

Globalisation and inequality

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Poverty – what do you think?

In the last 30 years, the proportion of the world living in poverty has:

- A. Increased
- B. Remained around the same
- C. Decreased



Inequality – what do you think?

In recent years the distribution of incomes in the world has:

- A. Stayed around the same
- B. Become more unequal
- C. Become more equal



Poverty – what do the British think?

- ▶ 91 per cent of British people believe that the proportion of people in poverty has increased or remained the same in recent decades
- ▶ 94 per cent under-estimate the proportion of girls finishing school in low-income countries




Poverty – what do others think?

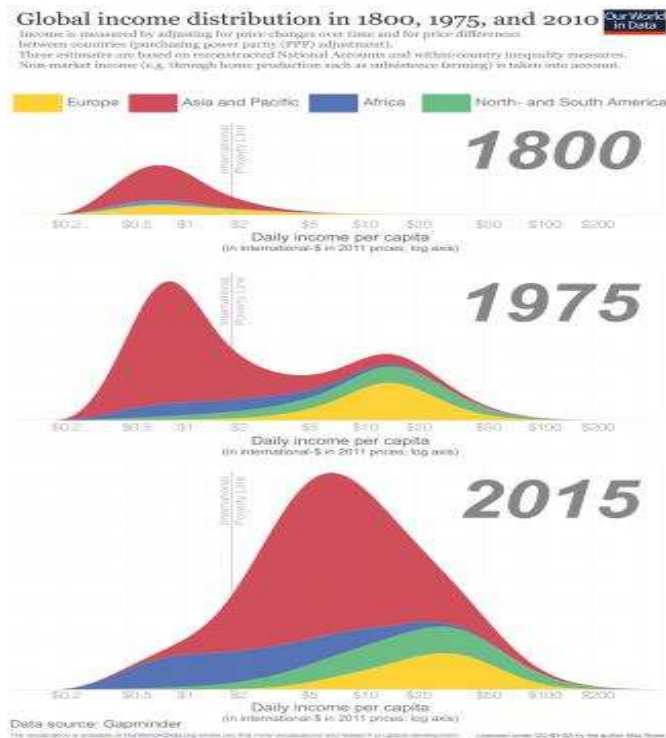
- ▶ 92 per cent of Americans think that the share of the world's population in poverty has risen over the last two decades
- ▶ Only one per cent accurately estimate that the share of the population in extreme poverty has halved
- ▶ The Chinese are closer to reality



Inequality – the facts (1)

- ▶ Global inequality has fallen significantly over the last decade
 - This trend is likely to continue until 2035 at least
 - ▶ *Between countries*, inequality has fallen
 - ▶ Demographic trends have been and will be important
 - ▶ Inequality might increase *within a country* as a country develops
 - ▶ Most richer countries *are* getting more unequal
 - ▶ Top one per cent – see later
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Inequality – the facts (2)



It pays to be miserable

- ▶ The psychology of moralisation
- ▶ Virtue signalling
- ▶ Good news is not interesting



Looking for clouds in silver linings



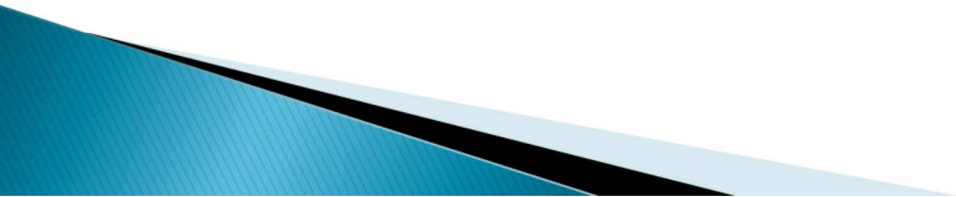
Oxfam's Campaigns

What they don't say:

- It is income, not wealth, that matters
- This refers to “net wealth” (a Harvard graduate is in the 3.6 billion!)
- About 3.6 billion people in the world are below age 30: even in the west people below 30 do not have net wealth
- In the West most poor people have their wealth in the form of entitlements to future state pensions and healthcare – this does not count in Oxfam's figures

A matter of life and death...

- ▶ Christians should be concerned but not sensationalise
- ▶ They should look for the truth and learn to make prudent judgements
- ▶ Politicians and church leaders have a responsibility



What is globalisation?

- ▶ Free movement of goods, services, capital and people
- ▶ Development of global supply chains
 - Is there such a thing as an American or German car?
 - To buy “American” buy “foreign”!
- ▶ The free movement of capital
 - Chinese savings finance US government borrowing
 - A US company bought UK chocolate maker, Cadbury
 - But, who owns the Kraft
- ▶ The movement of people



Who owns...?



VAUXHALL



Is globalisation new?



Venice
14th
century



Liverpool nineteenth century



Shanghai 21st Century

The impact of globalisation

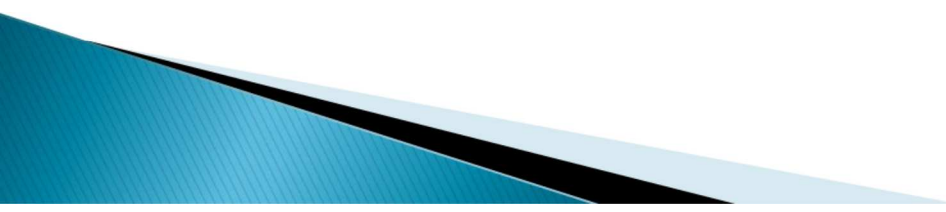
- ▶ It benefits the poor in poor countries the most
- ▶ Inequality between countries has fallen
- ▶ Inequality within countries has often risen, especially in formerly destitute countries
- ▶ Other measures of development have improved hugely – especially for the poor
- ▶ All benefit to some extent
- ▶ But...



The global one per cent



To conclude...

- ▶ Should inequality or poverty be our focus?
 - ▶ Envy is no basis for public policy or civilised discourse
 - ▶ Globalisation has helped the poor – especially the very poor in very poor countries
 - ▶ The impact on inequality is ambiguous but, in many ways, globalisation has reduced inequality
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Reading

Johan Norberg, Progress – Ten Reasons to Look Forward to the Future, published by Oneworld

Philip Booth, Poverty and Inequality – Separating Fact from Fiction, IEA blog post,

<https://iea.org.uk/poverty-and-inequality-separating-fact-from-fiction/>

Max Roser, Our World in Data Website (click on "Growth and Inequality") <https://ourworldindata.org/>

