And they are Poorer Today than 56 Years Ago

By Maxim Nikolenko.

Less than two weeks ago, the annual gathering of global elites concluded in a small town of Davos in Switzerland. It was indeed a spectacle, a party of the “masters of mankind”, to borrow the words of Adam Smith, who arrived to discuss, spearhead and celebrate globalization, praise, and advocate for the corporate-sponsored free trade agreements and the Fourth Industrial Revolution.

All this will help to reduce poverty, one would believe while listening to the remarks at the forum. In fact, one speaker emphasized that over 130,000 people are coming out of poverty every twenty-four hours. Helping such a miracle to happen is a doctrine conventionally known as globalization and informally as neoliberalism.

Advocating for enhancement of this doctrine at the conference were leaders of the world’s biggest and most influential economic powers. The validity of a system itself was, of course, unchallenged. Any negative outcomes of neoliberalism can be resolved by “doubling down” on the status quo policies, commented the British Prime Minister Theresa May. Praised in the business papers as the reformist leader of Europe, French President Emmanuel Macron emphasized his vision to reform France, constructing an environment suitable to the interests of big corporations and their bourgeoisie owners, while hostile to the rest of the population. The American President Donald Trump was also praised at the conference, primarily for the “historic tax reform” package, which is “greatly reducing the tax burden of U.S. companies.”

Advocated by the world’s largest economic powers, hence, the “masters of mankind”, the doctrine is promoted both in the third world and in the developing countries. Ultimately. societies are going to benefit from globalization, we are told.

There are those, however, who do not need to wait for the ultimate rewards and are benefiting already. The stock market is experiencing exciting times on Wall Street, with the Dow Jones Industrial Average breaking news record, though meaningless to the vast majority of Americans. Arriving from the corporate imperial capitals to Davos, the CEO's and government representatives were greeted by the latest report released by Oxfam, which concluded that 82 percent of global wealth produced in 2017 has trickled into the hands of the global top one percent. If one examines closely the latest Global Wealth Report released by Credit Suisse, he would find that as much as 82.7 of growth in global wealth was concentrated in only two regions – North America and Europe

No wonder there was so much enthusiasm at the conference; the doctrine is working for its participants. The poorest half of humanity, in the meantime, saw no increase in their income, the Oxfam report concludes. Vividly, the status quo economic framework facilitates the resettlement of wealth from the poorest to the wealthiest groups in society. On the global scale, this phenomenon looks even more dramatic, representing a shift of wealth from the poorest countries to the richest.

Writing for the Guardian in 2016, Jason Hickel, an anthropologist at the London School of Economics, brutally summarized the income inequality between the United States and the rest of the world.

Over the past few decades inequality has become so bad that, in 2000, Americans were nine times richer than Latin Americans, 72 times richer than sub-Saharan Africans, and a mind-popping 80 times richer than south Asians. These numbers give us a sense for how unfairly the global economy distributes our planet's wealth.

Shockingly, the contemporary data indicates that dozens of countries in the third world are poorer today than they were decades ago. Ignoring the soaring inequality within countries themselves, we can draw this conclusion by examining the nominal Gross Domestic Product of countries divided by the population. The GDP per capita data, published annually by the World Bank and International Monetary Fund, is a good source to look at. Considering that the data is amplified in U.S. Dollar – the self-proclaimed global reserve currency– we need to apply the inflation of the dollar to conduct our analysis. For instance, one American dollar in 1960 would equal to $8.11 in 2016. Consequently, if the GDP per capita of a country was $200 per year in 1960, the same sum will be equivalent to $1621.67 in 2016. If the contemporary per capital estimate for 2016 is below that sum, then we can conclude that the country is poorer in 2016 than it was 56 years ago. Once again, such an assessment does not take into consideration the unequal distribution of wealth. Indeed, including this aspect in the assessment would make the situation look better in the countries the reader will see below.

Below is the list of 30 countries where the GDP per capita in 2016 was below the inflation-adjusted figure from 1991, 1990, 1980. 1979, 1976, 1975. 1966, 1963, or 1960. Consequently, they are poorer today than they were 25, 26, 36, 37, 40, 41, 50, 53, or 56 years ago.

It is worth knowing that combined, these countries are home to 803.4 million people.

The Democratic Republic of the Congo

GDP per capita in 1960: $220.31

Would equal to $1786.35 in 2016.

GDP per capita in 2016: $444.51

Burundi

GDP per capita in 1960: $70.35

Would equal to $570.42 in 2016.

GDP per capita in 2016: $285.73

Zimbabwe

GDP per capita in 1960: $280.99

Would equal to $2278.36 in 2016.

GDP per capita in 2016: $1008.60

Malawi

GDP per capita in 1960: $45.03

Would equal to $365.12 in 2016.

GDP per capita in 2016: $300.79

Niger

GDP per capita in 1960: $132.65

Would equal to $1075.57 in 2016.

GDP per capita in 2016: $363.23

Chad

GDP per capita in 1960: $104.47

Would equal to $847.08 in 2016.

GDP per capita in 2016: $664.30

The Central African Republic

GDP per capita in 1960: $74.60

Would equal to $604.88 in 2016.

GDP per capita in 2016: $382.21

Madagascar

GDP per capita in 1960: $131.99

Would equal to $1070.22 in 2016.

GDP per capita in 2016: $401.32

Liberia

GDP per capita in 1960: $170.04

Would equal to $1378.74 in 2016.

GDP per capita in 2016: $455.37

Senegal

GDP per capita in 1960: $247.24

Would equal to $2004.71 in 2016.

GDP per capita in 2016: $958.07

Togo

GDP per capita in 1960: $76.64

Would equal to $621.42 in 2016.

GDP per capita in 2016: $578.46

Sierra Leone

GDP per capita in 1960: $140.18

Would equal to $1136.63 in 2016.

GDP per capita in 2016: $496.05

Zambia

GDP per capita in 1960: $234.17

Would equal to $1898.73 in 2016.

GDP per capita in 2016: $1178.39

Afghanistan

GDP per capita in 1963: $78.78

Would equal to $617.90 in 2016.

GDP per capita in 2016: $561.78

The Gambia

GDP per capita in 1966: $108.32

Would equal to $802.39 in 2016.

GDP per capita in 2016: $473.19

Iraq

GDP per capita in 1975: $1151.82

Would equal to $5138.38 in 2016.

GDP per capita in 2016: $4609.60

Uganda

GDP per capita in 1975: $217.93

Would equal to $972.21 in 2016.

GDP per capita in 2916: $615.31

Benin

GDP per capita in 1975: $207.30

Would equal to $924.79 in 2016.

GDP per capita in 2016: $789.44

Cameroon

GDP per capita in 1975: $369.13

Would equal to $1646.72 in 2016.

GDP per capita in 2016: $1032.65

Ivory Coast

GDP per capita in 1975: $589.21

Would equal to $2628.52 in 2016.

GDP per capita in 2016: $1526.20

Algeria

GDP per capita in 1976: $1031.30

Would equal to $4350.07 in 2016.

GDP per capita in 2016: $3843.75

Tunisia

GDP per capita in 1979: $1158. 41

Would equal to $3829.57 in 2016.

GDP per capita in 2016: $3688.65

Mozambique

GDP per capita in 1980: $297.62

Would equal to $866.88 in 2016.

GDP per capita in 2016: $382.07

Nigeria

GDP per capita in 1980: $873.96

Would equal to $2545.59 in 2016.

GDP per capita in 2016: $2177.99

Morocco

GDP per capita in 1980: $1077.24

Would equal to $3137.68 in 2016.

GDP per capita in 2016: $2832.43

Comoros

GDP per capita in 1980: $401.22

Would equal to $1168.64 in 2016.

GDP per capita in 2016: $775.08

Tajikistan

GDP per capita in 1990: $497.64

Would equal to $913.83 in 2016.

GDP per capita in 2016: $795.89

Kyrgyzstan

GDP per capita in 1990: $608.95

Would equal to $1118.23 in 2016.

GDP per capita in 2016: $1077.04

Ukraine

GDP per capita in 1990: $1569.74

Would equal to $2882.54 in 2016.

GDP per capita in 2016: $2185.73

Haiti

GDP per capita in 1991: $479.55

Would equal to $845.05 in 2016.

GDP per capita in 2016: $739.60

Now, it is time to examine the per capita income trend in developed countries. To start with, the industrialized societies, precisely in Europe, have experienced stagnation or decline in per capita income since the 2008 recession. Interestingly the downward trend is absent if one looks at the soaring wealth of elites on the European continent, Hence the income inequality within the industrialized societies is soaring, too.

While looking at the data below, one can notice, however, that the per capita income in the industrialized countries has increased dramatically since the 1960s and outpaces inflation.

The United States

GDP per capita in 1960: $3007.12

Would equal to $24,382.77 in 2016.

GDP per capita in 2016: $57,466.79

Denmark

GDP per capita in 1960: $1364.52

Would equal to $11,064 in 2016.

GDP per capita in 2016: $53,417.66

The United Kingdom

GDP per capita in 1960: $1380.31

Would equal to $11,192.03 in 2016.

GDP per capita in 2016: $39,899.39

France

GDP per capita in 1960: $1338.30

Would equal to $10,851.40 in 2016.

GDP per capita in 2016: $36,854.97

Italy

GDP per capita in 1960: $804.49

Would equal to $6523.08 in 2016.

GDP per capita in 2016: $30,527.27

Switzerland

GDP per capita in 1960: $1787.36

Would equal to $14,492.53 in 2016.

GDP per capita in 2016: $78,812.65

It is ridiculous to claim that this trend can be fixed by “doubling down” on the status quo economic order. Perhaps, Theresa May understands this well.