

Globalization and poverty

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*„To the detached observer, noting the contrast between the presumed benefits of globalization and developments in the real world, the international economy displays a number of worrying trends. Most obviously, **poverty and inequality have grown alongside the expansion of globalization.** In a world of disturbing contrasts, the gap between rich and poor countries, and between rich and poor people, continues to widen.”*

Kevin Wadkins
(Background Paper for the 1999 LJNPD's „Human Development Report”)

*„The evidence strongly suggests that **global income inequality has risen in the last twenty years.** The standards of measuring this change, and the reasons for it, are contested - but the trend is clear. „*

Robert Wade
(„Inequality of World Incomes: What Should be Done?”, 2001)

*With regard to incomes, **inequality is soaring through the globalization period - within countries and across countries. And that's expected to continue.**”*

Noam Chomsky
(„September 11” and Its Aftermath: Where is the World Heading?
Conference presented in Chennai (Madras), India: November 10, 2001)

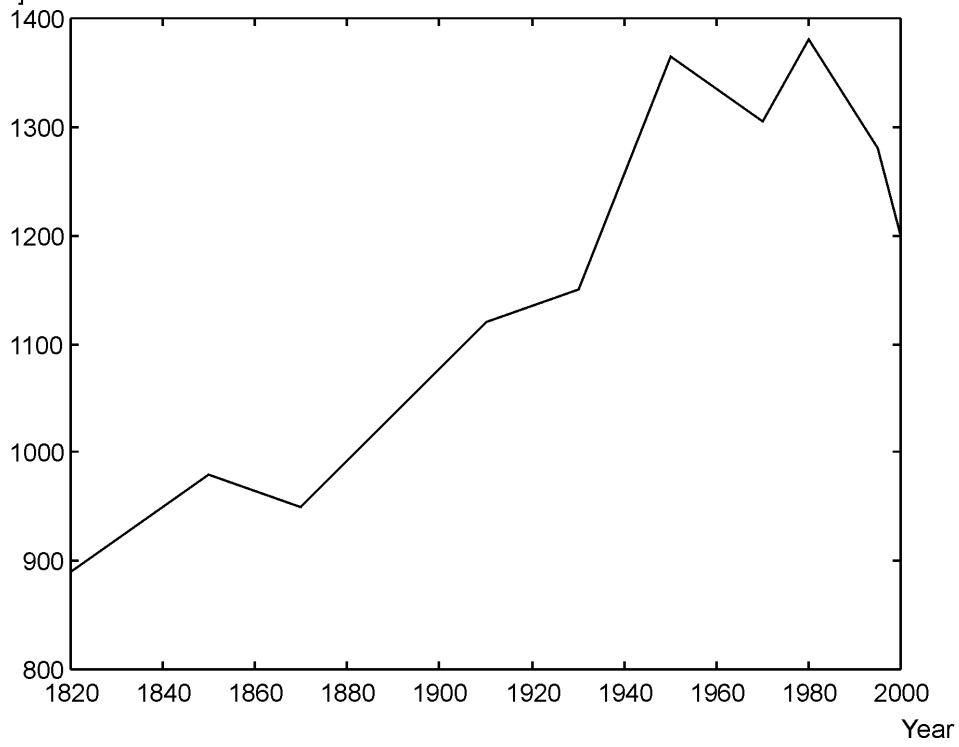
*„The dramatic advance of globalization and neoliberalism ... has been accompanied by **an explosive growth in inequality and a return of mass poverty and unemployment.** The very opposite of everything which the modern state and modern citizenship is supposed to stand for.”*

Ignacio Ramonet
(in Le Monde Diplomatique, May 1998)

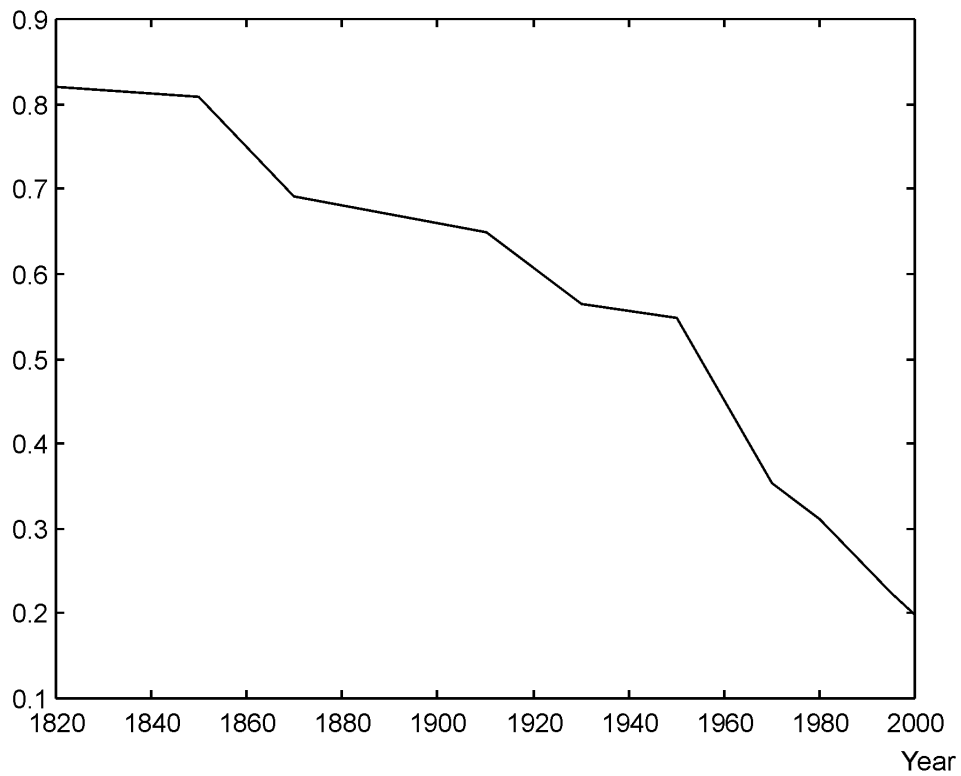
Poverty facts and stats

- ❖ Half the world – nearly three billion people – live on less than two dollars a day.
- ❖ The GDP of the poorest 48 nations (i.e. a quarter of the world's countries) is less than the wealth of the world's three richest people combined.
- ❖ Nearly a billion people entered the 21st century unable to read a book or sign their names. Less than one per cent of what the world spent every year on weapons was needed to put every child into school by the year 2000.
- ❖ The wealthiest nation on the Earth has the widest gap between rich and poor of any industrialized nation.
- ❖ 20% of the population in the developed nations, consume 86% of the world's goods.
- ❖ The top fifth of the world's people in the richest countries enjoy 82% of the expanding export trade and 68% of foreign direct investment -- the bottom fifth, barely more than 1%.
- ❖ In 1960, the 20% of the world's people in the richest countries had 30 times the income of the poorest 20% -- in 1997, 74 times as much.
- ❖ An analysis of long-term trends shows the distance between the richest and poorest countries was about :
 - 3 to 1 in 1820
 - 11 to 1 in 1913
 - 35 to 1 in 1950
 - 44 to 1 in 1973
 - 72 to 1 in 1992
- ❖ A few hundred millionaires now own as much wealth as the world's poorest 2.5 billion people.
- ❖ „The combined wealth of the world's 200 richest people hit \$1 trillion in 1999; the combined incomes of the 582 million people living in the 43 least developed countries is \$146 billion.”
- ❖ „Approximately 790 million people in the developing world are still chronically undernourished, almost two-thirds of whom reside in Asia and the Pacific”
- ❖ „Today, across the world, 1.3 billion people live on less than one dollar a day; 3 billion live on under two dollars a day; 1.3 billion have no access to clean water; 3 billion have no access to sanitation; 2 billion have no access to electricity.”
- ❖ The richest 50 million people in Europe and North America have the same income as 2.7 billion poor people. „The slice of the cake taken by 1% is the same size as that handed to the poorest 57%.”
- ❖ „The 48 poorest countries account for less than 0.4 per cent of global exports.”
- ❖ „The lives of 1.7 million children will be needlessly lost this year [2000] because world governments have failed to reduce poverty levels”.

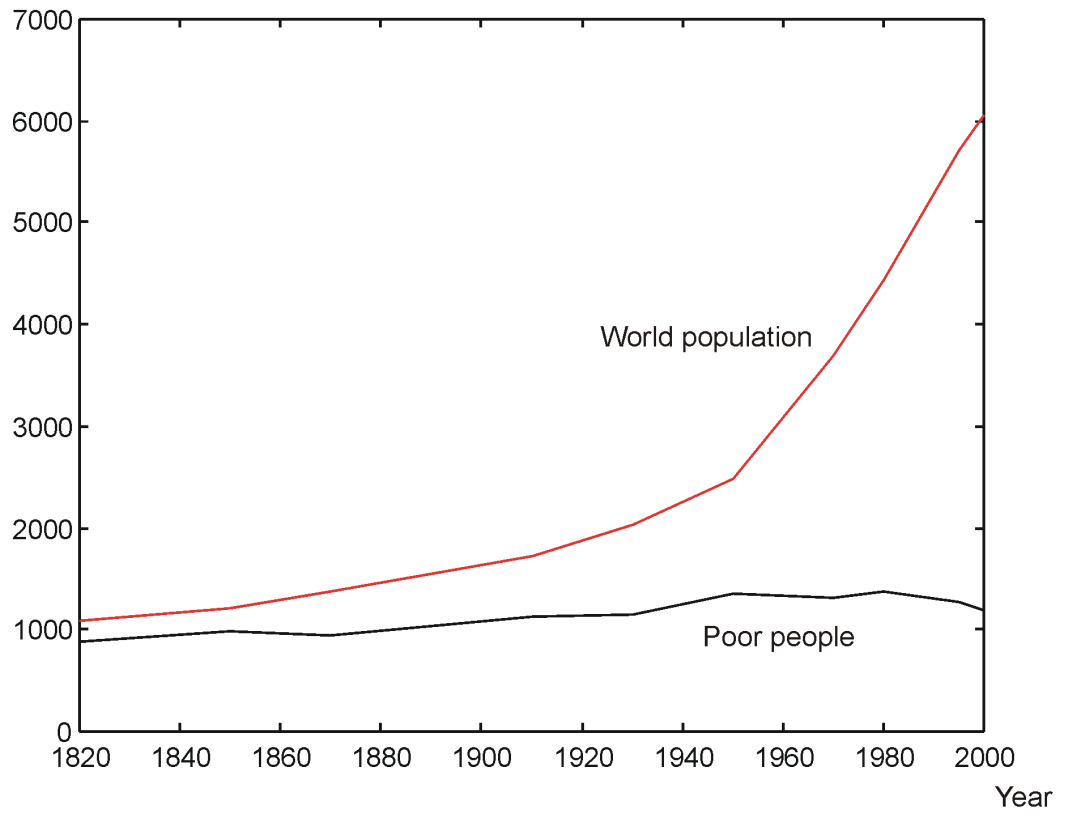
Number of the poor
(living on less than one dollar a day)
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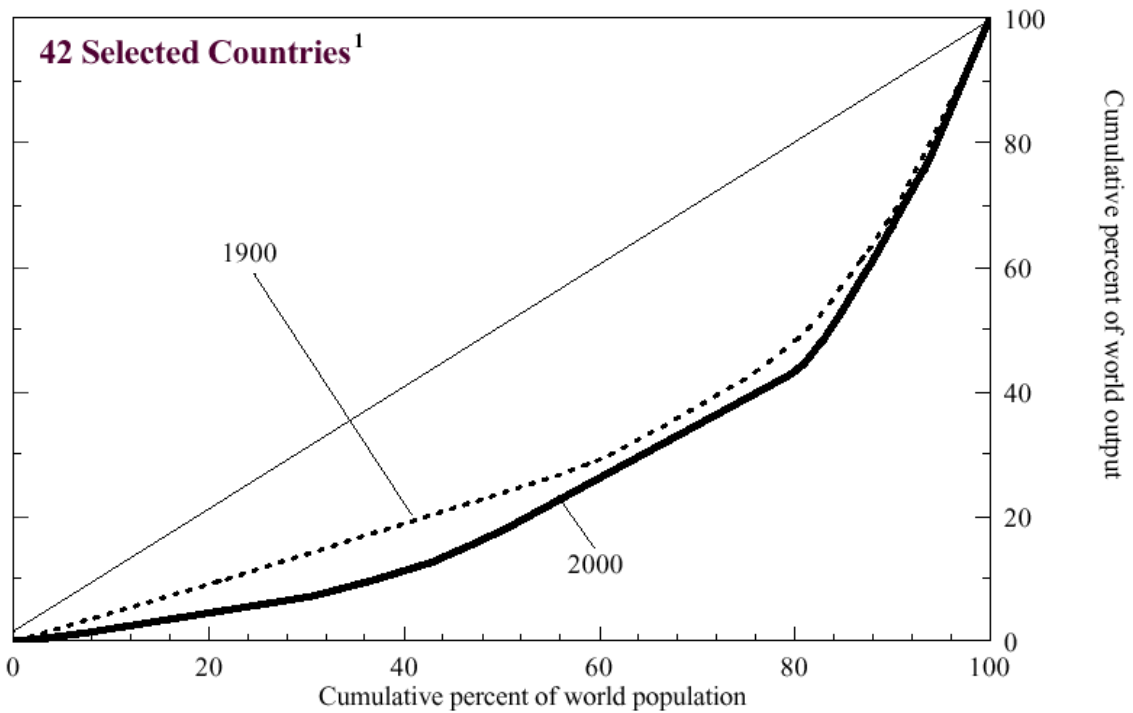


Share of the poor people
(living on less than one dollar a day)



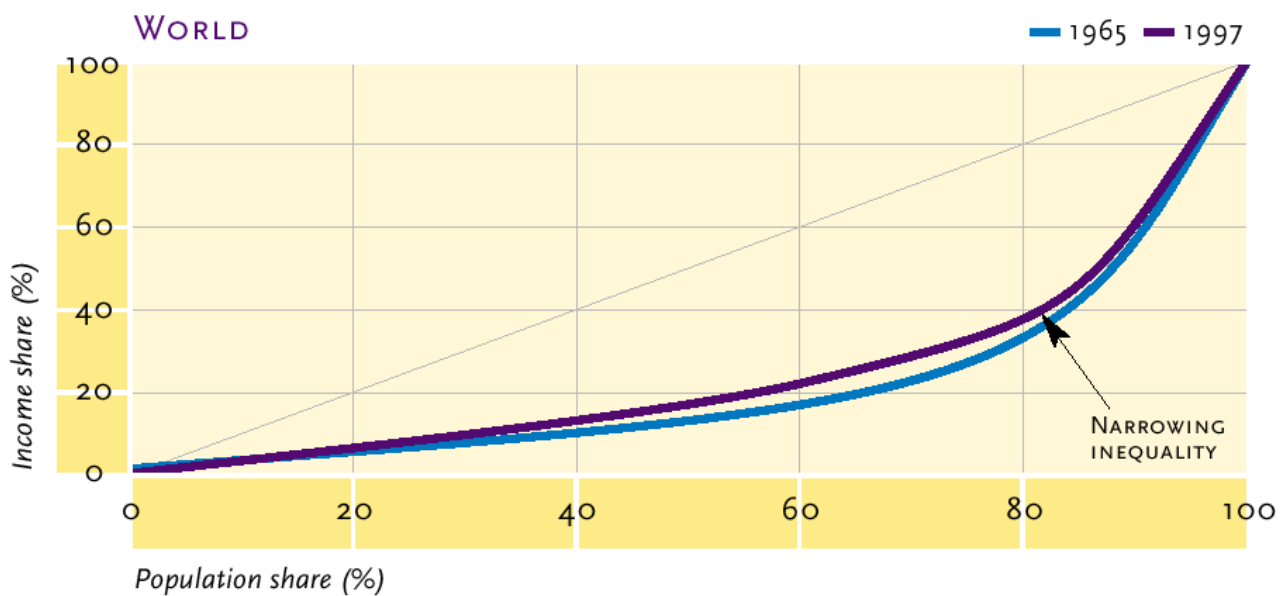
World population and number of the poor
(living on less than one dollar a day)
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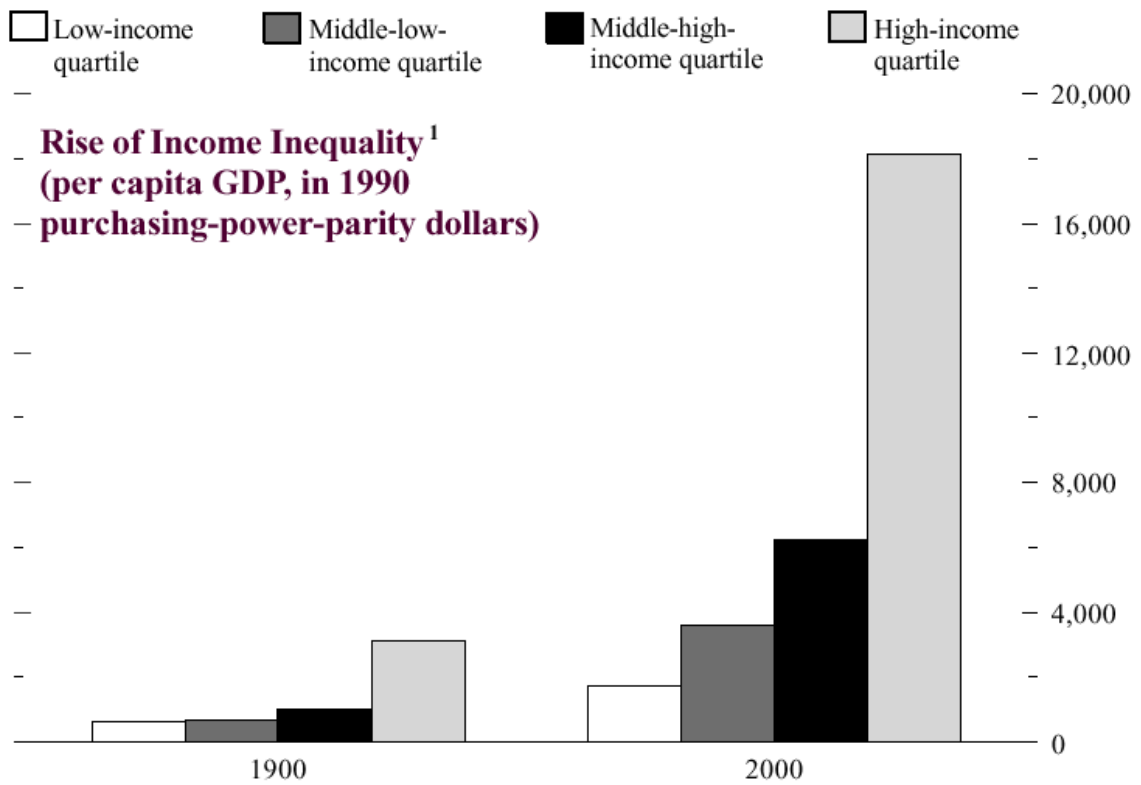


Sources: Angus Maddison, *Monitoring the World Economy 1820-1992* (Paris: Organization for Economic Cooperation and Development, 1995); and IMF staff estimates.

Lorenz curves in 1900 and 2000. $Gini(1900)=0.40$, $Gini(2000)=0.48$

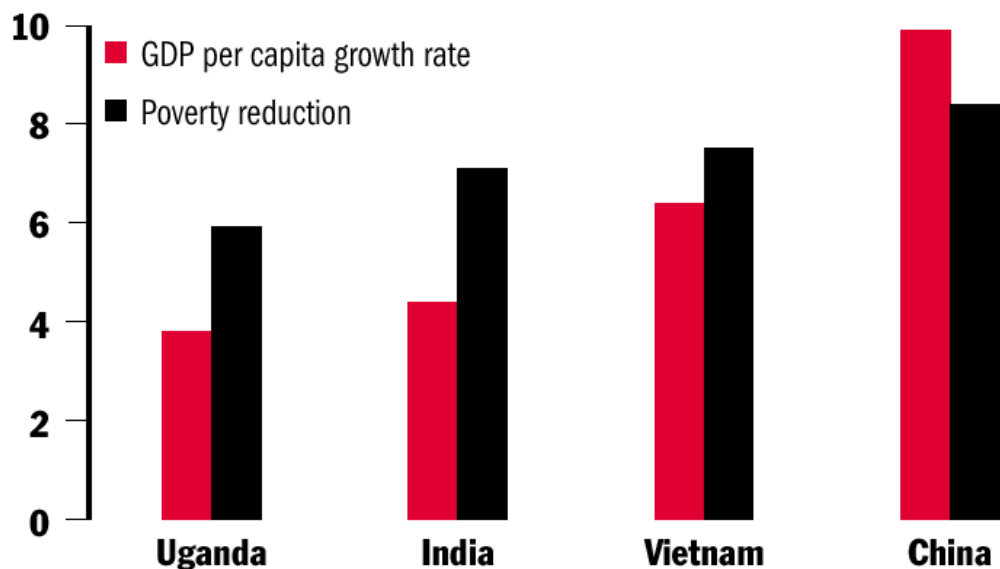


Lorenz curves in 1965 and 1997 $Gini(1965)=0.58$, $Gini(1997)=0.52$, $Gini(2000)=0.48$



Poverty reduction in Uganda, India, Vietnam, and China closely related to growth

Percent per year, 1992–98



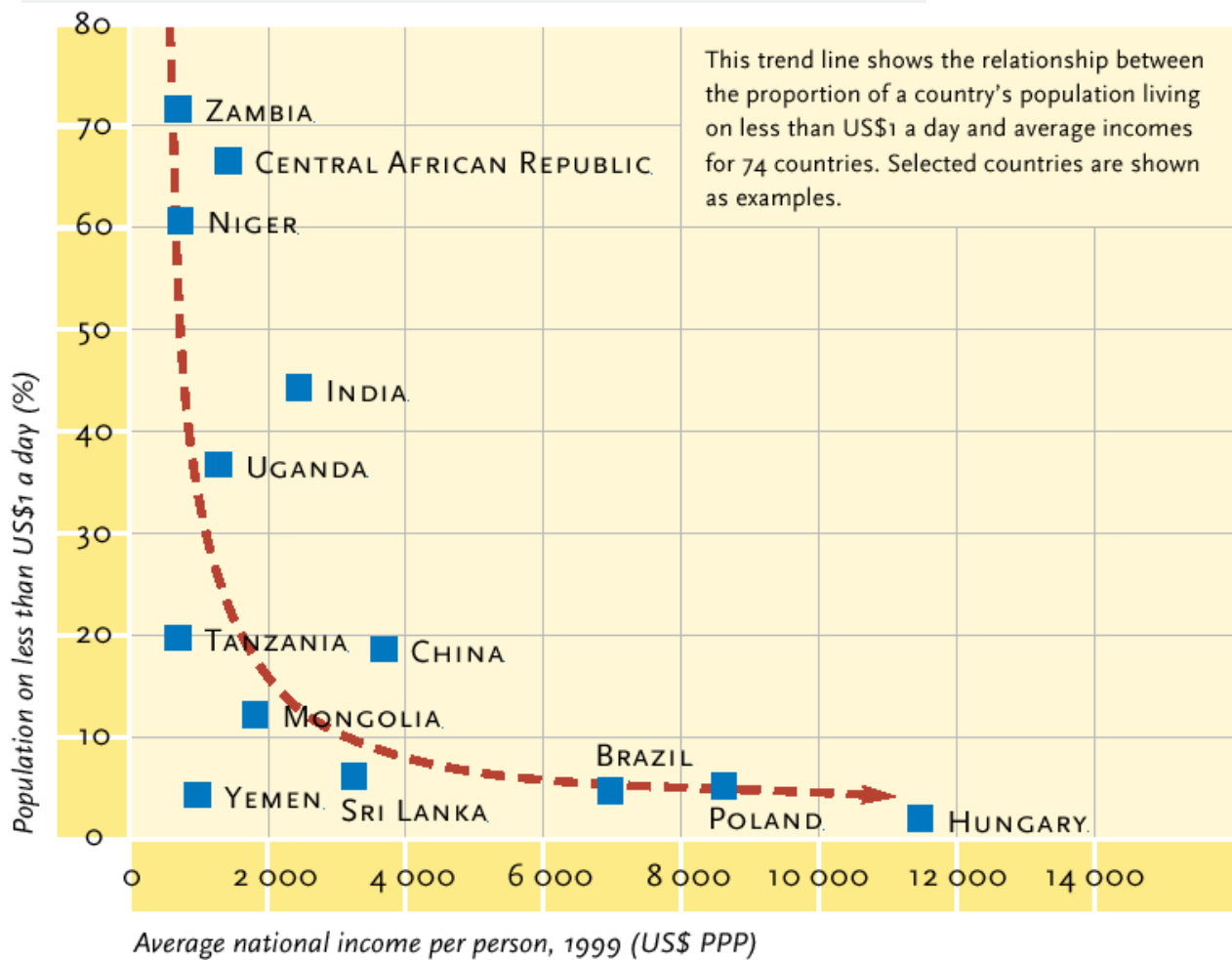
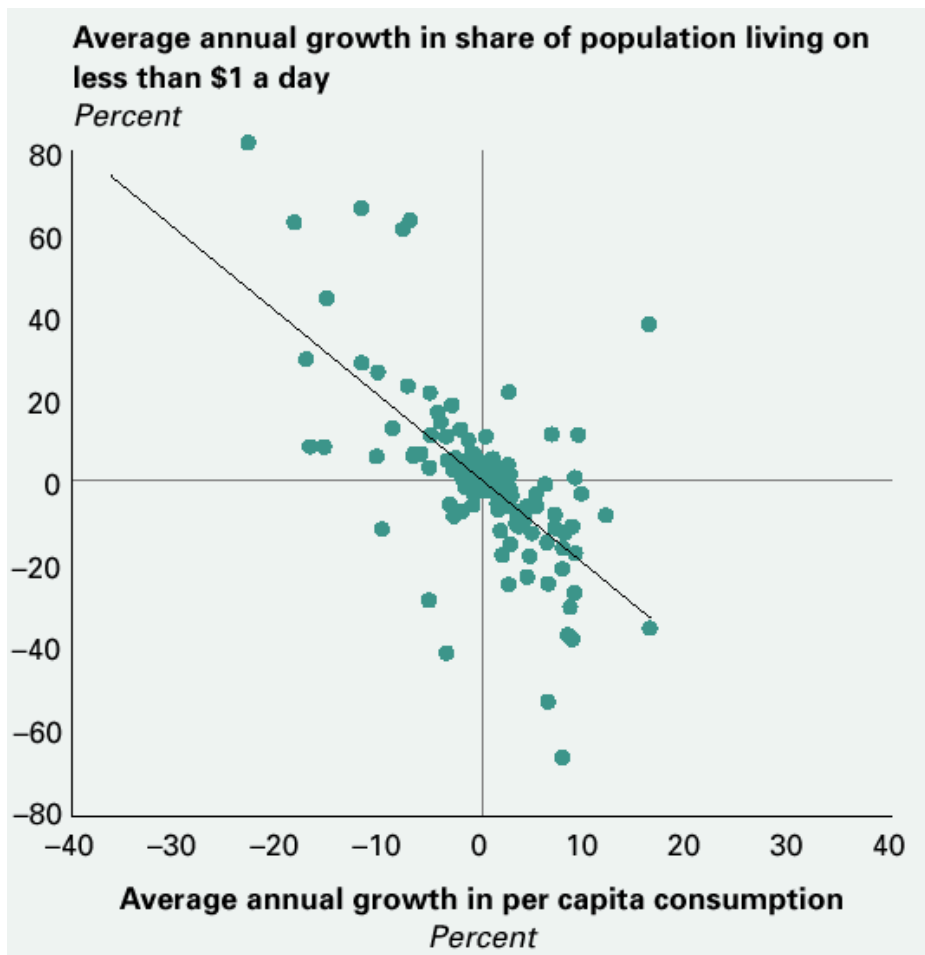
Average annual growth in per capita consumption of poorest fifth of population

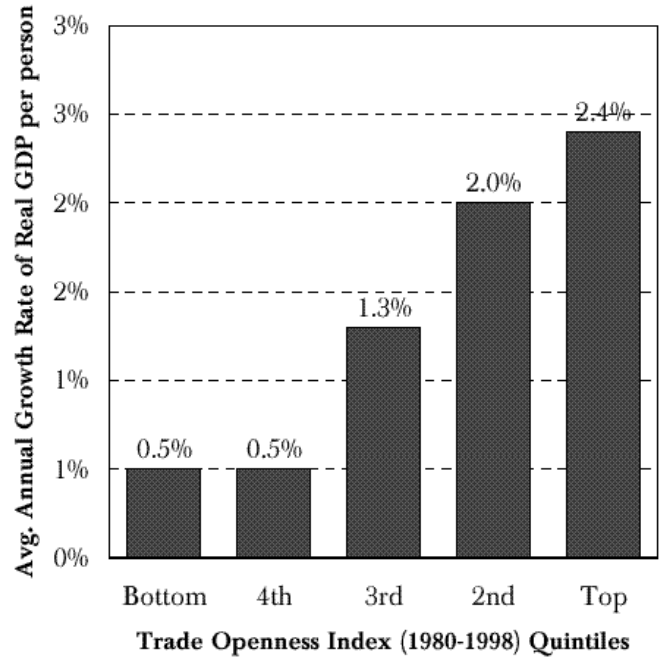
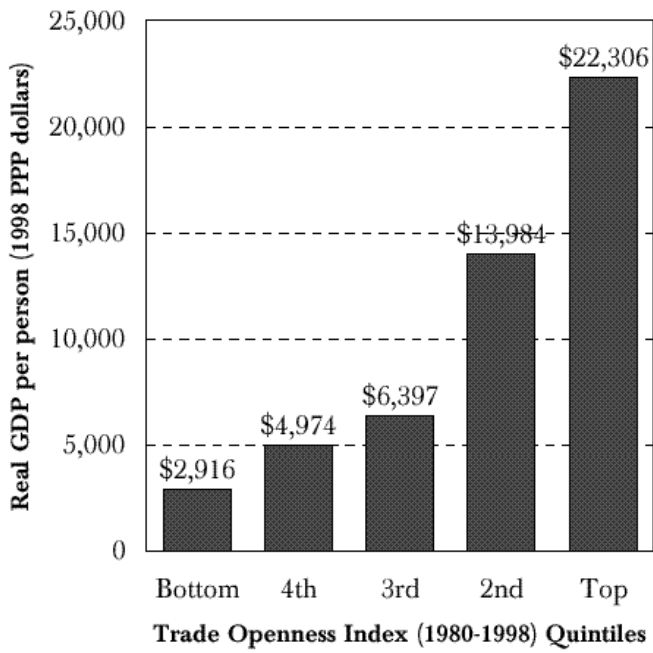
Percent



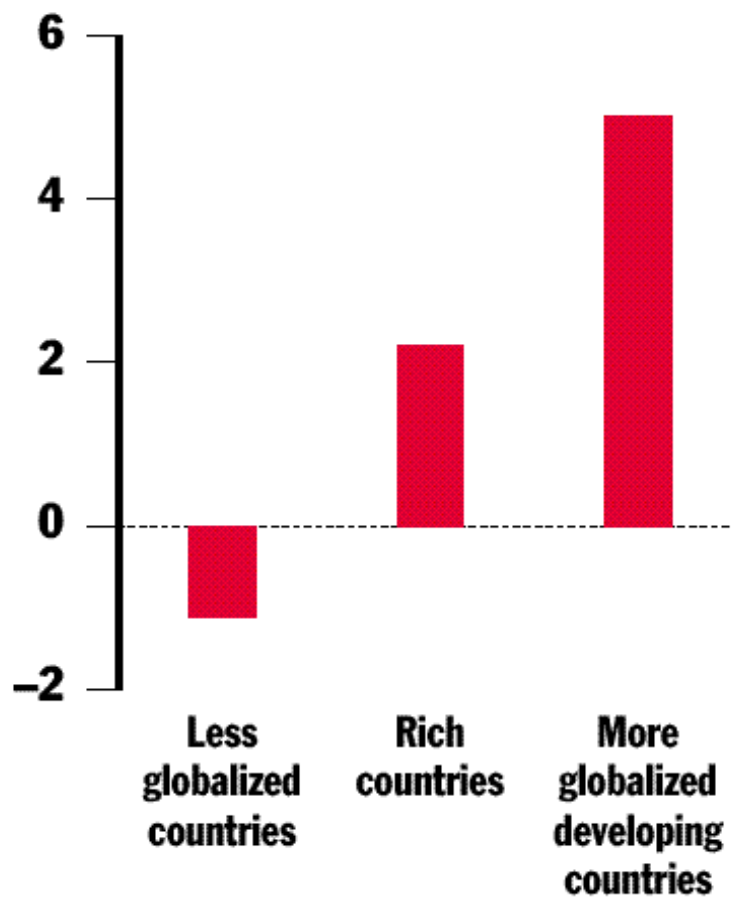
Average annual growth in per capita consumption

Percent

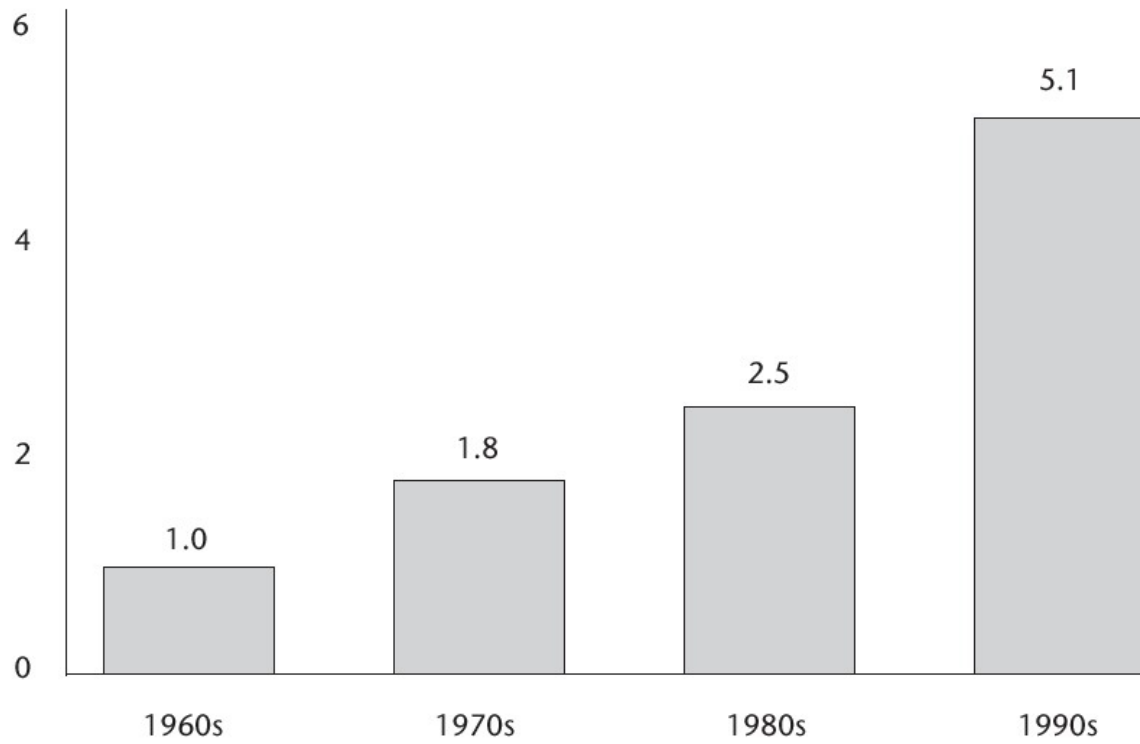




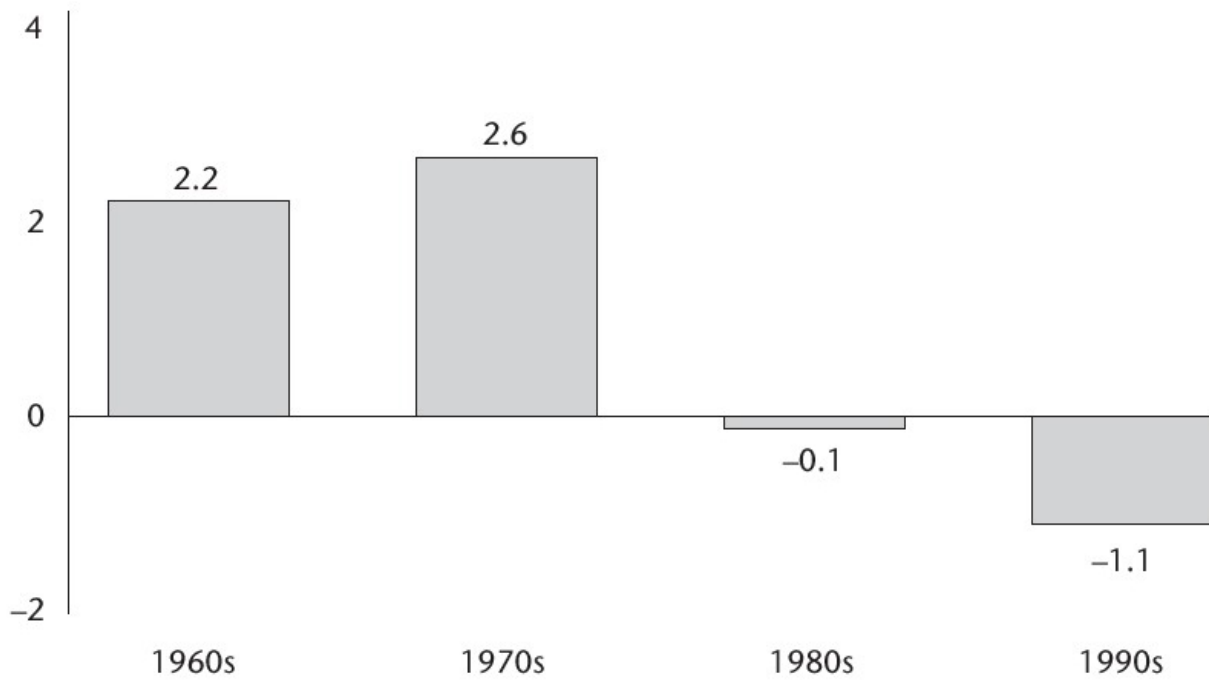
GDP per capita growth rate (percent)

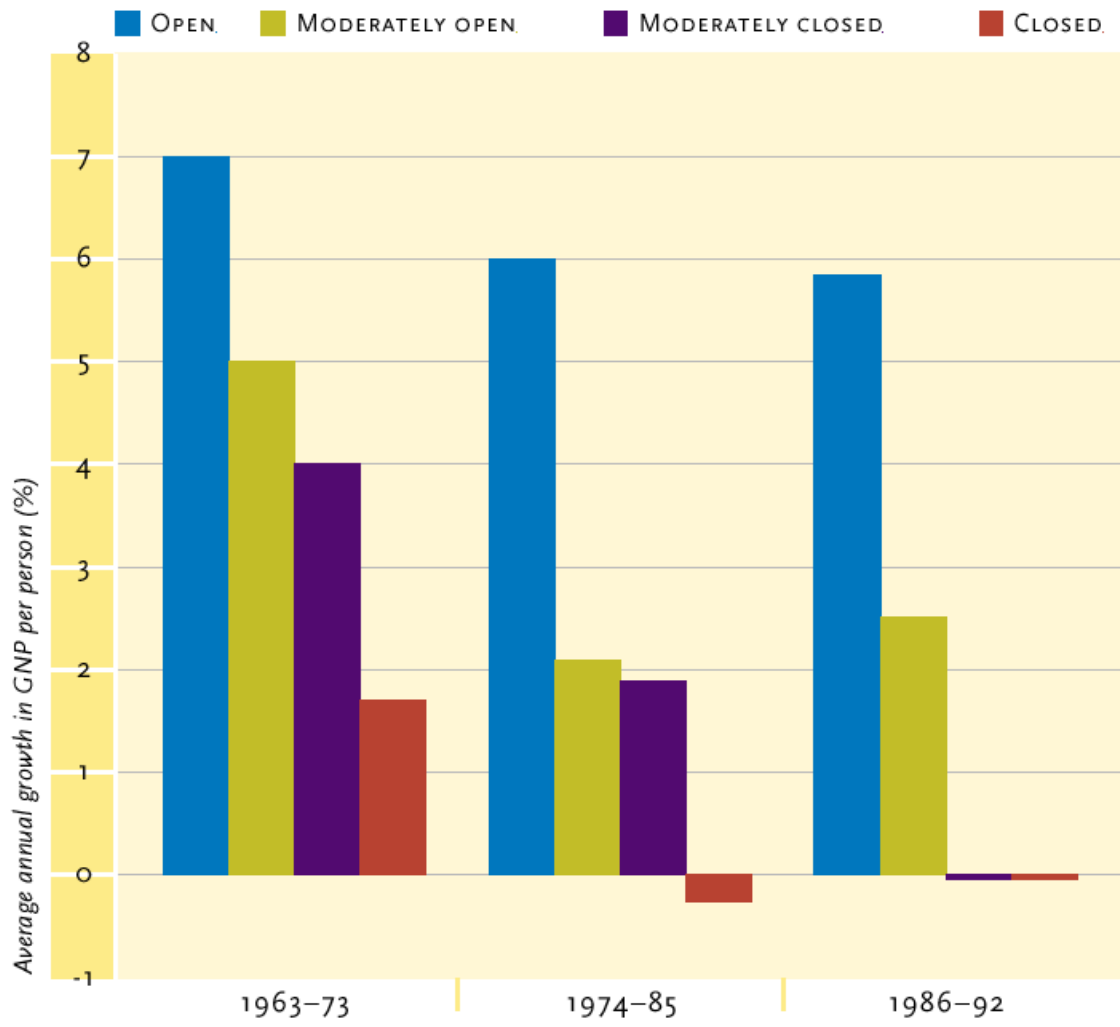


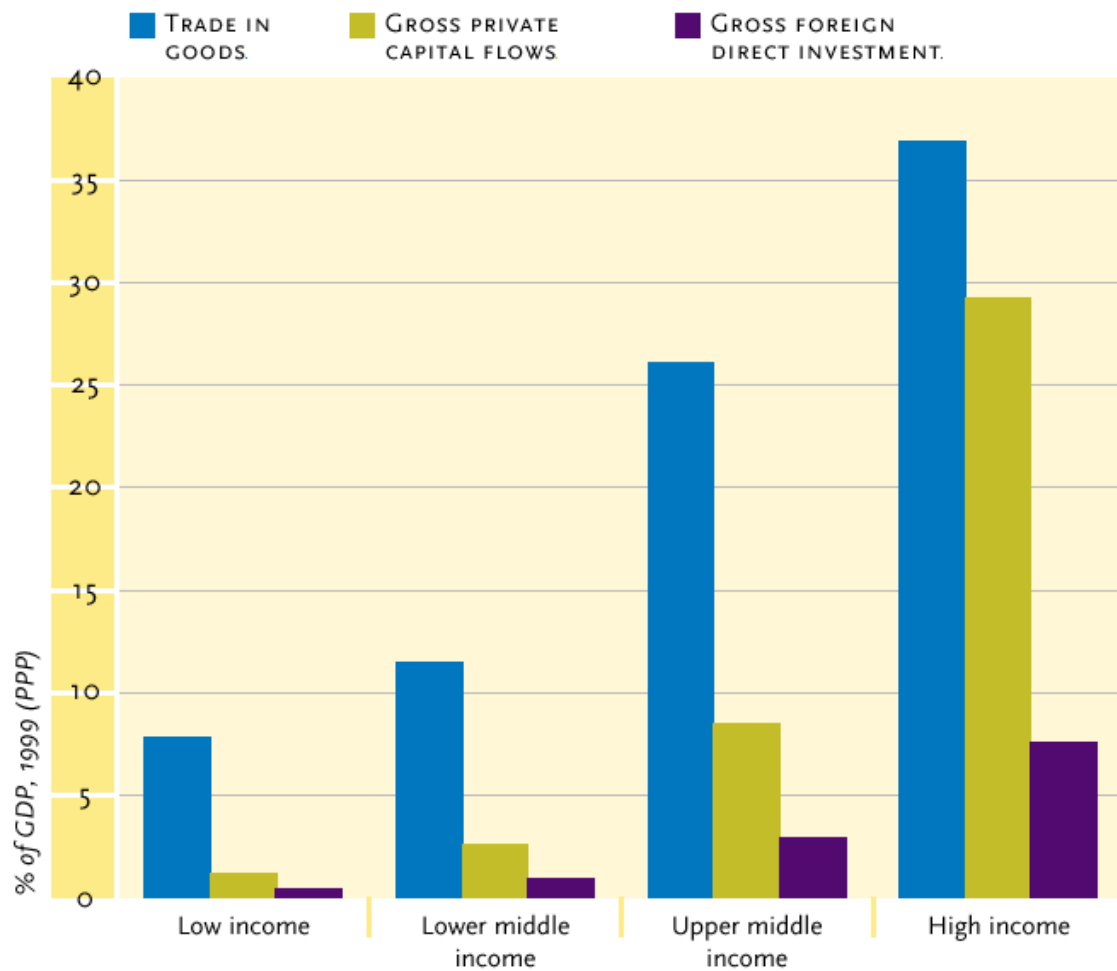
Per capita GDP growth rates: post-1980 globalisers, %



Per capita GDP growth rates: non-globalisers, %

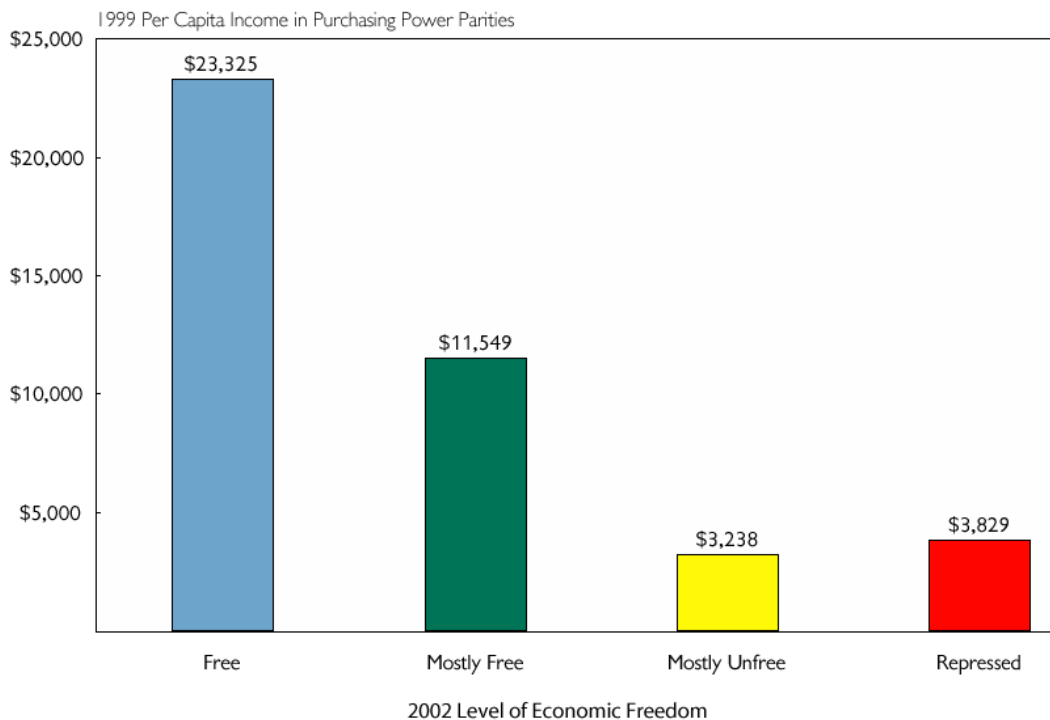






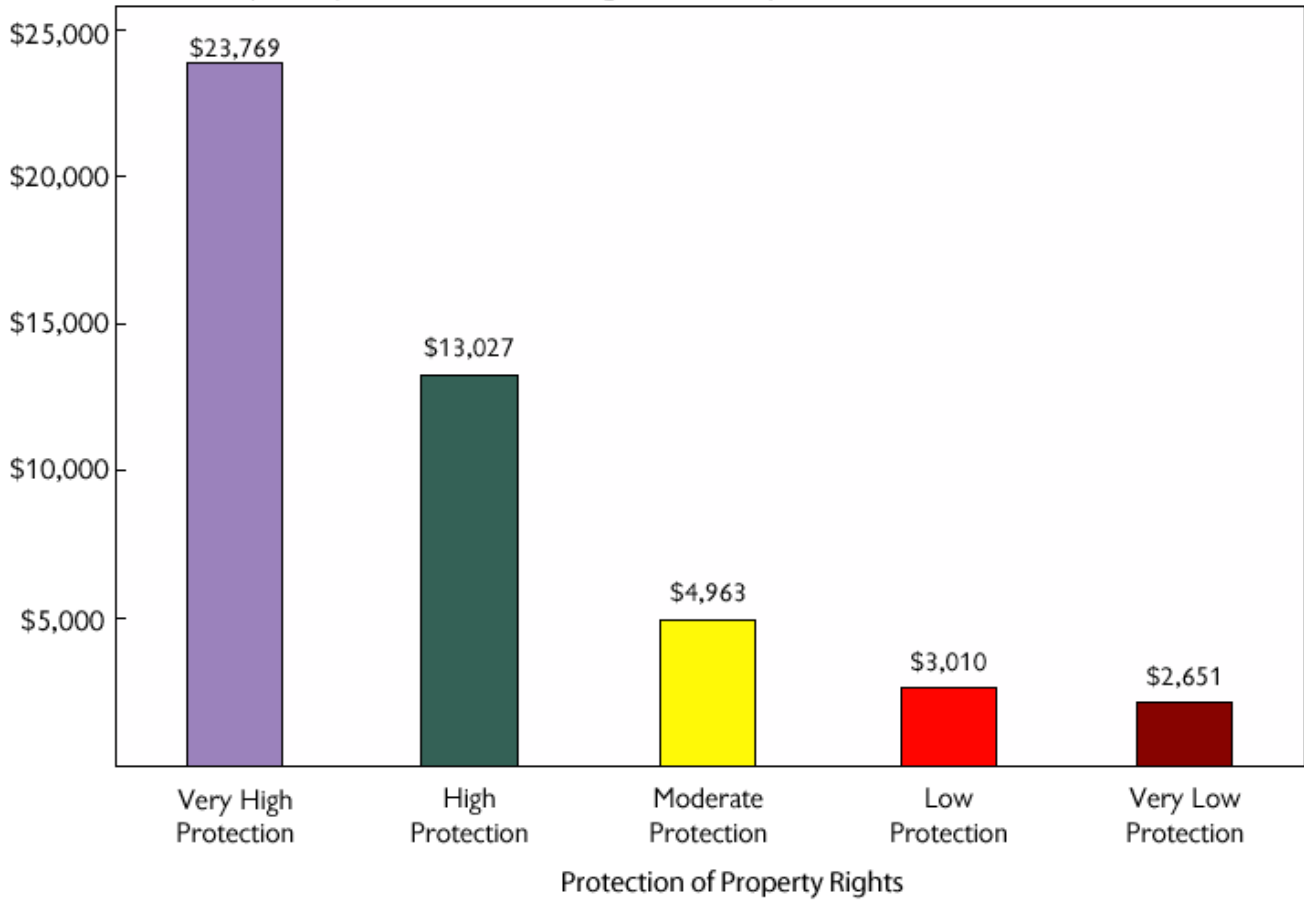
Note: PPP refers to purchasing power parity. Data source: World Bank (2001b).

Economic Freedom and Per Capita Income

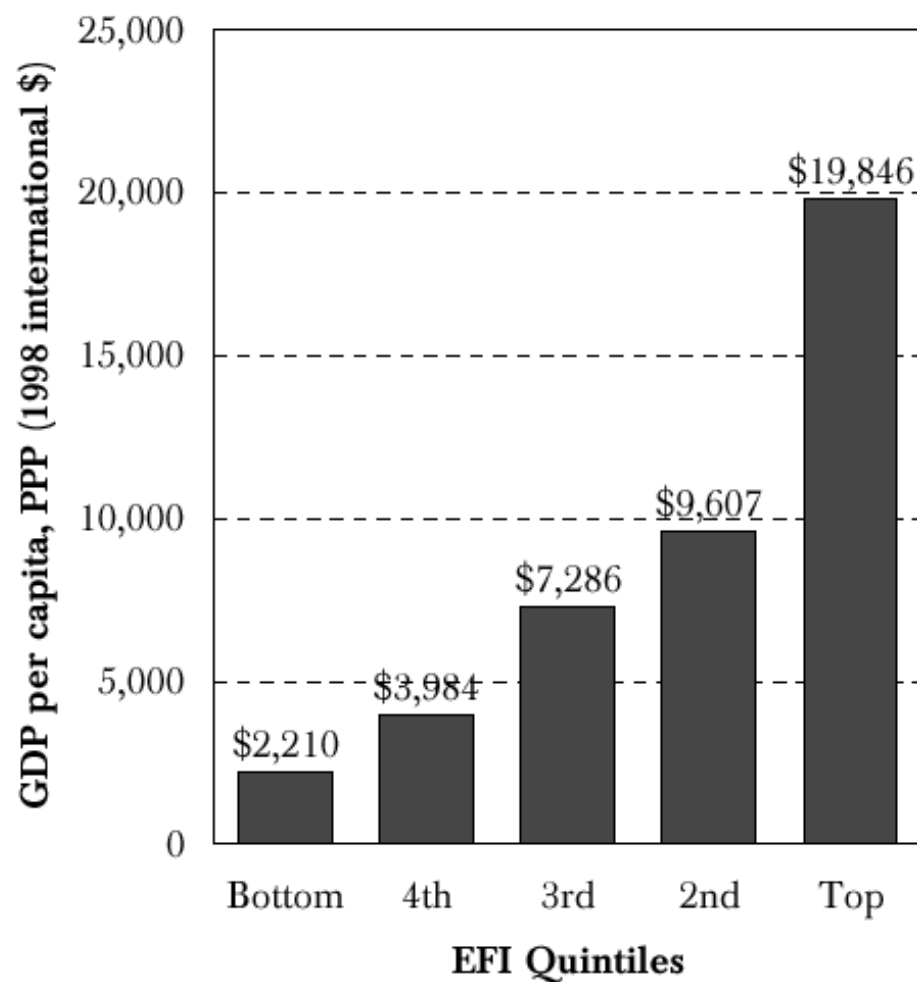


Protection of Property Rights and Per Capita Income

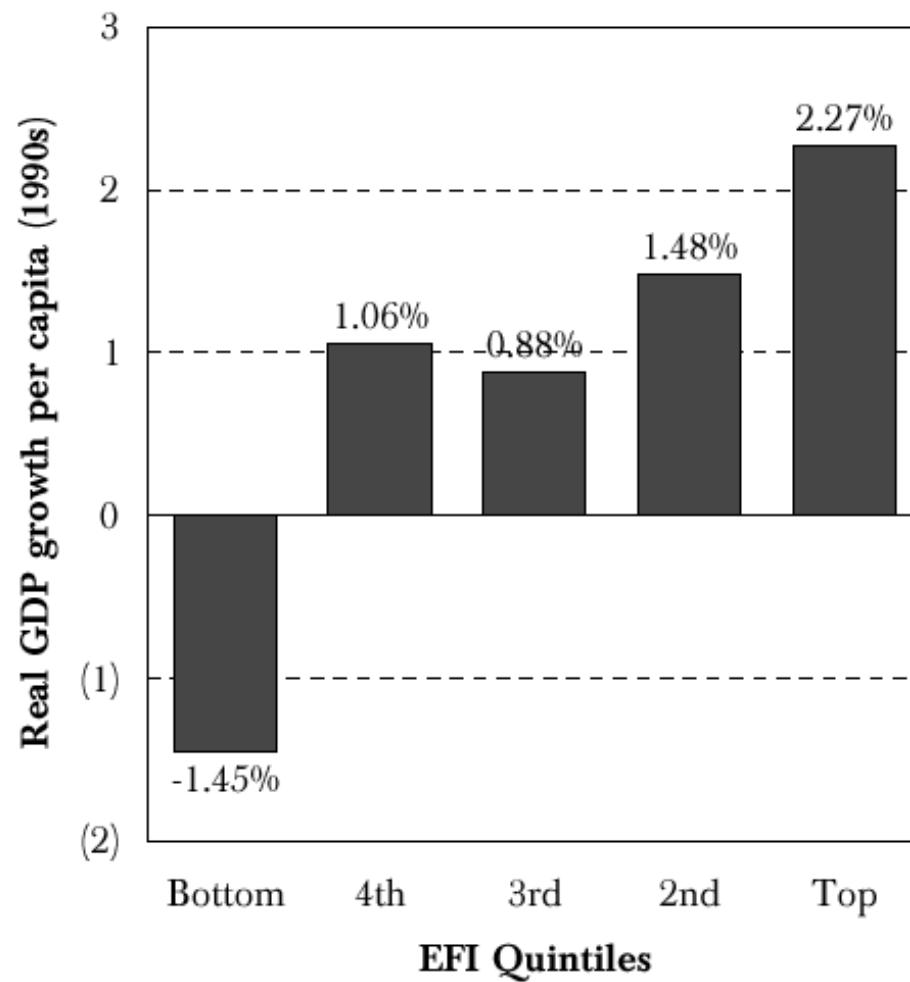
Real GDP per Capita in 1999 Purchasing Power Parity



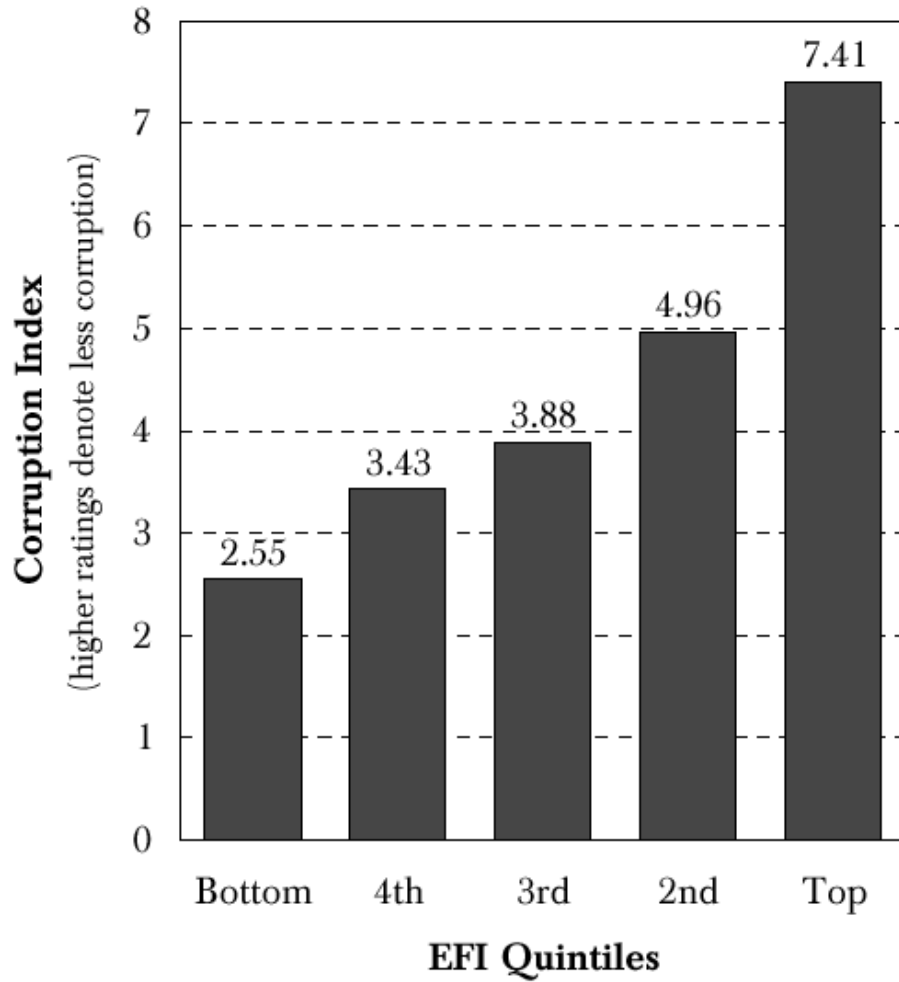
Economic Freedom and Income



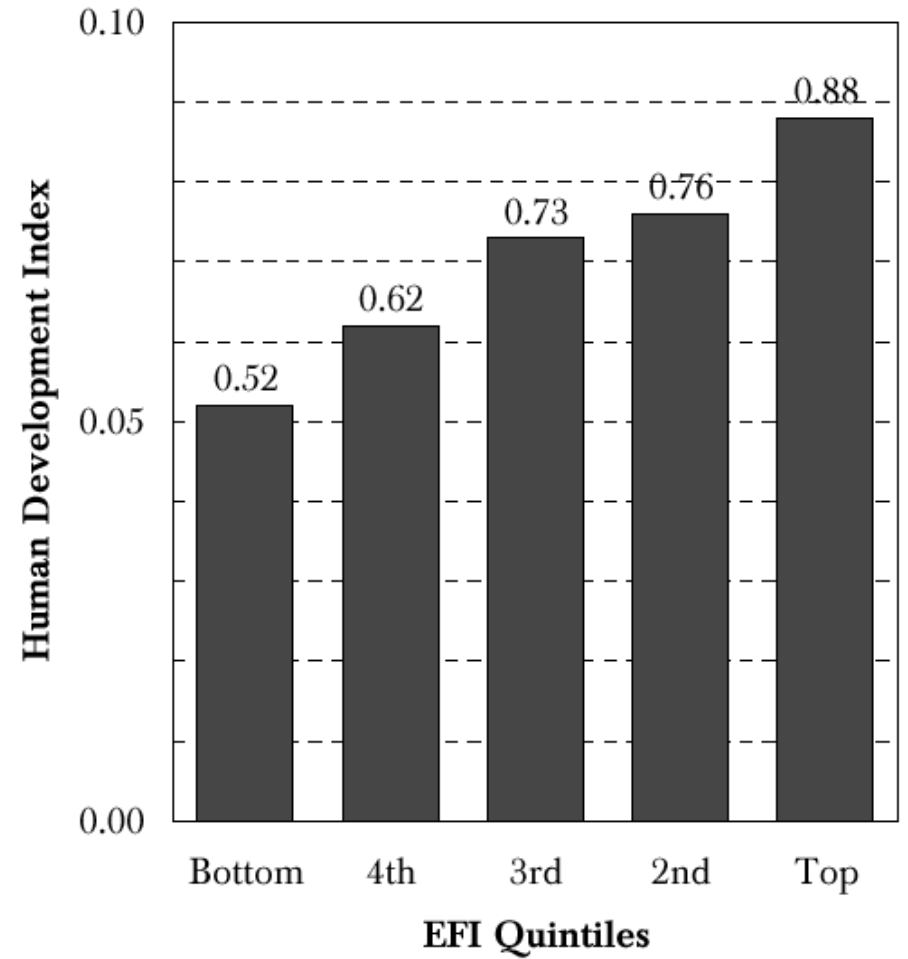
Economic Freedom and Growth



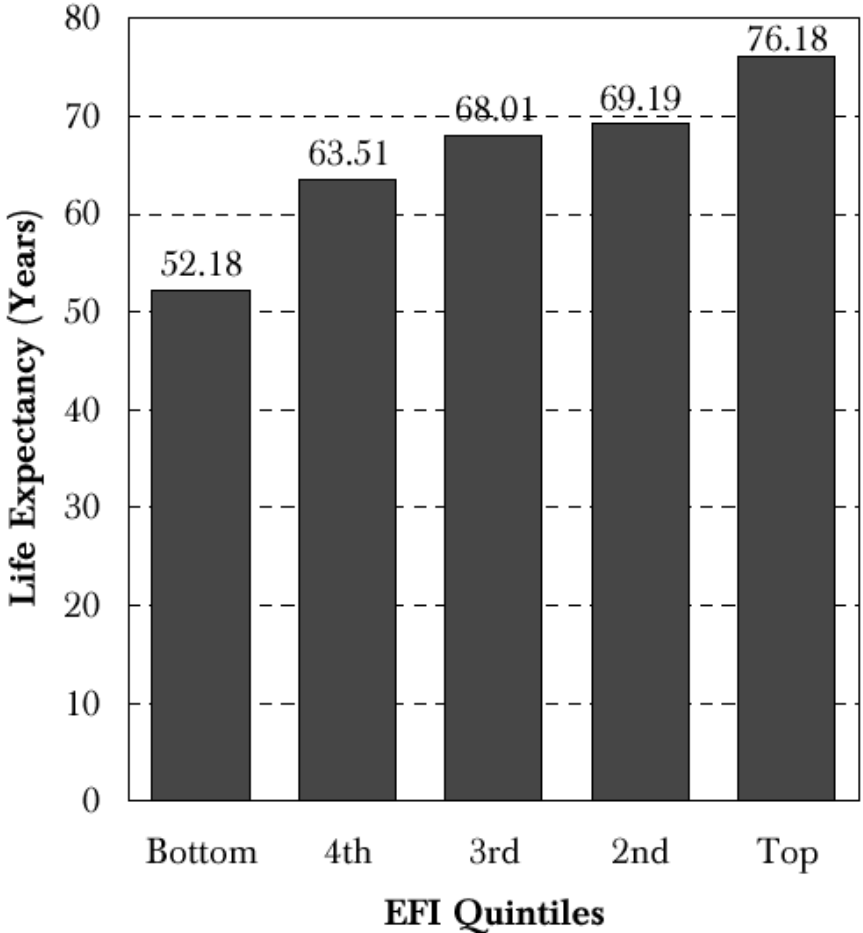
Economic Freedom and Corruption



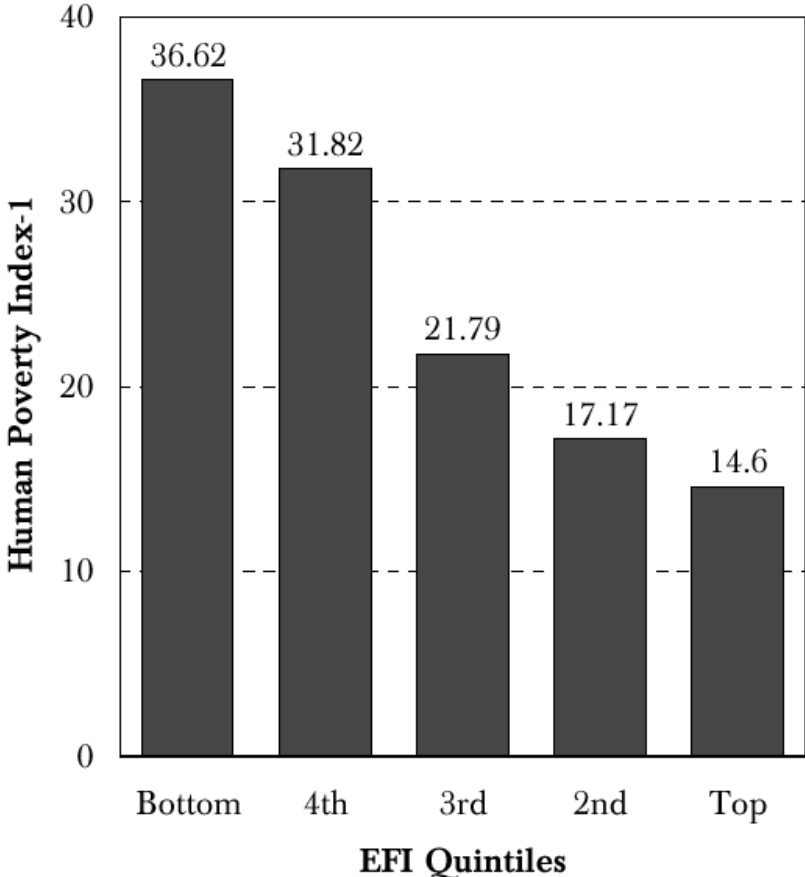
Economic Freedom and Human Development



**Economic Freedom and
Life Expectancy**



**Economic Freedom and
Human Poverty**



Estimated World Income Distributions (Various Years)

