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GUEST ESSAY

Nearly Half the World Is Bearing the Brunt of Global Disorder. Don't Expect Richer Countries to Get a Pass.

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By Eswar Prasad
Dr. Prasad is a professor at Cornell University and a senior fellow at the Brookings Institution.

The war in Iran is having ripple effects worldwide. Rising energy, fertilizer and food prices will affect us all. From America, where consumers are paying $4 a gallon for gas, to rich European countries to large emerging market economies such as Brazil and China, no nation has been spared. Another group of countries, though, has suffered the most but received scant attention: the poorest countries.

Among them, nearly half of the average household's spending goes to food and energy. With much of their populations at the edge of economic deprivation and with meager savings to fall back on, the price surge is a huge blow.

The Iran war is just the latest setback in the past several years to low-income and lower-middle-income countries, which have little ability to shield themselves from financial and geopolitical turmoil. President Trump's tariffs, the crumbling of the post-World War II order, a failure to halt climate change and the onset of A.I. have all darkened the prospects of these poorer nations, in which some 3.8 billion people, nearly half the world's population, live.

This is hardly new. These countries, especially smaller ones, have always borne the brunt of global disorder, from wars to financial crises. Today, about 75 countries have average annual per capita incomes below $4,500, according to the World Bank. (The United States' average per capita income, by contrast, is roughly $85,000.) Some of these nations' problems are of their own making — the result of internal mismanagement and rampant corruption, which expose them to high levels of debt and inflation. But they also face strong external headwinds, and barring a few big exceptions, like India, these countries typically have no seat at the table at discussions about global issues that affect them profoundly.

The latest wave of economic chaos is especially frustrating for poorer countries that seemed to have turned a corner. Many of them, including nations in sub-Saharan Africa, have improved their public finances, brought inflation under control and opened up their economies to global trade. Collectively, this group was poised to generate robust economic growth, drawing upon their many advantages, including abundant natural resources and growing young populations. While populations are graying and shrinking in many advanced economies, 70 percent of the population in sub-Saharan Africa is under the age of 30.

Low-income countries heavily depend on imports of fertilizer, oil and gas, while many also import food. The spike in these commodities' prices, along with falling values of countries' currencies relative to the dollar, which is typically needed to pay for imports, is severely squeezing both household and government budgets. This will inevitably dent these nations' growth prospects.

The Iran war and the geopolitical turmoil that it brings are not the only factors that could dash this progress.

The rules-based order set up in the aftermath of the Great Depression and World War II, imperfect as it was, provided at least a moderately stable external environment. Now that order, typified by institutions such as the United Nations and the International Monetary Fund, is crumbling. Under Mr. Trump, the United States is disengaging from institutions it once helped set up, as they are no longer seen as serving narrowly defined national interests. Wars have broken out in multiple spots such as Ukraine and Iran, and competition between the two superpowers, China and the United States, is intensifying.

Instability is becoming the norm rather than merely a passing phase. When countries retreat from cooperation and go it alone, and when commerce and international relations are no longer governed by commonly accepted rules, low-income countries suffer the most.

The fragmentation of global trade, after a long period in which it was seen as the basis for shared prosperity, also hurts. Many low-income countries are just now maturing and striving to integrate into the world economy. But they are finding the traditional path of export-led growth built on a strong manufacturing base blocked as tariff barriers go up around the world. Tariffs drive up the costs of imports to consumers, making it much harder for exporters to sell their goods in international markets.

These countries need access to foreign financing, as they have low savings levels and their financial systems are not sufficiently developed to provide capital to entrepreneurs. The huge and rising debt levels of advanced economies are in effect denying low-income countries financing that they desperately need. Many investors prefer the safety of U.S. or Japanese government bonds rather than financing potentially more lucrative but riskier investments in low-income countries.

The lack of consensus on issues like tackling climate change is hurting productivity in agriculture, the mainstay for some of these countries. The rising frequency of calamitous natural disasters is only making things worse.

A.I. is another complication that threatens to leave low-income countries behind. Even if some of them adopt A.I. effectively, there could be costs to social stability. At this year's World Economic Forum conference in Davos, I met African entrepreneurs agog about the vistas that A.I. opened up, allowing their firms in both manufacturing and services to improve productivity and compete with foreign multinationals. But they had sobering assessments about the impact on employment. If it works to their advantage, A.I. might boost output yet still cause domestic strife by making entrepreneurs richer while reducing job prospects.

Can low-income countries shelter themselves from a hostile world? They can redouble efforts to get their own houses in order. Disciplined government budget policies would give them room to maneuver through increased social spending when shocks hit. Giving central banks more autonomy in managing monetary policy can help keep inflation under control and reduce the risk of capital flight. Managing and reducing reliance on foreign debt, and instead making their countries hospitable to more stable financing such as foreign direct investment, will help protect them from changes in global financial conditions. Most of all, they need to control the scourge of public corruption and reinforce their institutions, including a well-functioning judicial system that upholds the rule of law.

The harsh reality, though, is that in moments of global turmoil, vulnerable countries will inevitably suffer the most. It is fanciful to think that their problems will not affect richer and larger economies as well. Migrant flows born of economic desperation and the craving to escape civil strife will not stay bottled up. This will shape domestic politics in receiving countries, as has been starkly apparent in Europe and the United States in recent years.

Richer and more powerful countries do have a role to play in helping poorer countries, but doling out aid is not the answer. Reinforcing global institutions and the rules-based order governing international commerce will help everyone, but low-income countries in particular. Reining in budget deficits and ensuring financial stability will help reduce economic volatility. By doing the right things, richer countries could help themselves as well as their poorer counterparts.

Eswar Prasad is a professor at Cornell University and a senior fellow at the Brookings Institution. His new book is “The Doom Loop: Why the World Economic Order Is Spiraling Into Disorder.”

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