

ECONOMIC AND SOCIAL POLARIZATION OF THE WORLD

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Abstract

The paper shows that the world economic and social polarization, as well as of all systems is a natural law and a prerequisite for progress. Polarization may mean, however, both systems remedial and becoming stuck by exacerbating social inequalities. The processed database includes the development of GDP per capita in various time windows at European level and worldwide. For the processing of database, the indices method and the position and structure statistical averages (quartile values) were used. In Europe, over a century, the polarization has increased visibly. If in 1913, the richest country in Europe achieved a GDP per capita of 3.94 times greater compared to the poorest country, in 2013 the ratio is 13.82 to one. The status of the key statistical indicators that characterize the polarization of the world by the size of gross domestic product, demonstrates that polarization has less alarming accents inside the continents, but becoming very severe worldwide. It is eloquent in this regard that in 1994, in 75% of the world's countries only 7% of the GDP per capita were achieved compared to the richest country (Monaco). In terms of streamlining the circuit of information with technological and managerial substrate, the beneficiaries also include less developed countries. Circulation of information is made, however, under the command of some polarizing agents belonging to the same great powers of the world. This way, through more refined methods, the benefits of progress preserve the global hierarchies.

Keywords: economic polarization, extreme wealth, extreme poverty

INTRODUCTION

Hierarchies are considered the patent of evolution in the whole universe of the living world. Up to the point where the creatures were devoid of reason due to the will of Creator, the layering worked flawlessly, on the principle *the best to prevail*, ensuring its perpetuation.

In the case of the human species, endowed with reason, things get complicated. Under the new ownership, the layering can signify both a progressive condition and becoming stuck for social systems and even for the human species if polarization becomes excessive. It all depends on the ratio between the instinctual and educational component of the human being.

Man itself, dominated only by the instincts bestowed on him by the Creator, is an animal. He becomes a "social man" only through education. The features that provides the display of goodness are moderation, altruism, modesty, tolerance, patience. In contrast with these qualities by which one can learn that "not everything that makes you happy is good, but only what is good makes you really happy," one can easily fall servant of instinctual temptations such as: pride, greed, lust, wastage, pride, zeal, anger, blasphemy, confrontation, flattery, quarrel, grumbling.

To be able to ponder between good and evil, God sent the man a delegation of responsibility on the basis of free will, that the freedom attributed to the educated to choose rather those facts that lead to respect and helping others, than being violent and destructive that lead to hatred, indifference and contempt among individuals.

I consider that the Demiurge was too generous with his creation as the history recorded too much violence, hatred and contempt, resulting that man can not bear so much freedom and we must find ways of **managing the freedom at a social level.**

MATERIAL AND METHOD

The analysis of statistics data from the past centuries proves, unfortunately, that the human species is not fully capable of providing moderation and altruism in significant proportions. As a result, at one pole of society, a decreasing number of people (the few, Mensheviks) have an increasing wealth, and at the other pole a growing number of people (who are the many; Bolsheviks) becoming more oppressed and forced to live under a decent living standards.

The fact is visible historically and in Romanian context, with a visible emphasis on inequalities after 1989.

"After 1989, the social inequalities and, above all, financial inequalities acquired alarming proportions. The trouble is not that very wealthy people appeared, but that the poor multiplied, who have become poorer. Romania remains the prisoner of an oriental model (or to its own traditional model) with very high social discrepancies."¹

In the objective analysis of the economic and social polarization, one can not ignore the causal link between the rich and poor. There is no doubt that behind every treasure, a process of subtraction of undue values is hidden in a form more or less veiled, thus, the poverty being crystallized this way within the extreme wealth.

¹ Lucian Boia: România, o țară de frontieră a Europei; Humanitas Publishing House, Bucharest, 2012, p. 245

The increased trend of economic and social polarization in the European countries is visible by comparing the degree of stratification of wealth over a century (Table 4.1).

Table 4.1
Evolution of Gross Domestic Product during the time window 1913-2013 - GDP/capita (\$)

Country	1913		1938		1950		2013	
	\$	%	\$	%	\$	%	\$	%
Norway	2501	50.8	4337	67.9	5463	60.3	100819	100.0
Switzerland	4266	86.7	6390	100.0	9064	100.0	80528	79.9
Denmark	3912	79.5	5762	90.2	6943	76.6	58930	58.5
Sweden	3096	62.9	4725	73.9	6739	74.3	58164	57.7
Netherlands	4049	82.3	5250	82.2	5996	66.2	47617	47.2
Ireland	2731	55.5	3052	47.8	3453	38.1	47400	47.0
Belgium	4220	85.8	4832	75.6	5462	60.3	45387	45.0
Germany	3648	74.1	4994	78.2	3881	42.8	45085	44.7
France	3485	70.8	4466	69.9	5271	58.2	41421	41.1
UK	4921	100.0	6266	98.1	6939	76.6	39351	39.0
Italy	2564	52.1	3316	51.9	3502	38.6	34619	34.3
Spain	2053	41.7	1790	28.0	2189	24.2	29118	28.9
Greece	1592	32.4	2677	41.9	1915	21.1	21910	21.7
Portugal	1250	25.4	1747	27.3	2086	23.0	21029	20.9
Russia	1488	30.2	2150	33.6	2841	31.3	14612	14.5
Romania	1741	35.4	1242	19.4	1182	13.0	9499	9.4
Bulgaria	1534	31.2	1595	25.0	1651	18.2	7296	7.2

Source: *)The World Bank Group – Developing Countries – Economic Policy – 2008

**)World Bank national accounts data, and OECD National Accounts data files.

The paradox of the coexistence of extreme wealth with extreme poverty has been the subject of study, analysis and debate for the enlightened minds of mankind. *"The classes taught by Marshall had as main objective the central paradox of the modern society: poverty in the midst of wealth. [...] "It was expected as our rapid progress in science and art production to largely prevent the sacrifice of workers interests to the interests on production. [...] It didn't happen like this."*²

The phenomenon of wealth polarization on one pole unfortunately widened over the last centuries. Worldwide, the countries stratification by the size of gross domestic product per capita after 1994 remained as severe (Table 4.2).

² Alfred Marshall: Alfred Marshall's Lectures to Women, Some Economic Questions Directly Connected to the Welfare of the Labourer cited in the notes of Mary Paley from Aprilie and Mai 1873, pp. 47,53,54. (Cited by Sylvia NASAR, in Economic Genius, ALLPublishing House, 2013, p. 66).

*"In 1820, the average living standards in the richest country in the world, then the Netherlands, was about three and a half times higher than that of the poorest countries in Africa and Asia. But in 1910 the distance between the richest and poorest has increased to more than 800%."*³

Table 4.2

Size of main statistical polarization indicators in world countries(1994-2013)-GDP/capita(\$)

No	Country	1994		2000		2007		2013	
		\$	%	\$	%	\$	%	\$	%
1.	Monaco	89416	100.00	82537	100.00	170633	100.00	172954	100.00
2.	Liechtenstein	64140	71.73	75058	90.94	130349	76.39	145714	84.25
3.	Luxembourg	43555	48.71	46453	56.28	106920	62.66	111162	64.27
4.	Norway	28713	32.11	37473	45.40	83556	48.97	100819	58.29
5.	Qatar	14895	16.66	29914	36.24	69167	40.54	93352	53.98
6.	Macao. China	14979	16.75	14128	17.12	36607	21.45	91376	52.83
7.	Bermuda	31476	35.20	56284	68.19	90850	53.24	85140	49.23
8.	Switzerland	39567	44.25	35639	43.18	59664	34.97	80528	46.56
9.	Australia	18081	20.22	21678	26.26	40996	24.03	67468	39.01
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176.	Guinea	450	0.50	342	0.41	411	0.24	527	0.30
177.	Ethiopia	123	0.14	123	0.15	241	0.14	498	0.29
178.	Gambia	720	0.81	637	0.77	522	0.31	494	0.29
179.	Madagascar	228	0.25	246	0.30	379	0.22	471	0.27
180.	Liberia	65	0.07	183	0.22	210	0.12	454	0.26
181.	Niger	177	0.20	164	0.20	302	0.18	413	0.24
182.	Central Africa	266	0.30	251	0.30	413	0.24	333	0.19
183.	Burundi	151	0.17	130	0.16	163	0.10	267	0.15
184.	Malawi	120	0.13	154	0.19	266	0.16	226	0.13

Sursa: *)The World Bank Group – Developing Countries – Economic Policy – 2008

***)World Bank national accounts data, and OECD National Accounts data files.

RESULTS AND DISCUSSIONS

The size of some statistical indicators characterizing the variation within the European countries, confirms that extreme poverty grows within extreme wealth (Table 4.3).

Table 4.3

Size of the main statistical indicators of polarization in some European countries 1913-2013

Index	Year			
	1913	1938	1950	2013
Small quartile	1741	2150	2189	21910
Middle quartile	2731	4337	3881	41421
Great Quartile	3912	4994	5996	47617

³ Angus Maddison: GDP per capita in 1990 International Geary-Khamis Dollars, The World Economy: Historical Statistics, OECD Publishing, Paris, 2003. (Cited by Sylvia NASAR, in Economic Genius, ALL Publishing House, 2013, p. 172).

Maximum GDP	4921	6390	9064	100819
Minimum GDP	1250	1242	1182	7296
GDP at 75% of countries with respect to GDPmax (%)	79.5	78.2	66.2	47.2
Ratio maximum GDP/minimum GDP	3.94	5.14	7.67	13.82
Dispersion	1351753	2953568	5276991	603014753
Deviation	1163	1719	2297	24556
Mean value	2885	3799	4387	41340
Coefficient of variation	40.3	45.2	52.4	59.4

In Europe, over a century, stratification has increased visibly. If in 1913, the richest country in Europe achieved a GDP per capita of 3.94 times greater compared to the poorest country, in 2013 ratio is 13.82 to one. It is also illustrative the coefficient of variation, showing that the degree of dispersion of countries by the size of GDP per capita, increased from 40.3% in 1913 to 59.4% in 2013. Moreover, the quartile classes also confirmed the substantial increase in amplitude between the rich and the poor (Table 4.4).

Table 4.4

GDP per capita, on Quartile classes

Year	Quartile classes			
	25%	25%	25%	25%
1913	1250-1741	1741-2731	2731-3912	3912-4921
1938	1242-2150	2150-4337	4337-4994	4994-6390
1950	1182-2189	2189-3881	3881-5996	5996-9064
2013	7296-21910	21910-41421	41421-47617	47617-100819

The ratio between the average GDP in the first three quartile classes with respect to the fourth quartile class is presented in Table 4.5.

Table 4.5

Ratio between the average values of GDP per Quartile classes

Year	quartile classes				
	25%	25%	25%	$(q_1+q_2+q_3)/3$	25%
1994	33.86	50.63	75.21	53.23	100.00
2000	29.80	56.98	81.97	56.25	100.00
2007	22.38	40.31	65.58	42.76	100.00
2013	19.68	42.67	59.98	40.78	100.00

In Europe, the GDP per capita has grown over a century, but the phenomenon of polarization has deepened. If in 1994 the average of the first three quartile classes represent 53.23% of the fourth quartile class, in 2013 this average drops to 40.78%.

The state of the main statistical indicators that characterize the polarization of the world countries by the size of gross domestic product, demonstrates that stratification has less noticeable accents inside the continents, becoming very severe worldwide. It is alarming in this regard that in 1994, 75% of the world's countries achieved only 7% of GDP per capita in the richest country (Monaco). In 2013, this percentage of 10.6% demonstrates a minimal improvement, but also that mankind is not capable of removing poverty in the world (Table 4.6).

Table 4.6

Size of the main statistical indicators of polarization worldwide

Index	Year			
	1994	2000	2007	2013
Small quartile	467	632	1124	1871
Middle quartile	1745	1919	4030	5857
Great quartile	6243	9083	16113	18399
Maximum GDP	89416	82537	170633	172954
Minimum GDP	65	123	163	226
GDP at 75% of countries with respect to GDP	7.0	11.0	9.4	10.6
Maximum/minimum ratio	1376	671	1047	765
Dispersion	131934742	160708081	558347612	668442240
Deviation	11486	12677	23629	25854
Average value	6418	7570	14156	16494
Coefficient of variation	179.0	167.5	166.9	156.7

According to data on the size of gross domestic product per capita at the level of 2013, 75% of the sample of 184 surveyed countries, achieve a GDP / capita between \$ 226 and \$ 18,399. Calculations reveal that 75% of the world's countries are listed under 11% of the size of GDP per capita achieved in Monaco.

The situation of the examined countries, on the quartile classes of gross domestic product, clearly highlights the trend of widening the gaps between rich and poor countries (Table 4.7).

Table 4.7

GDP per capita, on Quartile classes

Year	quartile classes			
	25%	25%	25%	25%
1994	65-467	467-1745	1745-6243	6243-89416
2000	123-632	632-1919	1919-9083	9083-82537
2007	163-1124	1124-4030	4030-16113	16113-170633
2013	226-1871	1781-5857	5857-18399	18399-172954

The ratio between the average values of the first three quartile classes with respect to the fourth quartile class is particularly illustrative (Table 4.8).

Table 4.8

Ratio between the average values of GDP per Quartile classes

Year	Quartile classes				
	25%	25%	25%	$(q_1+q_2+q_3)/3$	25%
1994	0.56	2.31	8.35	3.74	100.00
2000	0.82	2.78	12.01	5.20	100.00
2007	0.69	2.76	10.79	4.75	100.00
2013	1.10	3.99	12.68	5.92	100.00

The average level of the first three quartileclasses does not exceed 6% of the average level of the fourth class.

CONCLUSIONS

From the 90s, the twentieth century, the world has evolved, regardless the system under the impact of an unprecedented technological progress. Given that information has now become more fluid, the beneficiaries include less developed countries, but still under the command of the powerful ones.

*"After all, the rich industrial countries, no matter how pressed by the new competition, is doing so well, it's hard to arouse their concern and compassion. [...] And what happens to the poor? History tells us that the most successful remedies of poverty come from within. Foreign support can be helpful, however, as wealth fell from the sky, can also cause damage. It can discourage effort and plant a crippling inability conscience. According to the African saying, 'The hand that receives is always under the hand that offers.'"*⁴

At European level, polarization do not show so alarming discrepancies as worldwide. It is worrying, however, that polarization is visible higher in 2013 than in 1994. It may be noted in this regard that if in 1994 the average of the first three quartile classes represent 53.23% of the fourth quartileclass, in 2013 this average drops to 40.78%.

Worldwide, the average level of the share of the first three quartile classes does not exceed 6% of the average level of the fourth class. These figures highlight the fact that the performant capitalist system is achieved in maximum 25% of the world's countries. It is one of the most important truths that Romanians did not know in 1989.

⁴ Havinden and Meredith: Colonialism and Development, p. 278. Cited by Landes S. David: Wealth and Poverty of Nations, Polirom Publishing House, Bucharest, 2013, p. 438

It is relevant to point out in this regard that Romania's situation today, dominated by foreign capital, resembles more and more with the same state of the country in the interwar period, harshly accused by intellectuals of that period: "[...] a country composed of 80% peasant farmers can not support indefinitely an industry driven by 90% foreigners, "foreigners" who largely control the press ".⁵

True, nowadays we do not have 80% peasants, we have only 40%, but the problems and burden remain the same because nowhere in Europe we do not find a social structure with many farmers practicing a subsistence agriculture. In such a primitive social structure, our position and hence our destiny in the world or European pyramid is sealed for long. We will survive, but it is unlikely to become performers in such a social structure.

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⁵ Lucian Boia – Capcanele istoriei: „Sărbătoarea d-lui Stelian”, in *Universul*, 13 October 1936, p. 70.