



C A R N E G I E E N D O W M E N T  
*for International Peace*

## **Trade, Equity and Development Project**

The rapid integration of the global economy over the past two decades has generated huge flows of capital, goods, services and knowledge between countries. Some countries have harnessed globalization to make marked progress in economic growth and development. Overall, however, gains from the changing patterns of global economic activity have been distributed unevenly, with some countries experiencing slower growth than before and others falling behind in absolute terms. Even countries that have benefited greatly from globalization, like China, have seen unwanted inequality grow between regions and households.

The Trade, Equity and Development Project undertakes analysis and promotes policies and strategies to make global economic integration work for more countries and more people. The project focuses on developing countries, workers and the poor. Its approach—analysis of the impact of trade, investment and production links at “ground level”, in the fields, factories and households of developing countries—is unique among think tanks and development institutions.

The goal of project scholars is to develop practical policies that can be implemented at national and international levels to promote equitable and economically sustainable growth in the developing world. Their work focuses on four main policy areas:

1. **Agriculture:** This sector continues to be one of the major employers and sources of household income in most developing countries. In low income countries, agriculture employs 68% of the economically active population, on average. In middle income countries it still accounts for an average of 25% of employment. How agriculture is treated in international trade negotiations and national development policies is among the most significant factors in determining what happens to ordinary people in developing countries.
2. **Employment:** Whether people can find jobs, and on what terms, determines whether they can escape poverty, educate their children, provide health care for themselves and their families and otherwise benefit from economic development. The project takes employment, wages and productivity as a key lens through which to view trade, development and other economic policies. It develops and promotes policies to ensure better employment outcomes from globalization and national development strategies.

3. Household income: The distribution of the gains from trade and investment matter. Highly unequal development excludes majorities of citizens from the opportunity to be productive economic actors, to benefit from economic growth and to realize their human potential. Growing inequality within countries has become an unwelcome characteristic of the current model of globalization. The project analyzes distribution effects of different policies and offers practical strategies for trade, investment and development approaches that will benefit more people within countries, with a particular focus on developing countries.

4. Least developed countries: Many of the 50 poorest countries in the world have fallen even further behind the successful developing countries. The project looks at a wide range of factors contributing to these alarming results. It also focuses on international policy measures, such as trade preference programs, to identify policy improvements that would improve the outcomes. Work in this area also includes a study of the end of the global apparel quota system, its impact on poor countries, and policies needed to alleviate negative impacts.