

**SOCIOECONOMIC INEQUALITIES IN THE WORLD SOCIETY:  
TRENDS AND REGIONAL VARIATIONS, 1950-1998**

Nico Wilterdink, *University of Amsterdam*

Rob Potharst, *Erasmus University Rotterdam*

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## Introduction

It is commonplace to say that the world today is characterized by huge and increasing socioeconomic inequalities. Where most inhabitants of the world's privileged countries live in unprecedented affluence, hundreds of millions of people in the rest of the world are deprived of the most basic means of existence; and this gap between the rich and the poor continues to widen. This is the message spread by popular media as well as, much more extensively, authoritative reports such as the United Nations *Human Development Report* published every year since 1990. The 1996 UN report mentions, for example, that 'the poorest 20% of the world's people saw their share of global income decline from 2.3% to 1.4% in the past 30 years. Meanwhile, the share of the richest 20% rose from 70% to 85%. That doubled the ratio of the shares of the richest and poorest - from 30:1 to 61:1' (UNDP 1996: 2).

The academic literature on the topic is less equivocal. Some authors affirm that world income inequality grew steadily and strongly in the second half of the twentieth century; others see little change; and still others even observe a dominant tendency of convergence between the rich and the poor countries (see for a summary of the debate Korzeniewicz and Moran 1997: 1000-1006).

A recent study by Korzeniewicz and Moran (1997) confirms the view that income disparities at the world level grew dramatically in the last decades. Their calculations indicate a clear and continuous increase of world income inequality from 1965 to 1990, which was particularly strong after 1980.

The present paper enters into in this debate and, in particular, takes issue with Korzeniewicz' and Moran's findings. By presenting new estimates for the years 1950-1998 it will show that the development of socio-economic inequality on the world level in the second half of the 20th century cannot be simply defined as one of a continuous upward trend, nor as one of stability or convergence. It will appear that there are appreciable fluctuations over time, and that the over-all changes in global inequality depend on highly divergent trends in different world regions. In the final section these findings are interpreted from a long-term, historical-sociological perspective.

## **World income inequality 1950-1998**

### *Trends in international (between-country) inequality*

On the basis of World Bank data on per capita Gross National Product (GNP) of 121 countries Korzeniewicz and Moran (1997: 1021, Table 3) calculated that the share of the 20% of the world population in the poorest countries in total world income declined from 2.25% in 1965 to 1.65% in 1980 and further to 1.38% in 1990. The share of the 20% in the richest countries, on the other hand, rose from 69.50% in 1965 to 75.38% in 1980 and further to 83.44% in 1990. The ratio of the shares of the richest and the poorest 20% thereby almost doubled: from 31 in 1965 to 60 in 1990. The Gini coefficient of inequality increased from 0.658 in 1965 to 0.682 in 1980 and 0.740 in 1990.:

Our own calculations for 1998, based on the same type of data, show a continuation of this trend. The share of the 20% of the world population in the poorest countries further declined to 1.24% of total world income, the share of the 20% in the richest countries rose to 84.83%, which means that the ratio between the two attained the new historical record of 68. The Gini coefficient rose to 0.747.<sup>1</sup>

These calculations are based on GNP estimates according to the official exchange range, and therefore do not take into account the substantial price level differences between countries. Poor countries are in general much cheaper than rich countries, i.e. with the same amount of dollars much more goods and services can be bought. If we take this into account and correct the GNP data on the basis of estimates of purchasing power parities (PPP), the outcomes for world income inequality become quite different. Korzeniewicz and Moran defend their choice for official exchange rates by stating that GNP per capita at international market prices 'itself provides a better relational indicator of command over income, or the relative command that inhabitants of different countries have "over the human and natural resources" of each other' (p. 1011, italics deleted). This may be true when our concern is the relative 'strength' of national economies as such, taken as undifferentiated wholes; it is hardly relevant when we are interested in the differences in people's actual living conditions. For this purpose PPP estimates are a much

better indicator, however rough and approximate these estimates are (adding the uncertainty of price level comparisons to the uncertainty of GNP estimates).

Therefore, we have chosen for PPP estimates as the basis for an assessment of trends in world income inequality. Table 1 presents calculations of the degree of international (between-country) income inequality on this basis for the period 1950-1998.<sup>2</sup>

**Table 1**

International per capita income inequality (PPP), 1950-1998.

Year	D1	Q1	H1	50-80	Q5	D10	D10/D1	Gini	Theil
1950	2.4	5.2	14.2	26.4	59.4	40.1	16.6	0.530	0.500
1960	2.1	4.8	14.1	27.7	58.2	36.6	17.2	0.524	0.477
1970	1.9	4.2	12.7	26.6	60.6	36.2	19.1	0.544	0.515
1980	1.6	3.7	12.7	26.5	60.8	37.0	23.5	0.550	0.525
1990 (a)	1.4	3.9	16.1	23.0	60.9	38.8	27.1	0.531	0.504
1990 (b)	1.7	4.0	14.4	24.4	61.2	39.2	23.7	0.545	0.525
1998	1.4	3.9	15.5	20.0	64.5	41.7	30.7	0.553	0.564

D1: share of 10% with lowest incomes in total world income;

Q1: share of 20% with lowest incomes in world income;

H1: share of lower-income half of world population in total world income;

50-80: share of poorest 30% of the upper-income half of the world population;

Q5: share of 20% with highest incomes in total world income;

D10: share of 10% with highest incomes in total world income.

Number of units (countries): 113 in 1950-1990(a), 120 in 1990(b) and 1998.

Sources and calculations: see note 2.

The table allows for the inference that international income inequality did increase in this period, though less outspoken than was inferred from calculations on the basis of per capita GNP according to the exchange rate. The clearest indications of this trend of growing inequality are the continuously declining share of the 10% of the world population in the poorest countries in total world income (D1), and the continuously increasing ratio of the shares of the richest 10% and the poorest 10% (D10/D1). In other words, the inhabitants of the poorest parts of the world have become on average still poorer in comparison to the rest of the world, and the

wealth gap with the inhabitants of the richest areas of the world, which was already very large in 1950, has grown ever wider since then.

The trend becomes less clear, however, when we take income levels other than the highest and the lowest into account. According to the Gini coefficient, a measure of inequality which includes all income levels and is particularly sensitive to shifts in the middle income levels, international inequality decreased in the 1950s, increased in the 1960s and 1970s, decreased the 1980s and increased again after 1990. The same holds true when inequality is measured by the Theil coefficient. Over the period as a whole inequality grew to some extent - rather slightly in terms of the Gini, more strongly as expressed by the Theil coefficient.<sup>3</sup>

In sum, international income inequality as measured by the coefficients of Gini and Theil did not increase continuously in the second half of the 20th century, but exhibited quite irregular fluctuations over time. It is particularly the *decrease* of over-all international income inequality in the 1980s combined with ongoing polarization which asks for a specific explanation. In this decade the real per capita incomes in many African and Latin American countries declined, partly as the result of their huge foreign debts. Several of the world's poorest countries were among them, most of them located in Sub-Saharan Africa. This resulted, as Table 1 shows, in a decrease of the share of the aggregate income of the 10% of the world population in the poorest countries in total world income (D1) as well as a further polarization of income levels between the richest and the poorest countries (D10/D1).

It was in this same decade however that large parts of Asia and China in particular witnessed a strong economic growth. Whereas real per capita world income in the 1980s, according to estimates by Maddison (1995), slowed down to 2.2% per year, China's yearly growth rate accelerated to 6.4%. Though the exact figures in various reports on the Chinese development differ considerably (cf. note 2), they agree on China's spectacular growth of production and consumption since the 'capitalist' reforms of 1978 and subsequent years (cf. Kahn & Riskin 1998). It meant that more than one-fifth of the world population saw its average income rise in comparison to both the very poor countries and the very prosperous. The position of the average Chinese on the global income ladder rose from a place among the poorest twenty to forty percent of the world population in 1980 to one near median world income in the 1990s. Other large and poor Asian countries, like India and Indonesia, also witnessed a relatively strong economic expansion in the 1980s, and this too contributed to the overall decrease of global income inequality in this decade.

In the 1990s the income polarization between the richest and the poorest countries continued. Now it went hand in hand with an overall increase of global income inequality as measured by the Gini and Theil coefficients. China's economic growth did not compensate any longer for polarization, as this growth slowed down in the 1990s and China's position had shifted to the middle-income levels.

**Table 2**

International per capita income inequality (PPP) in the world as a whole, the world except China, the world except Sub-Saharan Africa, and the Third World; Gini coefficients, 1950-1998

Year	World	World except China	World except Africa	Third World
1950	0.530	0.508	0.526	0.292
1960	0.524	0.503	0.518	0.299
1970	0.544	0.520	0.535	0.325
1980	0.550	0.533	0.538	0.375
1990 (a)	0.531	0.553	0.511	0.326
1990 (b)	0.545	0.546	0.530	0.349
1998	0.553	0.580	0.531	0.365

Sources and calculations: see note 2.

China's impact appears clearly when we estimate world inequalities with this country left out. As is shown in Table 2, the Gini coefficient of international income inequality *without* China declined only slightly in the 1950s (from 0.508 to 0.503) and rose continuously since then; in the 1980s it increased from 0.533 (1980) to 0.550 (1990), and in 1998 it had increased further to 0.580. In other words, with China left out the increase of international income inequality is more continuous and much stronger. Whereas China contributed to world income inequality until well into the 1980s, since then it has a mitigating effect on world inequality.

A contrary effect on the development of international inequality came from Sub-Saharan

Africa. The relative or even absolute economic decline of this region in combination with high population growth strongly enhanced international inequality. As Table 2 shows, world inequality does not increase or hardly increases from 1950 to 1998 when Sub-Saharan Africa is left out. While contributing to world income inequality in all the years since 1950, the region increased its impact substantially in the course of time (as can be seen by comparing the first and the third column of Table 2: the differences between the Gini's of the world as a whole and of the world minus Sub-Saharan Africa steadily grew larger - from only 0.04 in 1950 to 0.22 in 1998). The tendencies of a declining share of the 10% of the world population in the poorest countries (D1) and of an ever-widening gap between the wealthiest and the poorest 10% of the world population (D10/D1), noted in Table 1, disappear for the years since 1980 when Sub-Saharan Africa is left out. The share of the poorest 10% in total world income in 1998 rises then from 1.4% to 2.1%, the polarisation ratio D10/D1 is reduced from 30.7 to 19.0. Between-country income inequality in the world minus Sub-Saharan Africa is still very high, but less so, and has been fairly stable in the past three decades.

#### *International inequalities between and within regions*

It follows from this analysis that specific developments in very large countries and world regions have a substantial if not decisive impact on the over-all trend in international inequality. The over-all trend reflects the combined effects of developments in different parts of the world, which do not necessarily work in the same direction. In order to elaborate this assumption more systematically, we have categorized the world population<sup>4</sup> into eight blocs or regions on the basis of both geographical proximity and historical and cultural connections:

1. Western countries: Western Europe, North America, Australia, New Zealand;
2. Eastern Europe: the former communist states of Europe, including the Asian part of the former Soviet Union;
3. Japan;
4. China (including Hong Kong; Taiwan not included);
5. Asia apart from China, Japan, the Middle East, and the Asian part of the former Soviet Union;
6. The Middle East and North Africa;
7. Sub-Saharan Africa;

## 8. Latin America.

International income inequality can now be conceived as the sum total of the inequality between these blocs or regions and the inequalities between the countries within each bloc. Table 3 shows the relative importance of both types of inequality for over-all inequality on the basis of Theil coefficients.

**Table 3**

International (between-country) income inequality: total, between regions, and within regions; Theil coefficients, 1950-1998

Year	Total	Between regions	Within regions
1950	0.500	0.428 (86%)	0.072 (14%)
1960	0.477	0.429 (90%)	0.048 (10%)
1970	0.515	0.475 (92%)	0.040 (8%)
1980	0.525	0.480 (91%)	0.045 (9%)
1990 (a)	0.504	0.450 (89%)	0.054 (11%)
1990 (b)	0.525	0.468 (89%)	0.057 (11%)
1998	0.564	0.496 (88%)	0.068 (12%)

Number of regions: 8; number of countries: 113 (1950-1990a), 120 (1990b, 1998).  
Sources and calculations: see note 2.

As can be seen in this table, the international income inequality in 1950-1998 is mainly - for about 90% - explained by inequality *between* the regions. The relative importance of the interregional inequality even increased in the 1950s and 1960s and hardly diminished since then. This also means that the increase of international income inequality in 1950-1998 is largely explained by the increase of inequality between the regions. Conversely, the same holds true for the temporary decrease of inequality in the 1980s.

Inter-country inequality *within* the regions diminished in 1950-1970 and grew slowly again since then. This general observation hides considerable variations and contrary movements in different regions, as can be seen in Table 4.



**Table 4**

Between-country per capita income inequalities (PPP) within regions; Gini coefficients, 1950-1998

Year	WE	EE	AS	ME	AF	LA
1950	0.230	0.090	0.122	0.208	0.311	0.265
1960	0.161	0.083	0.162	0.237	0.313	0.235
1970	0.117	0.069	0.214	0.306	0.340	0.224
1980	0.104	0.041	0.298	0.238	0.344	0.165
1990(a)	0.096	0.073	0.328	0.225	0.339	0.149
1990(b)	0.120	0.051	0.302	0.218	0.396	0.146
1998	0.108	0.165	0.298	0.272	0.427	0.183

WE: Western countries; EE: Eastern Europe and (former) Soviet Union; AS: Asia except Japan, China, Middle East and Asian part of former Soviet Union; ME: Middle East; AF: Sub-Saharan Africa; LA: Latin America. Sources and calculations: see note 2.

The decrease of within-region/between-country inequality in the 1950s and 1960s is largely due to the considerable diminishment of inequality between the countries of the Western part of the world, where Western Europe witnessed historically unprecedented rates of economic growth and came to approximate Northern American levels of prosperity. After 1970 this movement slowed down, and changes in other regions as a consequence became relatively more important. It was in particular the growing divergence among Asian countries which contributed to the general trend of increasing inter-country inequality. Some of these countries (Bangladesh, Burma) stagnated in poverty, other ones (Korea, Taiwan, Singapore, to a lesser extent Malaysia) were quickly transformed from agrarian to highly industrialized and commercialized societies, whereas big and populous countries like India and Indonesia witnessed an insecure process of industrialization and income growth. In Sub-Saharan Africa too the economic fate of states was

widely divergent; the growth of poverty noted above did not apply - and not to the same extent - to all countries of the region. A strong divergence in economic development took place, moreover, in Eastern Europe after the fall of communism and the dissolution of the Soviet empire. These movements taken together brought about an increase of between country/within region inequality after 1970.

As appeared from Table 3, however, the differences in average income between the regions are much more important than those within the regions, and the over-all changes in international income inequality are largely explained by differential regional developments. Table 5 presents data on the relative income positions of the regions (compared to per capita world income) and their development.<sup>5</sup>

**Table 5**

Relative per capita incomes in world regions, PPP estimates, 1950-1998 (per capita world income = 100)

Year	WE	EE	JA	CH	AS	ME	AF	LA
1950	299	122	087	029	032	061	037	117
1960	305	133	139	032	031	058	034	110
1970	322	138	251	029	031	059	031	104
1980	337	139	290	033	031	072	027	115
1990	355	130	352	047	037	074	025	094
1998	384	065	372	053	038	079	023	108

WE: Western countries; EE: Eastern Europe and (former) Soviet Union; JA: Japan; CH: China; AS: rest of Asia/Oceania; ME: Middle East and Northern Africa; AF: Sub-Saharan Africa; LA: Latin America.

Sources and calculations: see note 5.

This table gives a specification of the observed trend of polarization. As can be inferred, the per capita income ratio of the richest region (the West) and the poorest one (in 1950 China, since 1980 Sub-Saharan Africa) increased from 10.3 in 1950 to 16.7 in 1998. The table shows that the Western societies not only maintained but substantially improved their privileged position with respect to the rest of the world. The only large non-Western society that joined the elite of prosperous countries was Japan which moved from a middle-income position in 1950 (per

capita income below average world income) to a prosperity level equal to that of the West. Sub-Saharan Africa, on the other hand, saw its position steadily decline. While the developments in these regions at the extremes of the world income scale brought about growing international inequality, China's absolute and relative economic growth since the 1970s had a mitigating effect on this trend and even caused, as we have seen, a decrease of world inequality in the 1980s.

The other regional developments are more variable and their impact on world inequality has been less outspoken. The relative income position of Eastern Europe did not change much compared to average world income until the end of the 1980s (though it began to lag behind the West in the 1960s), but declined severely after the dissolution of the communist system. Not all postcommunist countries are on this path of deterioration, however; as noted (Table 5), economic developments in this region widely diverge, dependent on the degree of internal state integration as well as the degree of successful external integration into Western capitalism.

Asia (as defined here) saw its relative position improve somewhat after 1980. This in itself contributed to decreasing income inequality on the world level, which however was counteracted by the simultaneous increase of between-country inequality within the region. The Middle East also improved its relative income position, partly thanks to growing oil revenues. Latin America's relative income position fluctuated over time; it declined in the 1950s and 1960s, went up in the 1970s (when impressive industrialization programs in countries like Brazil seemed quite successful), declined again in the 1980s (when these same programs often ended in failures and foreign debts burdened the economy), and again improved somewhat in the 1990s. In the period as a whole Latin America maintained a middle position, near average world income.

This short overview confirms and specifies the proposition that trends in world income inequality should be conceived primarily as the outcome of diverging developments in culturally and historically different world regions. This does not mean that differences between countries within one region can be neglected. Besides, there is another important source of global income inequality which has not been dealt with till so far: the income variations within countries.

#### *Income inequalities within countries*

In the present-day world the socioeconomic inequalities between world regions and countries are in general sharper and more striking than those within countries. The Gini coefficients of the inequality of personal incomes in the 1990s vary for most countries between 0.25 and 0.40, which is much lower than the Gini of international income inequality as presented in Table 1. There are however notable exceptions; according to recent data, the Gini coefficients of income inequality of several countries in Latin America (Brazil, Chile, Colombia, Mexico, Paraguay) and Africa (South Africa, Zimbabwe, Sierra Leone) are above 0.5 and approximate or even surpass the Gini of international income inequality based on PPP estimates.<sup>6</sup>

In the period from 1950 until about 1980 the dominant trend within countries was probably one of decreasing income differences. This at least was true for the highly industrialized, prosperous nation-states. Around 1980 a reversal of this trend set in; income differences grew considerably in most highly industrialized societies in the 1980s, though this trend did not always continue in the 1990s (cf. Wilterdink 2000). Income inequality increased sharply in postcommunist societies, particularly in Russia and other countries of the former USSR (Milanovic 1998). In China, too, incomes diverged quite strongly after the 'capitalist' reforms since 1978 (Kahn et al 1992; Kahn & Riskin 1998). In most Latin American countries huge income disparities grew even wider in the 1980s. India, Indonesia and other South Asian countries on the other hand as well as many Middle-Eastern and African countries witnessed, according to World Bank statistics, a decrease of income inequalities in the 1980s, followed by an increase in the 1990s.<sup>7</sup> In sum, though the trends in this respect have been highly variable in time and place, the dominant tendency in the last two decades of the 20th century seems to be one of increasing internal income inequality.

#### *Global income inequality: between-country and within-country inequalities combined*

By combining data on GNP/PPP per capita of different countries with data on the distribution of family incomes within countries we get an idea of the *global income inequality*, ranging from the poorest people in the poorest countries to the upper layers of the richest. World Bank data on the shares of the five population quintiles (20% groupings) and the two upper deciles (10% groupings) in the total income of a given country as well as data from other sources have been used for this purpose.<sup>8</sup> Where the relevant data for a given country were not available, the

quintile and decile shares have been estimated by calculating the averages of socio-economically similar countries in the same region for which the data were available. In this way, the average incomes of six income classes in each country (the two upper deciles and the four other quintiles) and the share of each of these categories in total world income could be calculated for three years, 1980, 1990 and 1998 (the available data were not sufficient to go further back in time).<sup>9</sup> The world population in 1998, for example, has been divided into  $6 \times 120 = 720$  income classes, ranging from the lowest quintile of Sierra Leone (average yearly income 21.5 dollars) to the upper decile of the USA (average income 89487 dollars). Such figures in itself are hardly informative, as they are based on imprecise, often quite rough estimates of GNP's, PPP's and (the least reliable of all) within-country income distributions. Taken together, however, they provide a basis for estimating global income inequality and its change over time. Table 6 presents the outcomes for 1980-1998.

**Table 6**

Global income inequality (between and within countries), 1980-1998; shares of percentile groups in total world income (in percentages), ratio of shares of richest and poorest 10% of world population (D10/D1), and Gini and Theil coefficients

Year	1980	1990(a)	1990 (b)	1998
Poorest 10% (D1)	0.7	0.8	0.9	0.8
Poorest 20%	2.0	2.3	2.2	2.2
2 <sup>nd</sup> 20%	4.1	4.6	4.4	4.2
Poorest half	9.3	10.4	9.8	9.4
3d 20%	7.6	8.3	7.8	7.2
4 <sup>th</sup> 20%	18.3	17.1	16.5	16.1
Richest 20%	68.0	67.6	69.1	70.3
Richest 10% (D10)	47.9	49.3	50.2	51.4
D10/D1	66.2	60.0	59.0	63.3
Gini coefficient	0.633	0.624	0.635	0.648
Theil coefficient	0.734	0.730	0.758	0.809

Sources and calculations: see text and notes 2, 6-9.

As the comparison between Tables 1 and 6 shows, within-country inequality contributes considerably to total global income inequality. The share of the poorest 10% of the world population in total world income is now less than 1% (instead of 1.4 to 1.7%), the share of the poorest 20% is hardly more than 2% (instead of about 4%), whereas the poorest half receives 10% or less. The richest 10% gets about one-half of total world income, the richest 20% more than two-third. The ratio of average income of the richest and the poorest 10% varies in the given years from 59 to 66, more than twice the value for mere international (between-country) inequality.

The most precise way to assess the contribution of within-country income inequalities to global inequality is to compare the Theil coefficients of Table 1 and Table 6. The Theil values for global inequality (Table 6) can be conceived as the sum total of the values for between-country inequality (Table 1) and those for within-country inequality. It appears then that the Theil for within-country inequality increased from 0.209 in 1980 to about 0.23 in 1990 and further to 0.245 in 1998, which comes to 28.5%, 31% and 30%, respectively, of total (global) inequality. In other words, almost one-third of global income inequality can be attributed to the inequality within countries.<sup>10</sup> A further specification is given in Table 7, which presents global inequality as the sum total of three component inequalities: between regions, within regions/between countries, and within countries.

**Table 7**  
Theil coefficients of global inequality and its components, 1980-1998; in absolute numbers and percentages

Year	Between regions	Within regions, between countries	Within countries	Global inequality (total)
1980	0.480 (65.3%)	0.045 (6.1%)	0.209 (28.5%)	0.734 (100%)
1990 (a)	0.450 (61.6%)	0.054 (7.4%)	0.226 (31.0%)	0.730 (100%)
1990 (b)	0.468 (61.7%)	0.057 (7.5%)	0.233 (30.7%)	0.758 (100%)
1998	0.496 (61.3%)	0.068 (8.4%)	0.245 (30.2%)	0.809 (100%)

Despite the important effect of within-country inequality on global inequality, changes in the first variable do not have a strong impact on changes in the latter, at least as far as the period

1980-1998 is concerned. Changes in global inequality as measured by the Gini and Theil coefficients ran more or less parallel with those in international inequality; both decreased in the 1980s and increased again in the 1990s. This does not take away that changes in the domestic income distributions weakened the tendency of decreasing inequality in the 1980s and reinforced the increase in the 1990s; the decrease of global inequality in the 1980s even almost amounts to zero – to stability – according to the Theil coefficient. Several researchers have noted that the increase of international inequality in the 1960s and 1970s was compensated by an over-all decrease of internal inequality (e.g. Sprout & Weaver 1992: 253, 255). For the 1980s the opposite can be observed. Here again China played a significant role: its impact as equalizer on the global level was weakened by the simultaneous growth of income differences within this country. In the 1990s the further increase of inequality in China as well as in other large countries (Russia, India, Indonesia, the USA) reinforced the growth of global inequality.

Surprisingly, the tendencies of a continuous decline of the share of the poorest countries (10% of the world population) in total world income and polarization between the richest and the poorest countries, noted for international inequality in the whole period 1950-1998, is not confirmed for the 1980s when changes in within-country inequality are taken into account. This can be explained by the fact that in the majority of the poorest countries, mainly located in Sub-Saharan Africa, there has been - according to the World Bank statistics - a tendency of decreasing income differences in this decade.

By dividing the population of each country into six income classes, we can also get some idea of the degree of overlap or non-overlap between the populations of different countries in their material position. The lowest quintiles (20% income groups) of all the twenty-one OECD countries in the 1998 list (twenty Western countries and Japan) except two, Greece and New Zealand, have average incomes which make them belong to the most prosperous 30% of the world population; all except three (Portugal in addition) belong to the most prosperous 25%; and eleven belong to the most prosperous 20%. The weighted average income of these 21 lowest quintiles is 8605 dollar, which is far more than the average world income of 6221 dollar and more than four times the median world income of 2150 dollar. The average incomes of the upper deciles (10% groups) of 45 countries (out of 120) are lower than this average, and in 29 countries they are even lower than the average income in the lowest quintile of the least prosperous OECD country, Greece. These countries include many states in Sub-Saharan Africa

and South Asia.<sup>11</sup> We may conclude that the metaphor of the 'gap between rich and poor countries' has a justification in the statistical data, though there is no simple dichotomy.

*Other indications of socioeconomic inequality: food consumption and life expectancies*

Incomes, even if they are measured reliably, are not the only indicators of material welfare and they do not cover all its aspects. A given income means different things for different people in different situations. Per capita income growth in a given country may mean that elementary living conditions (food, housing, health conditions) improve, but also that certain groups are forced to use more money for their survival (e.g. when hunter-gatherers become agriculturalists, or agriculturalists become urban workers), or that the upper strata consume more luxury goods, or that the government spends more money on weapons and impressive buildings. Growing income disparities within or between countries may mean that differences in elementary living conditions and survival chances of various groups increase, but also that these groups only diverge in the consumption of status goods.

In most areas of the world some per capita economic growth has taken place in the second half of the 20th century. While populations expanded, the production and consumption of all kinds of goods, including food, in general grew even more. This also applies to the 'underdeveloped' or 'developing' countries. It was particularly in these countries that improvements in sanitary conditions and health care (with the help of international organizations like the WHO) brought about a substantial reduction of mortality rates.

International inequalities in elementary living conditions - as indicated by food consumption and life expectancy - have, on the whole, decreased in the last three decades of the 20th century, after they had strongly increased in the two-hundred years before. According to UN data, food consumption as measured by daily calories intake grew with 18% per capita in the world as a whole and with 23% in the 'developing' countries between 1970 and 1996. Whereas in 1970 per capita food consumption in the prosperous, industrialized countries was still 40% higher than in the 'developing' countries, this gap was narrowed to 28% in 1996 (UNDP 1999: 214). The average life expectancy rose from 71.4 years in 1970 to 77.7 years in 1997 in the prosperous countries and from 54.5 to 64.4 years in the developing countries: this difference also diminished (ibid.: 171; cf. Ram 1992). The latter development is partly



explained by a drastic reduction of infant mortality, but for people in poor countries who attain the age of five the average life expectancy also rose considerably: from about 65 years in 1970 to 71 in 1997 (compared to a rise from 73 to 78 years in the rich countries).<sup>12</sup> In these respects too, however, the picture becomes more complicated when we consider specific areas. In the same period food deprivations increased in many African and a few Latin American countries. In Sub-Saharan Africa as a whole a low level of per capita food consumption further declined, making the difference with the rest of the world even larger. Parts of the former Soviet Union too had to deal with increasing food shortage after 1989 (UNDP 1999: 212-214). While hunger and starvation risks decreased in the world as a whole, they increased in some areas.

Something similar - and connected to the food situation - happened with mortality risks. Life expectancies did not rise everywhere. They declined between 1970 and 1997 in seven African countries, from 46.1 years on average at the beginning of this period to 41.9 years at the end.<sup>13</sup> Given the fact that infant mortality continued to decrease, the increase of death risks for older children and adults was even more dramatic. Average life expectancy also fell in the former Soviet Union, from slightly above 70 years to well below that age. This development was connected to the deterioration of health care which started already in the 1970s (and was symptomatic of growing organizational problems under the communist regime) and, since 1989, the spread and aggravation of poverty as a result of both economic decline and increasing material inequality. The shortening of life expectancies in the African countries is also connected to growing poverty; but here a more specific cause is the aids epidemic which has infected growing proportions of the population since the 1980s. Poverty increases the infection risks (if only because of the lack of means of prevention and of information on preventive measures) and blocks effective ways of combating the disease (if only because of the high costs of medicine until now). The aids virus has become a new source of inequality of survival chances in the world, whose differential spread is causally related to pre-existing socio-economic inequalities and in turn reinforces these inequalities.

### *Empirical conclusions*

The data presented in this paper confirm to some extent the thesis of an ongoing increase of inequality on the global scale. The share of the poorest countries in total world income declined, the gap between the richest and the poorest countries widened, and international and global

income inequality increased in the second half of the 20th century. Never before in the history of mankind were the differences in the acquisition, possession and consumption of goods as huge as in the present age.

Yet this general conclusion needs some qualifications. Our findings do not indicate that socioeconomic inequality increased continuously and in all respects since 1950. The international income inequality expressed in general indices decreased in certain subperiods, in particular the 1950s and the 1980s. Secondly, the trends become somewhat different when income differences within countries are taken into account. As these tended to diminish in the period 1960-1980, they probably had a weakening or perhaps even annihilating effect on the growth of global inequality in this period; on the other hand, a contrary tendency after 1980 (though with much variation in time and place) mitigated the decrease of over-all income inequality in the 1980s and reinforced its increase in the 1990s. And thirdly, when we consider important aspects of socioeconomic position not completely covered by money income, namely basic life chances as indicated by food consumption and life expectancy, we observe an over-all decrease of international inequality: the gap between the 'developed' and 'developing' countries in these respects narrowed, though this did not apply to all countries of the latter category.

It is particularly the strong differentiation of regional developments which forbids any simple generalization. The importance of the development of specific regions for the global outcomes appears when these are compared with the outcomes for the world with any of those regions left out. Without China, for example, there is a stronger and much more continuous increase of international inequality since 1960; without Sub-Saharan Africa on the other hand, there is no polarization of incomes in the 1980s nor a clear increase of global inequality in the 1990s. China's economic growth since the 1970s, which had an equalizing effect on the international income distribution, can be put in the broader framework of a long-term upsurge of East and South Asia, starting with the industrialization and economic expansion of Japan, followed by the 'newly industrializing countries' (Taiwan, South Korea, Singapore, Hong Kong) and further extending to China and other 'underdeveloped' Asian countries, like Malaysia, India and Indonesia. (The recent Asian recession seems to be only a temporary deviation of this trend.) In Sub-Saharan Africa, on the other hand, the dominant trend since the 1970s is one of economic stagnation or even decline, which helps to explain the tendency of income polarization in the world as a whole; in spite of the decreasing life expectancies in several countries in this region population growth is, on the whole, very high (due to high birth rates

and the effective reduction of infant mortality and some infectious diseases), which only adds to the obstacles for economic development. In Latin America, the development varies strongly between countries and over time; a phase of intensive industrialization and high growth in the 1970s was followed by a deep recession and economic decline in the 1980s, followed by a partial recovery in the 1990s. On the whole, this region's relative income position declined after 1950 compared to both the more prosperous societies of North America and Western Europe and the poorer societies of Asia. High and increasing internal income inequalities contributed here to the continuation and often aggravation of poverty.

Given the variation of regional developments and their crucial significance for global inequality, it seems necessary to look for specific, localized explanations focusing on the specificities of each region. This does not preclude, however, the importance of searching for an explanation on a more general level, since regional developments are interrelated (increasingly so in a globalizing world) and, secondly, any specific explanation involves general theoretical assumptions. In the next section of this paper we will suggest some building blocks for such a general explanation on the basis of two assumptions derived from historical sociology: the observed changes are a part of a long-term development; and income differences between interrelated groups and individuals are to be conceived as manifestations of power-dependence relations among these groups and individuals (cf. Elias 1978).

### **Discussion: suggestions for an explanation**

How to interpret and explain the changes in the global distribution of income or - more broadly - material life chances? The extensive literature on the topic suggests various answers, but none which has a high degree of explanatory power. Korzeniewicz and Moran (1997) note a move toward 'theoretical consensus' concerning this question since the 1980s, both between disciplines (such as economics and sociology) and specific perspectives (such as institutional economics and world-system theory). Indeed, bridges between disciplinary and theoretical approaches have been built in recent years and debates tend to be less colored by the opposition between an ideological Left and Right; but this has not led to a satisfactory theory on which consensus has been reached. Korzeniewicz and Moran hardly give an idea of what such a theory

might contain, and do not even sketch the roughest outline of an explanation for what they found to be the trend in the global income distribution between 1965 and 1990, the continuous and substantial growth of inequality.

A good candidate for explaining the trend of growing income inequality on the world level is the theory of the modern world-system as elaborated by Wallerstein and his school (Wallerstein 1974, 1979; Arrighi 1994). As we have tried to make clear however, the trend in world inequality since 1950 is not that unequivocal. World-system theory cannot explain, in particular, the strong divergence in economic development among the countries defined as the periphery of the world-system. An updated modernization theory might give a better explanation for this divergence, but this theory largely neglects the consequences of international power-dependence relations. We follow in this paper the world-systems theory in its long-term developmental perspective and its focus on international power-dependence relations, but take distance from its deterministic and functionalist features. The long-term view we take is, moreover, longer than that in the Wallersteinian approach, and can be called social-evolutionary (cf. Lenski et al. 1995, Sanderson 1995, Goudsblom 1996).

#### *A long-term view*

The huge material welfare disparities in the present-day world can be regarded as the outcome of a development stretching over ages in which inequality on the global level increased. In the *first stage* of this development there were no big material inequalities between and within human societies; people everywhere lived in small bands of hunters and gatherers near the survival minimum and had only few possessions. Driven by the search for natural resources, human groups spread over the globe, and as a consequence they came to live in very different natural environments in which they developed different cultures. This was the basic condition for the *second stage*, in which societies differentiated not only culturally but also in terms of power, production, and wealth. Decisive for this new stage was the transition to agriculture and pasture among certain groups - to begin in the Middle East, later in other areas - which set in motion a development of interrelated growth processes: growth of societies, organizations, and networks of interdependence, of production, material wealth, and power resources. This resulted, in the course of time, in large power and wealth inequalities within and between societies. The intersocietal wealth inequalities mainly pertained to elite groups; the larger and

