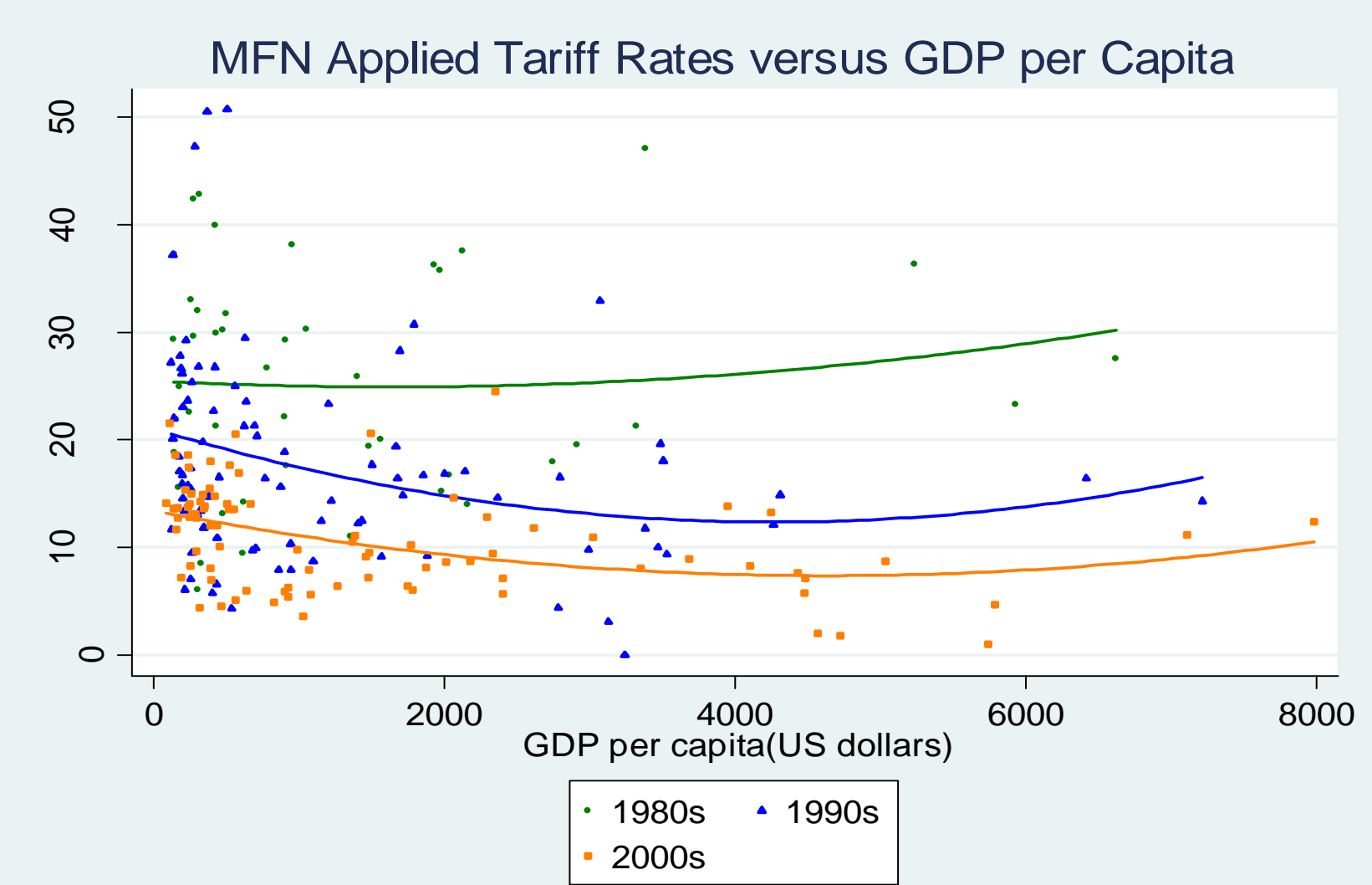
# Drivers - The effective global labor supply has quadrupled since 1980

(index, 1980 = 100)



<sup>1</sup>National labor forces scaled by export-to-GDP ratios.

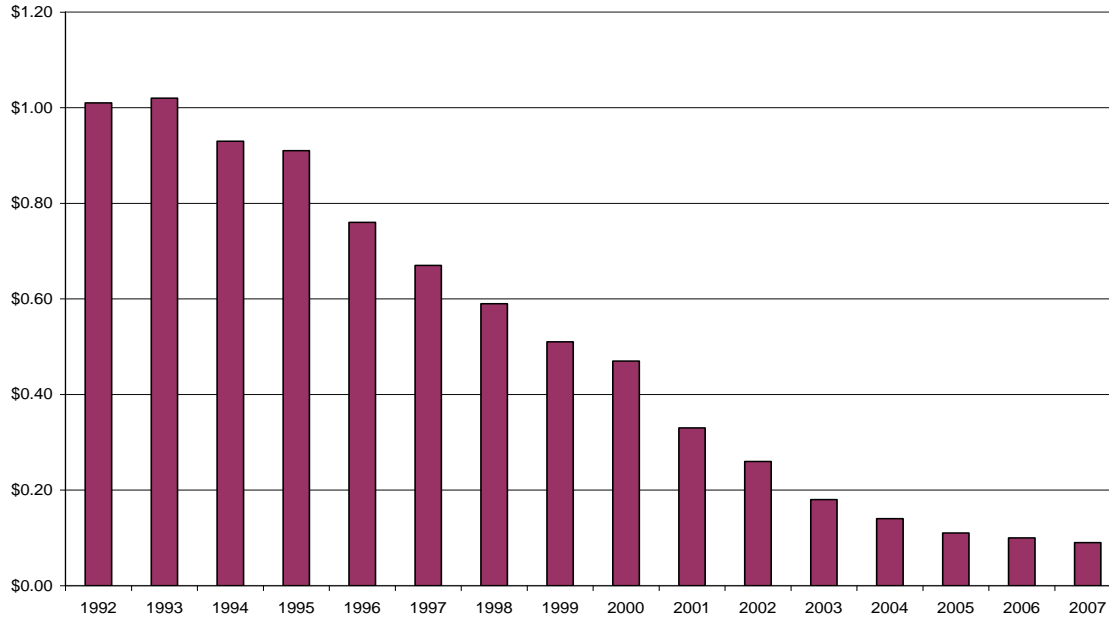
# Drivers: Trade Liberalization



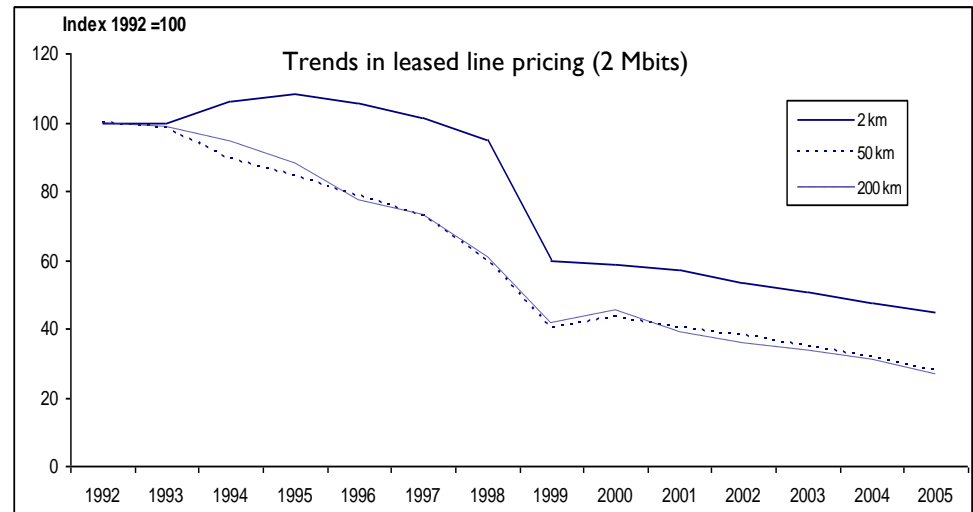
Source: Mattoo and Neagu, 2011

# Drivers: Telecommunication Costs

International Switched Services  
Average Revenue per Minute



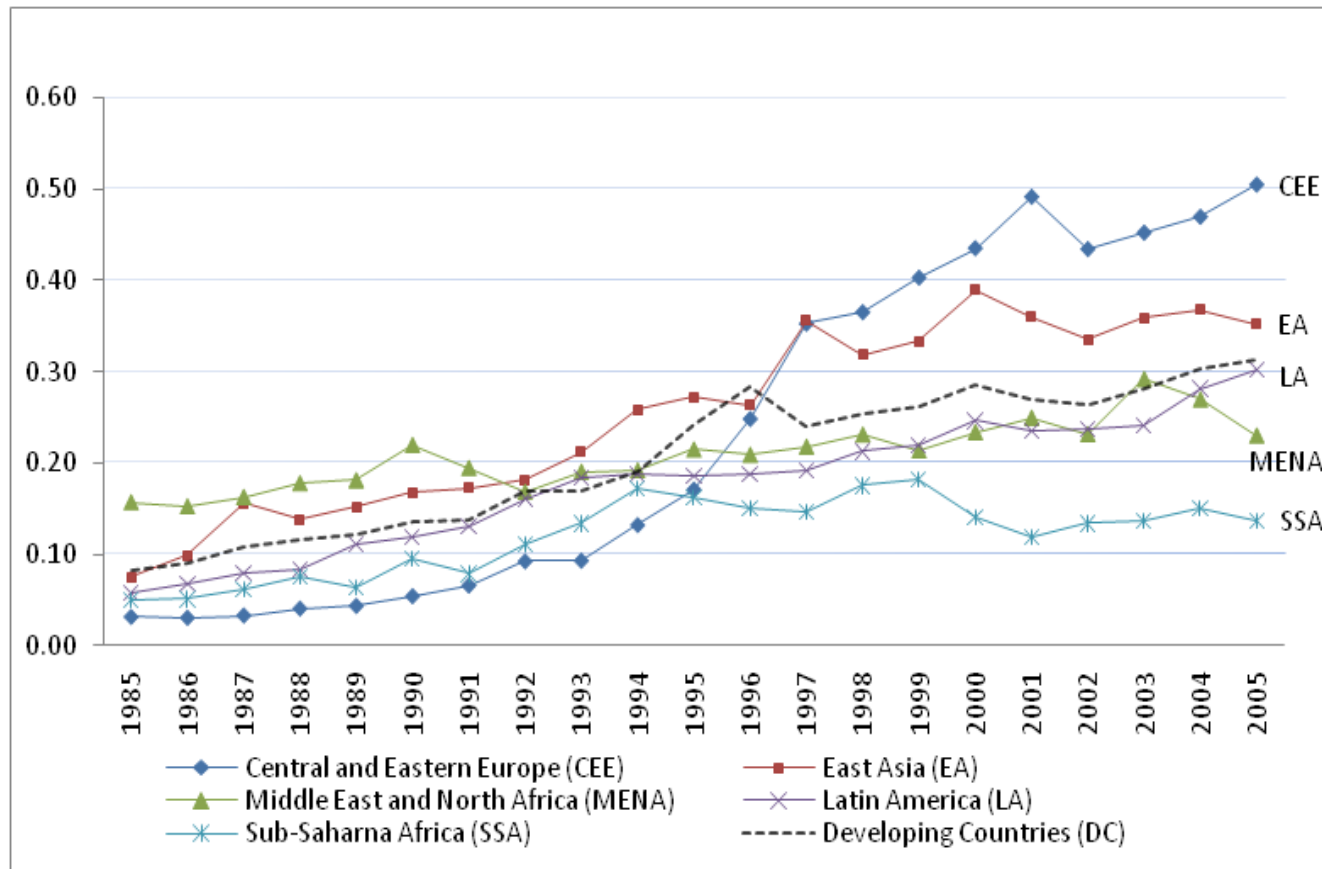
Source: International Telecommunications Data, FCC, June 2009



Source: OECD

# Drivers: Technology (via investment flows, ICT, transport costs, global supply chains)

**Vertical specialization as a share of exports: 33% for Developing Countries in 2005**



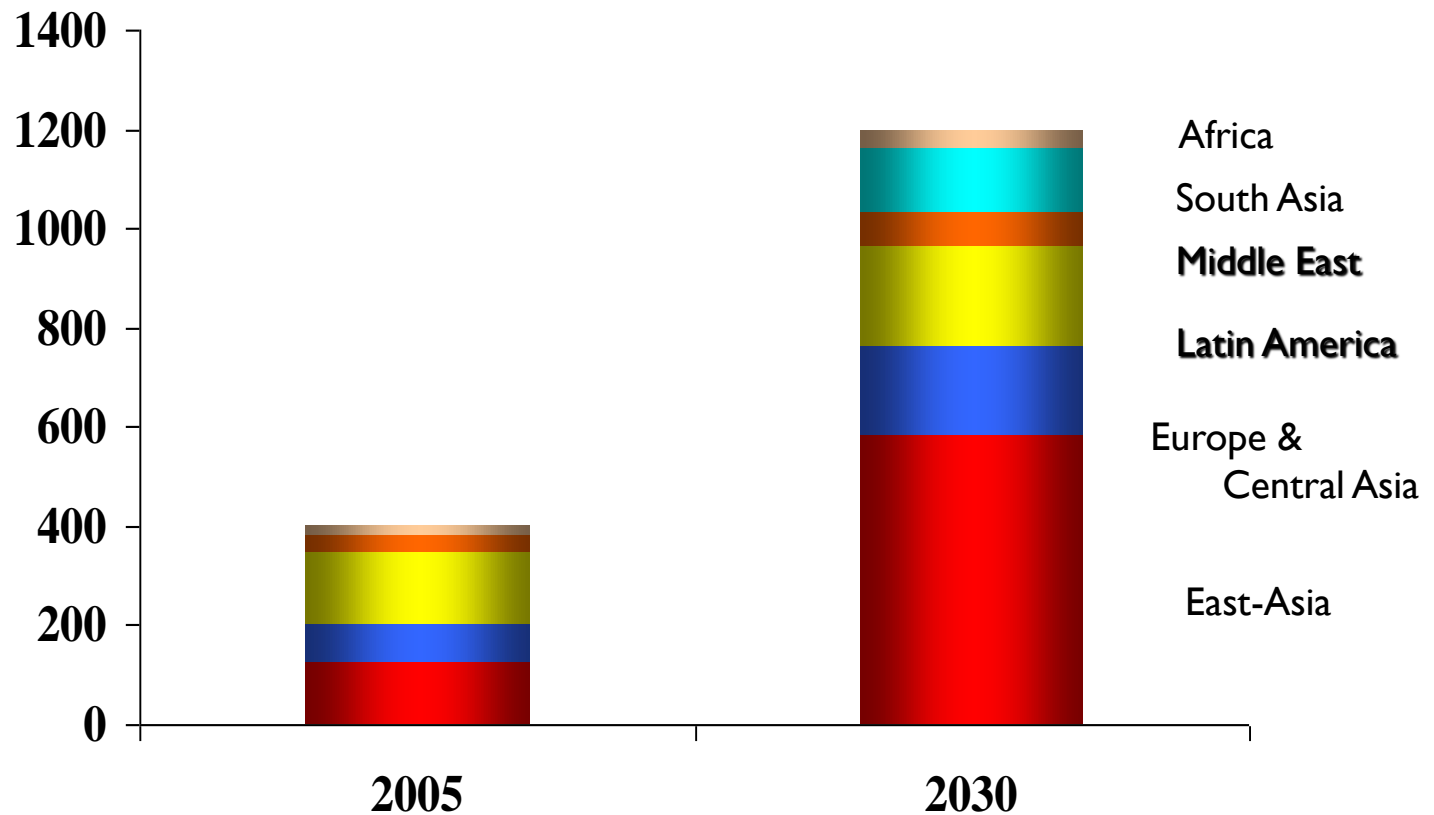
Source: Canuto, Dutz, and Reis (2010)



# A rapidly growing global middle class

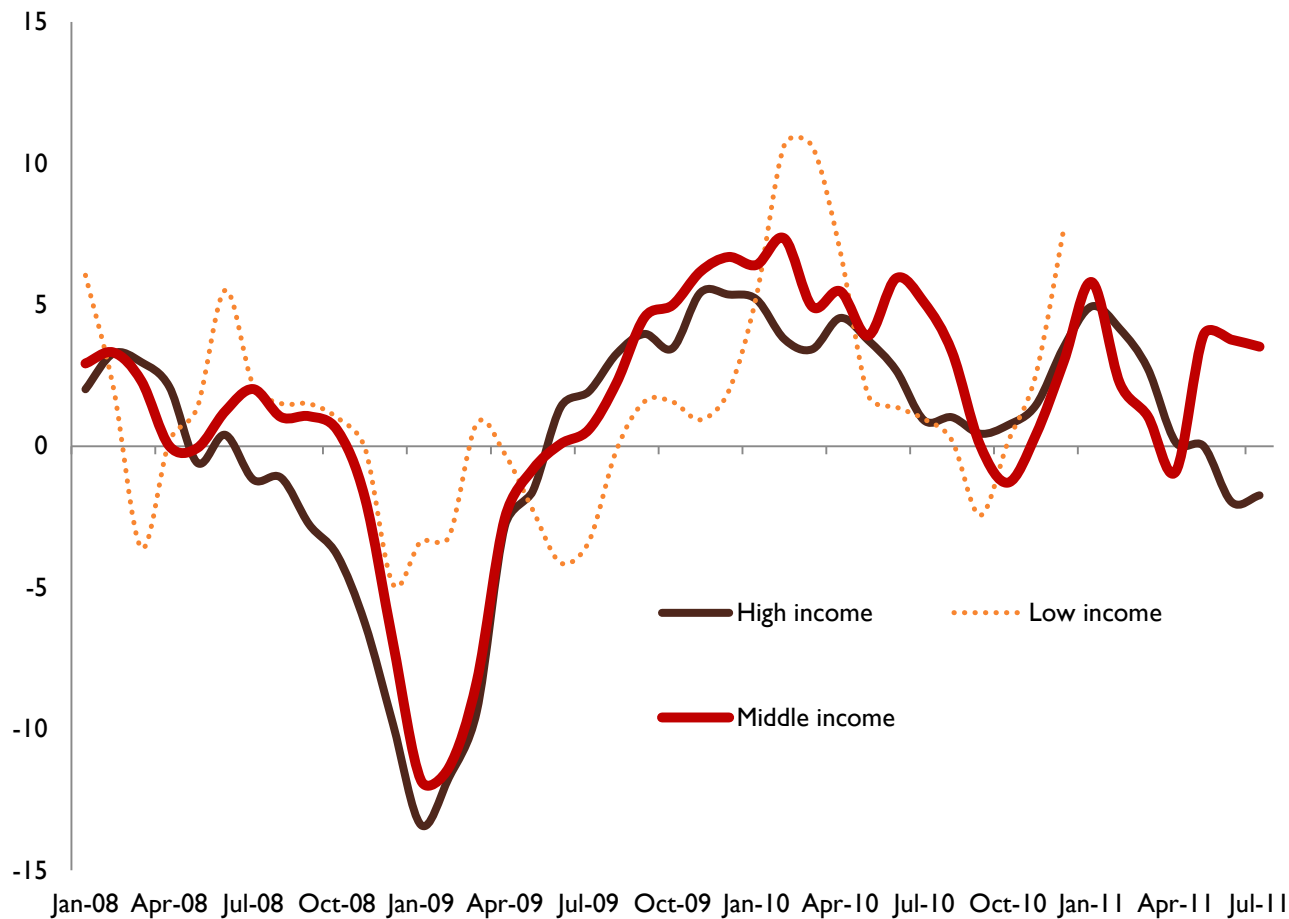
**Average per capita incomes in developing countries are likely to double.....and more people from developing countries will enter the "global middle class"**

Number of people (million)



# 2008 crisis: trade collapse and recovery

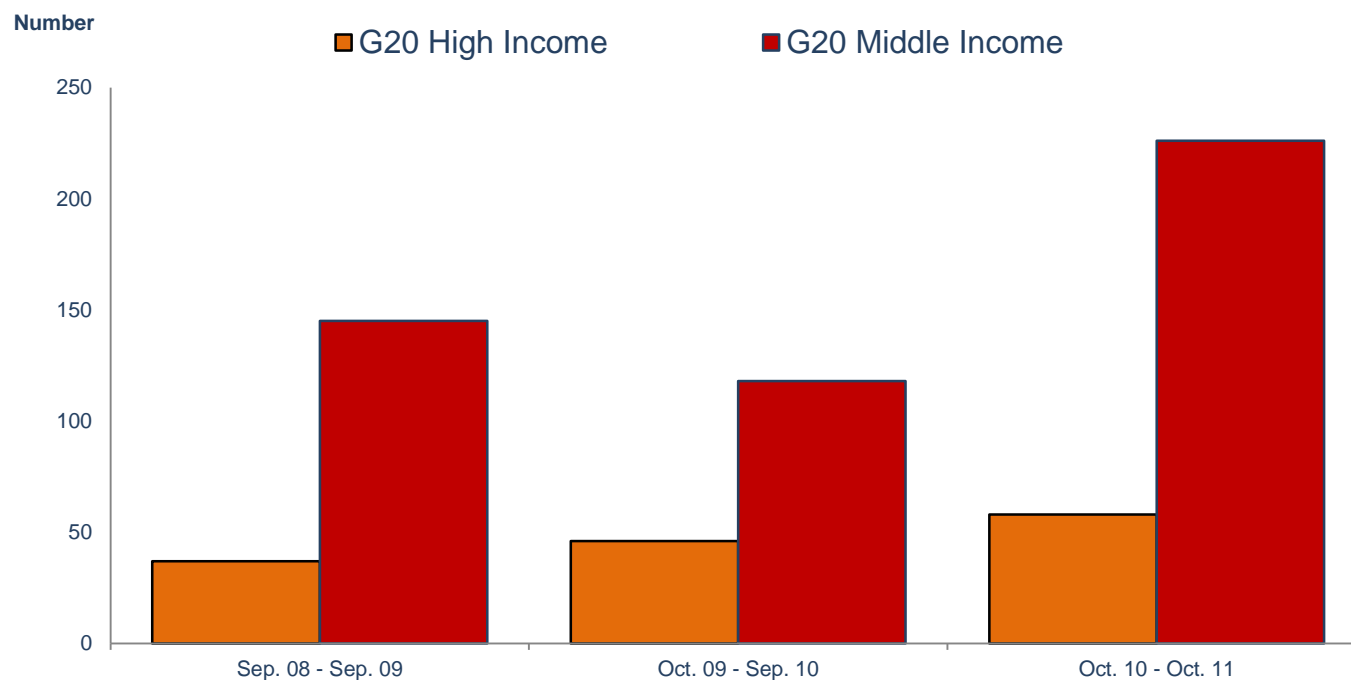
Merchandise export volume, by country income group (percentage change 3m/3m, sa)



Source: World Bank, DECPG data

# Trade protectionism contained... so far

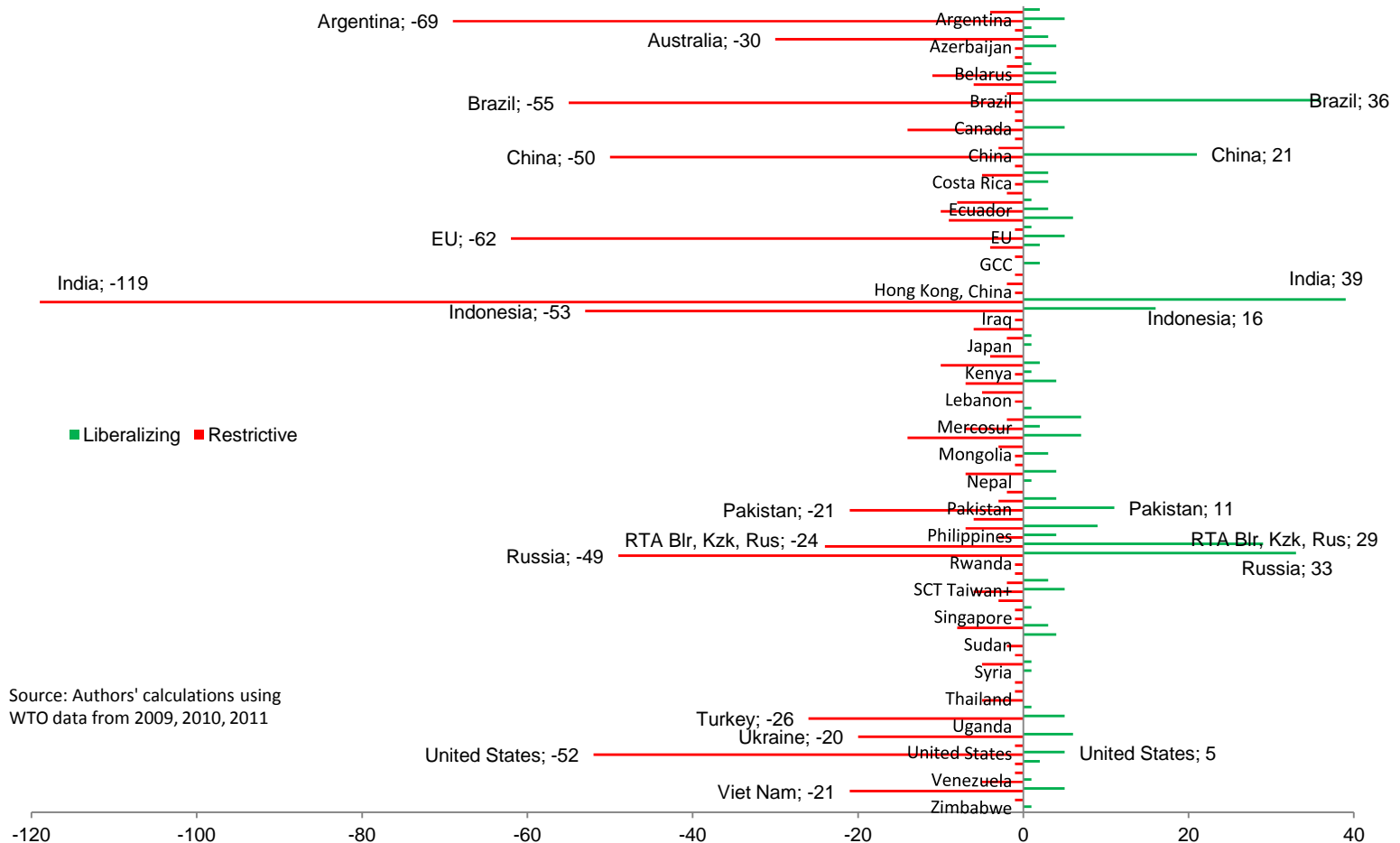
Share of total G20-imposed restrictive measures by country income group,



Source: Authors' calculations using WTO data from 2009, 2010, 2011

# Emerging economies very active

Number of newly-initiated trade measures, 89 countries, Sep. 2008 - July 2011

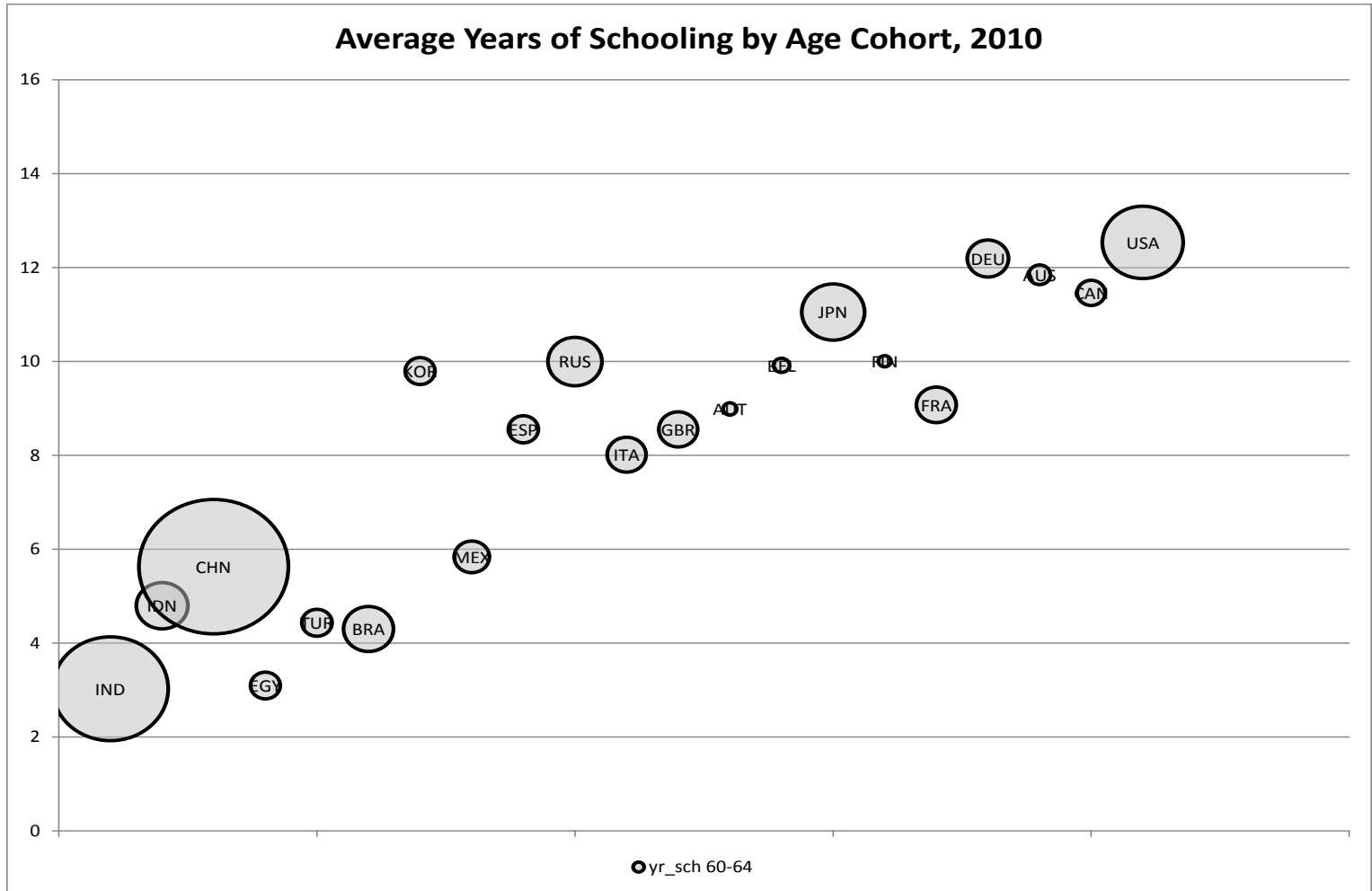


Source: Authors' calculations using WTO data from 2009, 2010, 2011

# Concluding remarks

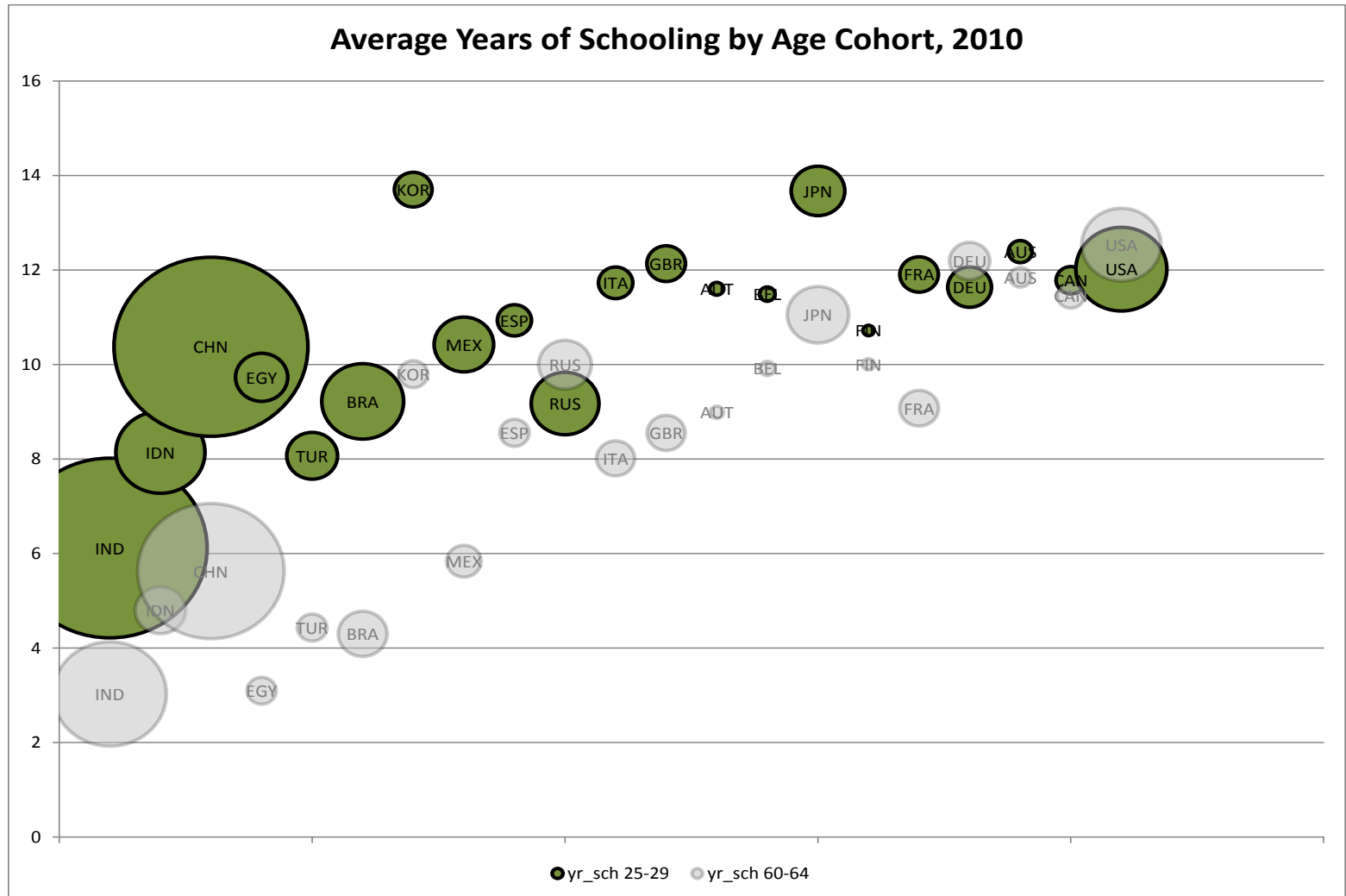
- Globalization a major force supporting higher growth rates observed in last 2 decades
  - Has helped lead to large reductions in absolute poverty
- Recent events (crisis and policy responses) suggest strong forces supporting openness
- “Flanking policies’ critical in managing adjustment pressures – short-term volatility and structural
  - Safety nets; education; factor markets
- ‘Rise of the rest’ generates pressures that call for international cooperation:
  - competition for resources; higher prices for commodities; supporting greater trade in services and tasks; policies to support ‘greener growth’

# Education Matters



Source: Jensen 2011

# Education Matters



GDP per capita

Source: Jensen 2011