

Global income equality now back at 1820s levels: OECD

October 2 2014

The gap between the haves and the have-nots globally is now at the same level as in the 1820s, the OECD said Thursday, warning it was one of the most "worrying" developments over the past 200 years.

In a major report on global well-being over the past two centuries, the Organisation for Economic Cooperation and Development noted inequality shot up after globalisation took root in the 1980s.

Researchers studied income levels in 25 countries, charted them back in time to 1820 and then collated them as if the world were a single country.

The results showed that [income inequality](#) dropped sharply in the middle of the 20th century—which the OECD put down to what it called an "egalitarian revolution", notably with the rise of Communism in Eastern Europe—but then spiked more recently.

By 2000, global levels of income inequality were at the same levels as in 1820, according to the report.

"This is very striking," said Guido Alfani, from Bocconi University, who participated in the survey.

"The enormous increase of income inequality on a global scale is one of the most significant—and worrying—features of the development of the world economy in the past 200 years," concluded the OECD in the

269-page report presented to the media.

Dutch economist Jan Luiten van Zanden said the report painted a similar picture to the stark warning in the controversial but best-selling book about global income inequality by French economist Thomas Piketty, "Capital in the Twenty-First Century".

"We are telling similar stories ... we are sharing the same concerns about global inequalities," said van Zanden.

"Piketty is comparing mostly western countries. His method should be analysed on a global scale," suggested the economist.

For the landmark study, researchers looked at trends in factors such as health, education, inequality, the environment and personal security over the past 200 years in order to build a picture of global well-being.

The conclusion: "People's well-being has generally progressed since the early 20th century across a large part of the world."

Life expectancy worldwide has shot up from less than 30 years in 1880 to almost 70 in 2000.

Literacy too has risen dramatically. Less than 20 percent of people could read in 1820; now the figure is around 80 percent.

© 2014 AFP

Citation: Global income equality now back at 1820s levels: OECD (2014, October 2) retrieved 18 April 2024 from <https://phys.org/news/2014-10-global-income-equality-1820s-oecd.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is

provided for information purposes only.