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## BRIEFINGS

**The world's silver lining****Somewhere over the rainbow**

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**In a week of financial uncertainty we look behind the headlines to a world that is unexpectedly prosperous and peaceful**

Nature PL



POLITICIANS seem drawn to danger—as a rhetorical device, that is. George Bush justified last year's troop surge in Iraq by saying that otherwise the world would become “a more dangerous place”. Gordon Brown, Britain's prime minister, said this would be “a dangerous year” for his country. Vladimir Putin told a NATO meeting that the world had become “more dangerous” because of the Bush administration.

This sense of impending doom is not confined to politicians. Public attitudes generally seem to have become more pessimistic and inward-looking. The proportion of Americans who think their country should be active in the world (42%) is the lowest it has been since the early 1990s. Support for international trade and multinational companies is falling. Opposition to immigration is growing. Large minorities in most countries say globalisation is bad for them personally. Although the main perceived threat varies by time and place—from climate change to economic recession—the general mood is a bit despondent. And the outside world tends to be viewed as a source of trouble.

Indeed, for a great many people the way things are is pretty rotten: Burmese monks, for instance, or the Luo in Kenya. Life is not too bright for investors at the moment, either. But is the broader proposition true? Is the world really becoming worse for the majority of mankind? We argue that it is not.

To some extent, our qualified optimism is borne out by impartial data. In this article we look at three pieces of evidence: the underlying social conditions in poor countries; poverty alleviation over the past decade; and the incidence of wars and political violence. By those measures the world seems to be in rather better shape than most people realise.

## Miracles behind the turmoil

In China 25 years ago, over 600m people—two-thirds of the population—were living in extreme poverty (on \$1 a day or less). Now, the number on \$1 a day is below 180m. In the world as a whole, a stunning 135m people escaped dire poverty between 1999 and 2004. This is more than the population of Japan or Russia—and more people, more quickly than at any other time in history.

Poverty alleviation has gone hand in hand with improvements in basic services. Digging canals and building water-treatment plants has increased the number of people with access to safe water: in South Asia, for instance, the number of those without clean water has been nearly halved since 1990. Thanks to this, and to better public-health provision, the rate at which people die from infectious diseases such as malaria and tuberculosis is falling in most poor countries, Africa excepted.

That in turn has cut child mortality. In 2007 Unicef, the United Nations child-welfare body, said that for the first time in modern history fewer than 10m children were dying each year before the age of five. That is still an awful lot but it represents a fall of a quarter since 1990. Life expectancy has increased a bit in low- and middle-income countries. The long march to literacy is nearing an end: three-quarters of people aged 15-25 were literate in 1975; now the rate is nearly nine-tenths.

All these things are the results of patient work over many years. But perhaps the biggest change affecting people's lives has little to do, at least directly, with development policy or public spending. People in poor countries are now able to exert more control over their own fertility, and hence over the size of their families.

A generation ago the biggest worry about poor countries was over-population. Books such as "The Population Bomb" (1968) and "The Limits to Growth" (1972) predicted Malthusian crises in countries where women were having five children or more. Since then the fertility rate (the average number of children a woman can expect during her lifetime) in low- and middle-income countries has crashed. In East Asia and the Pacific, the rate was 5.4 in 1970. Now it is 2.1. In South Asia, the fertility rate halved (from 6.0 to 3.1). In the world as a whole, fertility has fallen from 4.8 to 2.6 in a generation (25 years).

The biggest decline is in those countries that are most involved with globalisation (especially in East Asia, though China is a special case because of its one-child policy). The most important exception to the rule of declining fertility is sub-Saharan Africa. All the countries with fertility rates over 5.0 are in Africa (with the one exception of Yemen).

Globalisation, it seems, leads to a shift in the direction of "replacement fertility": the rate at which the size of a population eventually stabilises. This is a remarkable development. In closed agrarian societies, families need a lot of children as insurance against disaster. But in countries that have opened themselves up, families can rely on other sorts of protection, such as urban jobs or trade.

These demographic changes help to create a virtuous circle of growth. When fertility rises then falls, you get a bulge of people at and just after the inflection point. The baby boomers were one such bulge. Between 1960 and 1990 Europe and America had relatively few old people (because mortality rates had earlier been high), relatively few children (because fertility had fallen) and a disproportionately big number of economically active adults.

These 30 boom years were (to borrow the French phrase) "*les trente glorieuses*". Developing countries are seeing a similar confluence now. Eventually, of course, the demographic bonus turns into a demographic onus, as is happening in parts of Europe. But that is a difficult story for a later generation. In the next one, low- and middle-income countries will have a demographic advantage to reinforce their economic gains.

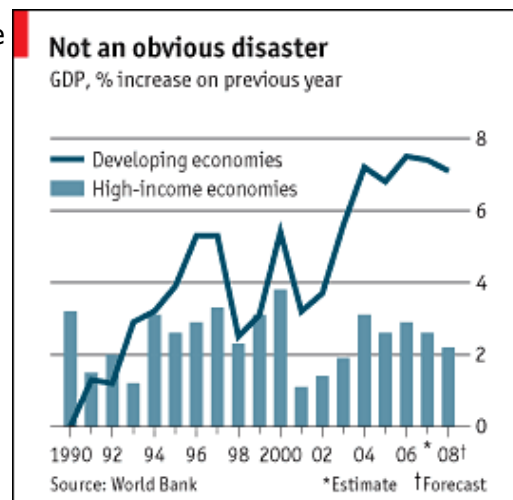
## Up and up and up

These social achievements have not come about by accident. They are, at least in part, attributable to growth. A World Bank study of 19 poor countries concluded that every 1% increase in national income

per head translates into a 1.3 point fall in extreme poverty. Hence the importance of the second broad indicator: the state of the world economy.

Last year the global economy entered its fifth year of over 4% annual growth—the longest period of such strong expansion since the early 1970s. Despite financial turmoil and soaring oil and commodity prices, world growth barely dipped in 2007 and trade grew at 9%, even though trade talks fell apart. Unlike previous expansions, inflation remained more or less under control.

Moreover, growth was spread around fairly evenly. According to the World Bank, national income in the European Union rose slightly more than in America for the first time in a decade. Growth in East Asia was 10%, in South Asia over 8%, in eastern Europe almost 7% and in Africa, thanks to the commodity boom, over 6%. This was unprecedented. In earlier booms, fast growth seemed to have been the preserve of a few miracle countries, such as the Asian tigers. No longer. Almost half of humanity, spread over more than 40 nations, lives in countries growing at 7% a year or more, a rate that doubles the size of an economy in a decade. This is twice the number of fast growers that existed in the years between 1980 and 2000.



As a result, the world's economic balance is tilting from rich industrialised countries to emerging markets. Their share of world output in 2006 was just below half, and rising. The International Monetary Fund reckons that in 2008 China and India will be the largest contributors to worldwide growth for the first time.

This does not mean that the world will be able to make light of a slowdown in industrialised countries. Nor will developing countries be unaffected by problems hitting America and Europe. Nevertheless, so far they have been hit less hard by the credit crunch than rich nations were.

Yields on high-risk corporate bonds rose over 300 basis points after August 2007, an indication of the scale of damage to companies in rich nations. By contrast, emerging-market bond yields rose less than 100 points, peanuts compared with what happened after the Asian and Russian crises of 1995 and 1998. Equity markets in emerging markets, unlike those in America and Japan, shrugged off their losses last August. The view from the bond and equity markets seems to be that emerging markets are in a better position to cope with a credit crunch than rich countries are—and have grown better than they were at coping (see [article](#)).

There is a problem, however. Many people argue that the pattern of world growth over the past 20 years has not been beneficial. They point out that globalisation-driven growth has gone hand in hand with a growth in inequality. This inequality is a worry in its own right (communities get broken up; the poor get left behind) and also a missed opportunity (emerging markets might have done better still if only their extra wealth had been distributed more fairly). Is this charge against globalisation true? And, if it is, does it follow that globalisation has been a failure because its benefits have been pinched by the rich?

The evidence that the rich have done best is certainly compelling. Inequality has risen in both rich and poor countries. It is thus a sharp break from the pattern established between 1950 and 1990, when there was a general decline in inequality, notably in East Asia, where the tigers managed to combine fast growth with relatively equal incomes.

But it is not so clear that globalisation—in the sense of opening up to trade and foreign investment—is to blame. Ukraine and Poland both opened themselves in the 1990s. Yet inequality rose in Poland and fell in Ukraine. Globalisation, it seems, sometimes increases inequality, sometimes reduces it.

## The educational ladder

A more plausible culprit for rising inequality seems to be technological progress (see chart below). This is associated with inequality in poor countries because in emerging markets the people best able to take advantage of new technology are those who already have an education and who are usually among the richest in society. The more technological progress, therefore, the better the well-off do.

But to limit technology to reduce inequality would be a cure worse than the disease. Technology in its broadest sense—the flow of new ideas—is the only way of getting growth rates up to 5-10% a year, the rate which enables poor countries to catch up with the West. Without it, growth would be dependent on labour and capital inputs, and growth would be just a few percent. To reduce technological progress—even supposing one could do it—would be to condemn poor countries to stay poor.

In fact, since the mid-1990s, the incomes of the poorest fifth have risen everywhere except, marginally, in Latin America, where they have been affected by the after-shocks of debt crises. In Asia, the real incomes of the poorest fifth rose 4% a year; in Africa, by 2% a year, faster than the rise for other income groups.

The result is that the number of very poor people in the world is falling fast—even though many critics continue to believe that the poor have not really benefited from growth. In 1990 those on \$1 a day accounted for more than a quarter of the population of developing countries. By 2015, on current rates, the proportion of very poor people should have shrunk to 10%. Moreover, these monetary measures probably understate the real gains from things such as lower child mortality, safer water, literacy and other social achievements. A rich man appreciates his extra cash but this does not compare with what a poor family gains from seeing an infant survive childhood or learn to write.

The general reduction in the numbers of the very poor weakens the perceived link between globalisation and inequality. Across the world, if not within nations, globalisation can be claimed to be making people more equal, not less. This is mainly because China and India, with their 2.5 billion people, are growing fast and narrowing the gap with rich countries.

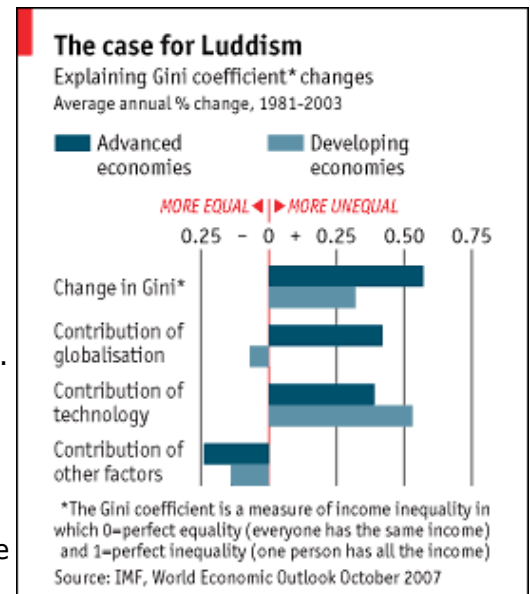
## Fading trumpets of war

Economic growth improves lives unobtrusively. The more dramatic explanation for improved living standards is the decline in the number of wars, and in deaths from violence and genocide.

This explanation for prosperity will seem far-fetched to many. International opinion has long held that the end of the cold war unlocked a Pandora's box of ethnic violence that superpower rivalry had kept contained (the splitting of Yugoslavia being the classic example). Most people believe that the number of wars has increased; that conflicts have become deadlier (Iraq is typical); and that there are more acts of genocide (Darfur being just the most recent). Yet there is surprisingly little evidence to back up this impression.

The number of conflicts (both international and civil) fell from over 50 at the start of the 1990s to just over 30 in 2005 (definitions are obviously fluid; these are the ones used by scholars at the universities of Uppsala and British Columbia for a project called the "Human Security Report"). On their definitions, the number of international wars peaked during the 1970s and has been falling slowly since. The number of civil wars continued to rise until about 1990 and then fell precipitately. In total, the death toll in battle fell from over 200,000 a year in the mid-1980s to below 20,000 in the mid-2000s.

Such numbers are subject to error and dispute. Figures from the World Health Organisation, for example, are much higher. Still, the direction of change does look plausible. In general, the number of new wars, and new episodes in old wars, seems to be falling. More recently, 2006 saw a war in



Lebanon, violence in Congo and conflict in Nepal, Somalia and Timor-Leste. By 2007 those struggles had simmered down, somewhat.

You see a similar pattern with the worst of crimes, genocide. At the moment, Darfur is a stain on mankind. But in a quantitative sense, the late 1980s and early 1990s were worse: that period saw ten cases of the mass slaughter of civilians, says Barbara Harff, of the US Naval Academy, including Bosnia, Rwanda and Burundi.

The cold war itself was not all that frigid. The protagonists fought their wars by proxy: about a third of conflicts from 1950 to 1990 were connected to cold-war rivalry. In addition, during the early years of that period, there were many wars between retreating colonial powers and independence movements, a source of violence that has almost disappeared. All this is hard to square with the notion that wars have become more frequent and deadlier since the end of the cold war.

On the other hand, there has been a dramatic rise in the number of conflicts resolved. During this decade civil wars have come to an end or have been restrained in Aceh, Angola, Burundi, Congo, Liberia, Nepal, Timor-Leste and Sierra Leone. These places then drop out of the news. As Sherlock Holmes remarked of the curious incident of the dog at night ("The dog did nothing in the night-time...That was the curious incident"), events that do not happen can be as revealing as those that do.

A big exception to the rule of declining political violence is the rise of terrorism. Despite claims to the contrary by the Bush administration, the number of international terrorist incidents has risen since September 11th 2001, after a decade of decline. The number of deaths from terrorist acts has climbed almost everywhere. Yet this picture of worldwide growth is misleading. While it is true that Asia, Latin America and Europe have all experienced more terrorist attacks than before, they are still rare. Since 2001, the Middle East has suffered more violence and fatalities than the rest of the world put together.

Violence in the Middle East is a reminder, as if one were needed, of the many ills—climate change, greenhouse gases, chronic diseases in poor countries and much, much more—that need to be set against the achievements of the past few years. But the successes provide some perspective, both to the extent of the world's persistent problems, and to their setting.

## **Fragile: do not drop**

An extraordinary concentration of misfortunes is to be found in a group of countries which the World Bank labels "fragile". This is a slightly larger category than the so-called failed states, such as Somalia, where the central government has ceased to exist. It includes countries where the government has partial control of territory (Sudan), where it cannot deliver basic services (Zimbabwe) and places with high levels of political conflict (Nigeria).

Fragile states contain roughly half the developing world's childhood deaths. About a third of their people are undernourished and more than that do not have access to drinking water. They usually have extremely high fertility rates: most of the countries with fertility rates over 5.0 are fragile. In one way or another, they are much more likely to be affected by wars, refugees and every sort of political crisis.

Bad government and lack of growth often, though far from always, go together. Whatever the problems of globalisation, they are dwarfed by the penalties of being untouched by it. The World Social Forum, a gathering of self-proclaimed progressives who want to turn back trade, growth and globalisation has adopted as its slogan the motto "Another world is possible". In reality, another and better world is painfully and fitfully coming into being.