



75 Things You May Not Know About Global Inequality, Difference, and Economic Development

1. If the world were a country, it would rank near the very bottom of a list of the most unequal countries.
2. In 2000 the top 10% of adults in the world owned 85% of global household wealth, while the bottom half owned barely 1%.
3. Without the 627 million drop in East Asia (China alone had a 506 million decline), the number of people living in poverty in the rest of the developing world increased by 581 million.
4. Only five countries received 74% of the estimated \$94 billion in portfolio equity flows to developing countries in 2005.
5. The BRICs—Brazil, Russia, India, and China—now comprise over a quarter of the world's GDP and are 4 of the 10 largest economies.
6. Inequality within countries has been rising since 1970.
7. Per capita GDP measures show an increase in global inequality (a Gini coefficient of 0.545 in 2000, up from 0.473 in 1982).
8. Virtually all studies of global inequality among individuals since 1980 find that inequality ranges between Gini coefficients of 0.61 and 0.68—a staggering level.
9. Inequality between the world's wealthiest country and the world's poorest country has risen from an already large 38.5:1 in 1960 to over 64:1 in 2005.
10. Consumption by the richest 20% of the world population accounted for two-thirds of world total consumption resulting from the growth of the 1990s, while the bottom 50% of the world population got only 9.5%.
11. In 1980, the richest 1% of the world population earned 216 times the poorest 1%. By 2000, this had ballooned to 415 times the earnings of the poorest 1%.
12. The top 10% of adults in the world owned 85% of global household wealth while the bottom half owned barely 1%.
13. The average net worth per adult is \$153,874 in 24 high income OECD countries, or 79 times greater than the \$1,950 average for 64 low income countries.

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14. Brazil's per capita Gross National Income is more than 12 times greater than that of Malawi—the world's poorest country—but is only five times less than that of the U.S.
15. China's per capita income is more than 10 times greater than Malawi's but only 6.4 times less than the U.S.
16. From 1980-2004, in Eastern Europe and Central Asia the number of people living in absolute poverty grew from 3.1 million to 17 million.
17. From 1980-2004, in sub-Saharan Africa the number of people in absolute poverty almost doubled from 164 million to 313 million.
18. People living in poverty in Latin America and the Caribbean grew by 40% from 35.6 million to 49.8 million.
19. From 1990–1999, just 11 countries—with 35% of the developing country population—received 75% of all Foreign Direct Investment (FDI) to developing countries while the other 176 developing countries received only 25%.
20. In 2005, of the 77,000 transnational corporations in the world, more than 20,000 were from developing countries.
21. From 2000-2005 the BRICS combined to contribute more than 35% of world growth.
22. Though developing countries account for less than one-third of developed country imports, they pay two-thirds of the tariffs collected by developed countries.
23. On average, the United States has imposed tariffs on imports from developing countries that are more than three times higher than its tariffs on imports from developed countries.
24. American tariffs for the poorest of the developing countries were more than 10 times higher than tariffs for wealthy OECD countries.
25. The E.U.'s tariff on cocoa beans is 1% but its tariff on chocolate is 30%.
26. The E.U.'s Overall Trade Restrictiveness Index (OTRI) for agriculture is more than 25%--in contrast to its OTRI for manufacturing, which is less than 4%.
27. The U.S.'s OTRI for agriculture is 12% while for industry it is only 4%.

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28. Total OECD agricultural subsidies were \$280 billion in 2004 and accounted for the same percentage (30%) of incomes as in 1995—when those countries had pledged to phase them out.
29. The agricultural subsidies of rich countries exceed the entire GDP of sub-Saharan Africa and are approximately six times more than all foreign aid from rich countries.
30. European cows—each with an implicit income of \$2.50 a day from government subsidies—have higher incomes than one-third of the world's people.
31. The U.S. and E.U. sell half of the world's wheat exports at prices 46% and 34% below the costs of production, respectively.
32. Subsidies make it possible for the E.U. to be the largest exporter of skimmed milk in the world because its producers sell abroad at prices that are half the cost of production.
33. Under the current international intellectual property rights regime (TRIPS), 96% of all patent revenues go to firms from developed countries.
34. The probability that a country would experience a financial crisis in any given year increased from 5% in 1880–1913 to more than 12% from 1973–1997.
35. Developing countries were twice as likely to suffer from a financial crisis—averaging one every 5.4 years.
36. Output losses from financial crises were 47% greater in developing countries.
37. Global financial markets effectively transfer exchange rate risk from rich to poor countries by requiring them to borrow in “hard” foreign currencies.
38. From 1999–2001, while less than 1% of the international debt for the U.S., U.K., Japan, and Euro-currency countries was denominated in foreign currencies, 93% of all developing country debt was in foreign currencies.
39. Developing countries' foreign reserves rose by \$633 billion in 2006. Since 1997, the ratio of forex reserve to GDP for all developing countries has risen from under 10% to almost 25%.

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40. Large reserve holdings also impose costs as foreign reserves provide less return than investments for domestic development. Since 1980 this cost has been close to 1% of developing countries' GDP—or equal to the projected gains from a successful Doha Round of trade negotiations.
41. The number of countries with democratically elected governments has exploded from 39 in 1974 to 122 in 2005; at the same time, domestic inequality has increased in most developing countries.
42. Financial crises consistently increase inequality.
43. Of the nearly 100 developing countries in transition to democracy, less than 20 are en route to becoming well-functioning democracies.
44. The uneven distribution of infrastructure and social services can generate "*spatial inequality traps*" that leave vast expanses of territory backward and economically stagnant.
45. In nine East African countries maintenance spending covered only 20% of current road networks.
46. In Latin America, investment in infrastructure dropped from 3% of GDP in 1980 to less than 1% in 2001.
47. In India, the share of state government expenditures on social services declined from 53% in the 1980s to 35% in the 1990s.
48. Multiple inequalities cumulate and impose the worst suffering. Minorities, women, and indigenous peoples are acute victims of inequality traps.
49. In Mexico, indigenous Mexicans have an 81% poverty rate compared to 18% for the rest of the population.
50. Women and female children in India's poorest state of Bihar are not only the least educated (female literacy rates in some districts are below 3%) but also the most malnourished.
51. Property rights regimes often discriminate against women even in societies—like in sub-Saharan Africa—where agricultural production depends heavily on women's labor.

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52. In Mexico, politically-connected firms absorb so much finance that they reduce the access of competitors even though they're 33% more likely to default.
53. Despite robust economic growth and a 2% annual productivity growth since 1995, unemployment is up over the last 10 years in every developing region but the Middle East and Northern Africa.
54. Non-agricultural self employment is one of the best indicators of the size of the informal sector and has grown substantially in virtually all regions of the developing world.
55. In Africa, 90% of new employment was in the informal economy.
56. In Latin America 1980s and 1990s, 80% of new jobs created were in the informal sector.
57. From 1972–1974, welfare spending in 52 developing countries averaged 3.2% of their GDP; in 1994–1995, welfare spending in these countries dropped to 2.5% of GDP.
58. While it is true that violence often arises in societies with ethnic differences, peaceful relations are in fact more characteristic of societies with ethnic diversity.
59. The presence and quality of democracy is a key factor affecting conflict between ethnic and religious groups.
60. Emerging democracies tend to see higher levels of conflict than authoritarian regimes.
61. The odds of the onset of civil war in a given year increase by 67% if there was instability in the governing arrangements in the previous three years.
62. Social scientists agree that the number of existing violent conflicts peaked in 1992 and has since declined.
63. 95% of all armed conflict is now within countries.
64. Violent conflict has been increasingly concentrated in poor countries, which are 15 times more likely to experience internal conflicts.

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65. A significant positive relationship has been shown to exist between income inequality and violent crime.
66. Recent studies have found that countries with truth commissions are more likely to achieve political stability, improve human rights, and enhance the quality of their democracy.
67. Other studies have found that without widespread political support, transitional justice investigations may be destabilizing.
68. Truth commissions in several countries identified economic inequality and political exclusion as major factors contributing to cycles of political violence and repression.
69. Scholars have found that absolute poverty and inequality are correlated with high levels of repression.
70. The incidence of war and civil strife is much greater in the world's 58 poorest countries than in other countries.
71. 73% of the population in these 58 countries have recently experienced a civil war.
72. This violence reduced their average per capita growth rate by 2.3% per year.
73. Economic performance is much better when variables for economic inequality and ethnic diversity are combined with high quality governmental institutions.
74. Improving the quality of democracy by increasing the accountability of political leaders alleviates many of the problems of inequality and development.
75. Increasing popular participation in democracy makes growth less volatile, promotes more equitable distributional outcomes, and creates superior economic institutions.

List derived from *The Persistent Problem: Inequality, Difference, and the Challenge of Development*, a report of the Task Force on Difference, Inequality, and Developing Societies of the American Political Science Association (2008).

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