

**Worksheet 18: Global interactions at the local level****Managing the next wave of globalisation**

Study Figure 18.1.

Globalisation could spur faster growth in average incomes in the next 25 years than during 1980–2005, with developing countries playing a central role. However, unless managed carefully, it could be accompanied by growing income inequality and potentially severe environmental pressures, predicts the World Bank.

On how globalisation will shape the global economy over the next 25 years, the report's 'central' scenario' predicts that the global economy could expand from \$35 trillion in 2005 to \$72 trillion in 2030. 'While this outcome represents only a slight acceleration of global growth compared to the past 25 years, it is driven more than ever before by strong performance in the developing countries.'

'The number of people living on less than \$1 a day could be cut in half, from 1.1 billion now to 550 million in 2030.'

'However, some regions, notably Africa, are at risk of being left behind. Moreover, income inequality could widen within many countries, compounding current concerns over inequality between countries.'

Integration of markets will make jobs around the world more subject to competitive pressures. 'As trade expands and technologies rapidly diffuse to developing countries, unskilled workers around the world – as well as some lower-skilled white collar workers – will face increasing competition across borders', explained Uri Dadush, Director of the World Bank's Development Prospect Group. 'Rather than trying to preserve existing jobs, governments need to support dislocated workers and provide them with new opportunities. Improving education and labour market flexibility is a key part of the long-run solution.'

**Figure 18.1** Managing the next wave of globalisation.

(Source: 'Managing the next wave of globalisation', from <http://go.worldbank.org/6PT7IQPSP2>, World Bank)

- 1     **a**     By how much could the global economy expand by 2030?
  
  
  
  
  
- b**     Explain why developing countries are likely to play a more important role in this expansion than they have in previous global economic growth.



- 2 a** Suggest why the report is optimistic that the number of people living on less than \$1 a day will be reduced significantly.
- b** Why is Africa at the greatest risk of being left behind in the next wave of globalisation?
- 3** Income inequality is very evident in many countries. Why could the income inequality gap become even wider in the future?
- 4** Why are some people concerned by the prospect of increasing competition across international markets?
- 5** Discuss the major environmental issues associated with the next wave of globalisation.