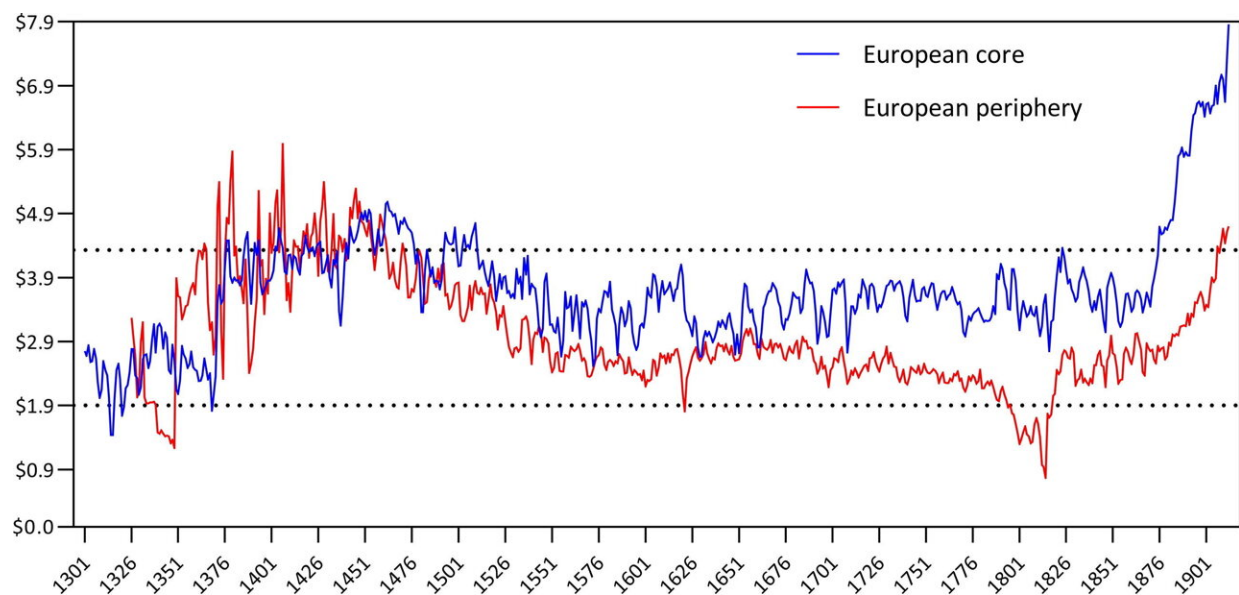


# The expansion of capitalism led to a deterioration in human welfare, according to new study

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Daily income per person for a family of four, with one family member working 250 days a year as an unskilled laborer, 2011 welfare-adjusted PPP \$ (1301 – 1913). Source: Allen (2001); U.S. Bureau of Labor Statistics (2020). Credit: *World Development* (2022). DOI: 10.1016/j.worlddev.2022.106026

Far from reducing extreme poverty, the expansion of capitalism from the 16<sup>th</sup> century onward was associated with a dramatic deterioration in human welfare. This is according to a study carried out by the Institute of Environmental Science and Technology of the Universitat Autònoma

de Barcelona (ICTA-UAB) in collaboration with Macquarie University, Australia, which shows that this new economic system saw a decline in wages to below subsistence, a deterioration in human stature, and a marked upturn in premature mortality.

It is often assumed that prior to the 19th century, the vast majority of the human population lived in extreme poverty, unable to access essential goods such as food, and that the rise of capitalism delivered a steady and dramatic improvement in human welfare.

A new paper supervised by ICTA-UAB researcher Jason Hickel calls these claims into question. The study, recently published in the journal *World Development*, shows that the data used to make these claims relies on historical GDP data and Purchasing Power Parity (PPP) exchange rates that do not adequately account for changes in access to essential goods. This data does not offer a good proxy for human welfare and may give the impression of progress even as health standards deteriorate.

The researchers use an alternative approach to reconstructing the history of human welfare. They analyze three empirical indicators—real wages (with respect to a subsistence basket), human height, and mortality—in five world regions (Europe, Latin America, sub-Saharan Africa, South Asia and China) from the rise of the capitalist world-economy in the 16th century.

Their analysis points to three conclusions. First, they find it is unlikely that extreme poverty was a normal or universal condition prior to the 19th century. Data on real wages indicates that, historically, unskilled urban laborers tended to have incomes that were sufficient to meet their [basic needs](#), for food, clothing, and shelter. Extreme poverty tended to arise during periods of dramatic social dislocation, such as wars, famines, and dispossession, particularly under colonialism.

"If one assumes that extreme poverty was near universal in the past, then it may appear as good news that only a fraction of the global population lives in this condition today," says Dylan Sullivan, the study's lead author and researcher at Macquarie University, Australia. "But if [extreme poverty](#) is a sign of severe distress, relatively rare under normal conditions, it should deeply concern us that hundreds of millions of people continue to suffer this way today," he states.

The second conclusion is that, far from delivering progress in social outcomes, the rise and expansion of capitalism saw a dramatic deterioration in human welfare. In all the regions they review, the process of incorporation into the capitalist world-system was associated with a decline in wages to below subsistence, a deterioration in human stature, and a marked upturn in premature mortality.

"This is because capitalism is an undemocratic system where production is organized around elite accumulation rather than human needs," explains Sullivan. "To maximize profitability, capital often seeks to cheapen labor through processes of enclosure, dispossession, and exploitation."

Finally, the authors find that recovery from this prolonged period of immiseration occurred only recently: progress in [human welfare](#) began in the late 19th century in Northwest Europe and the mid-20th century in the global South. Sullivan and Hickel note that this coincides with the rise of the labor movement, socialist political parties, and de-colonization. "These movements redistributed incomes, established public provisioning systems, and attempted to organize production around meeting human needs," Jason Hickel says. "Progress appears to come from progressive social movements."

**More information:** Dylan Sullivan et al, Capitalism and extreme poverty: A global analysis of real wages, human height, and mortality

since the long 16th century, *World Development* (2022). [DOI: 10.1016/j.worlddev.2022.106026](https://doi.org/10.1016/j.worlddev.2022.106026)

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