

# GLOBAL RISK, GOVERNANCE AND WEALTH GAPS



CIFE SEMINAR ROMA-BERLIN-NICE 2025-26

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**MYTH = GLOBALIZATION GENERATES GROWING ECONOMIC  
WEALTH AND WELL-BEING FOR ALL...**



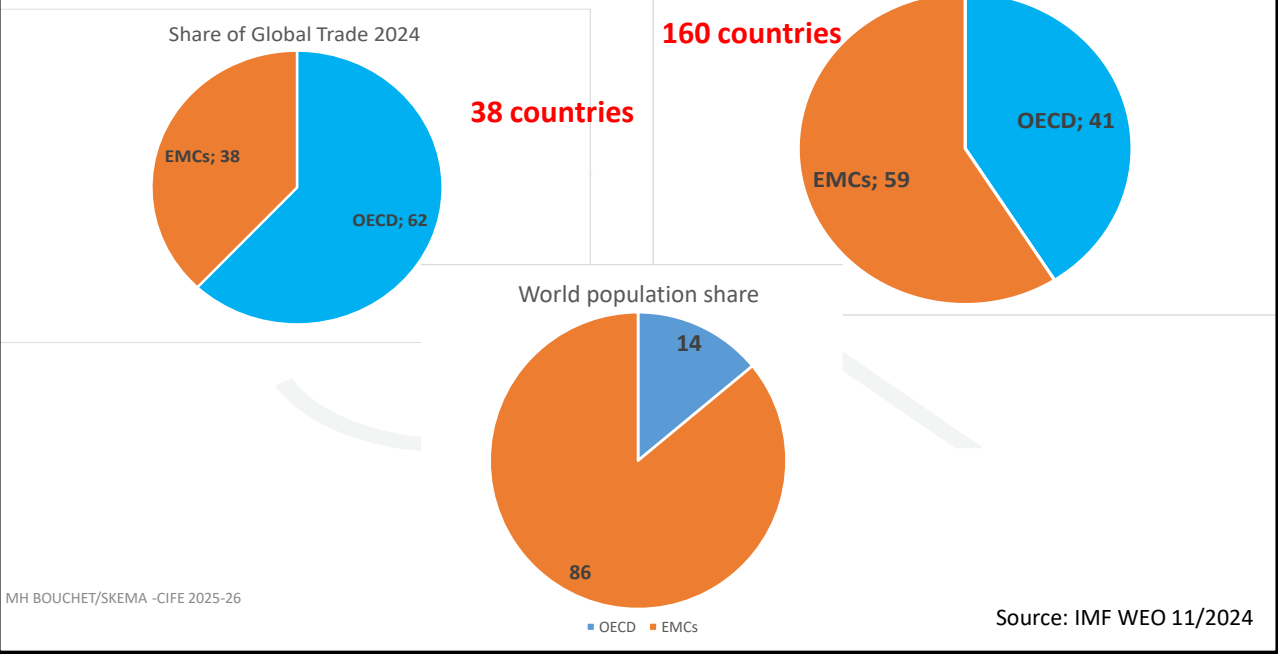
Fact: Economic growth boils down to rising GDP,  
that is **not** development!

- GDP says nothing regarding **wealth distribution**  
nor regarding inclusiveness and sustainability

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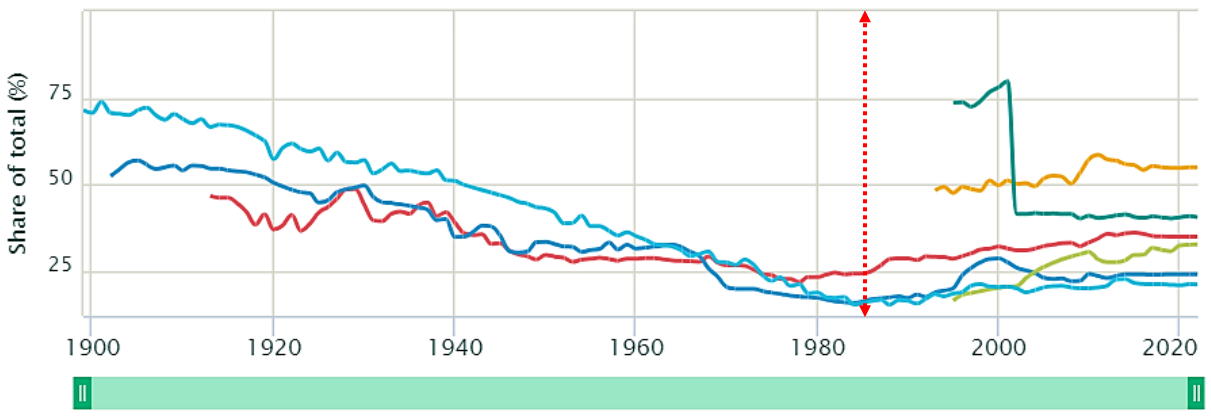
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# CATCHING UP FOR WHOM?



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# SHARE OF WEALTH HELD BY RICHEST 1% OF THE POPULATION (1900-2024)

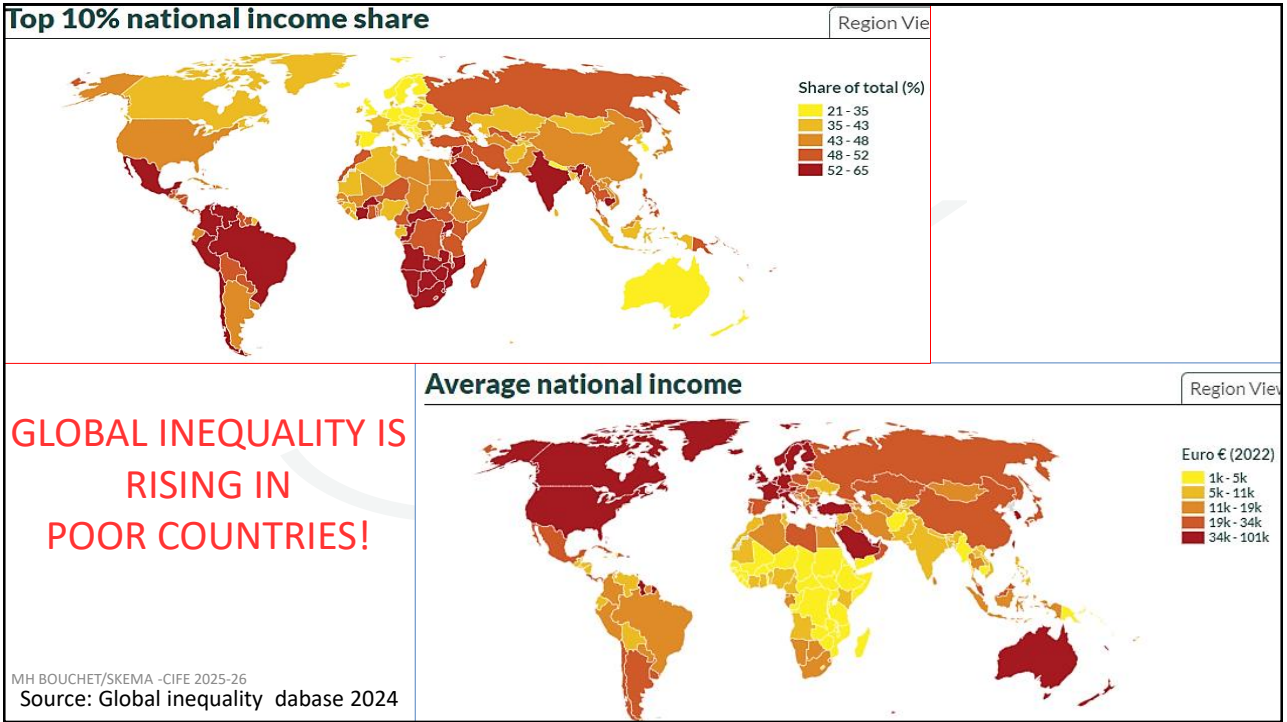


- USA
- France
- China
- South Africa
- United Kingdom
- World

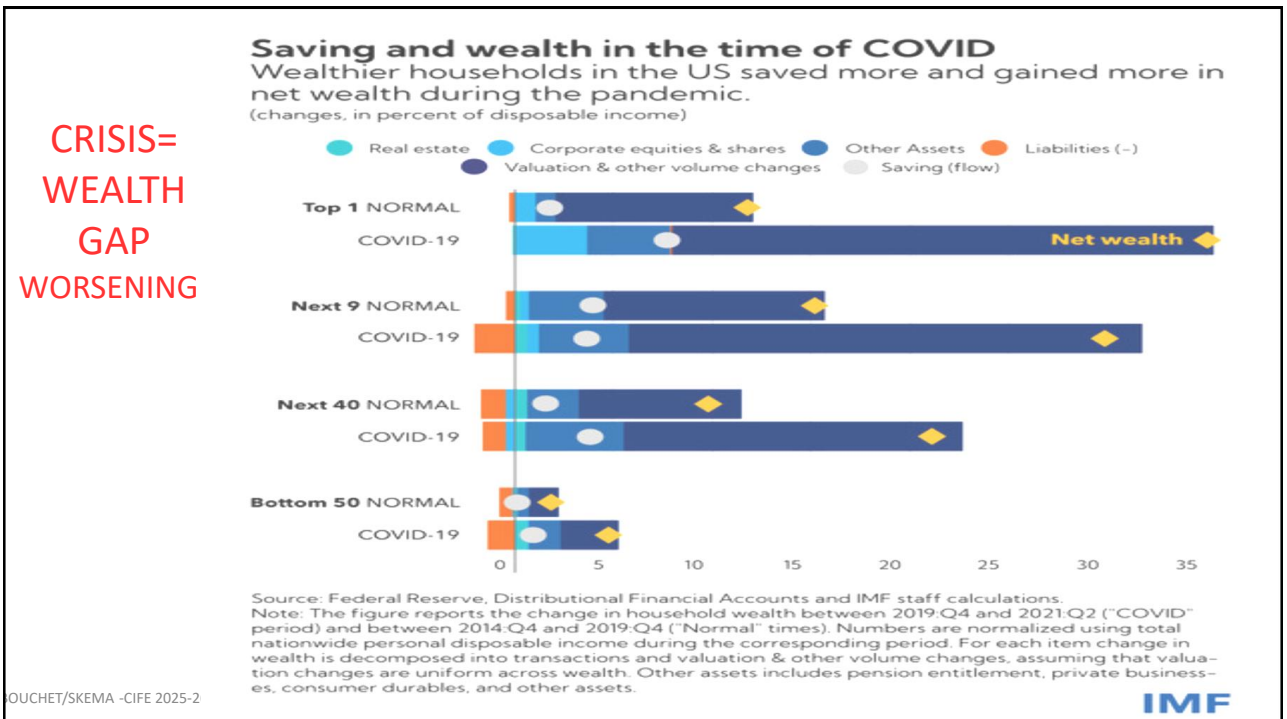
World Inequality Lab 10/2024

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## FACTS: THE JURY IS STILL OUT

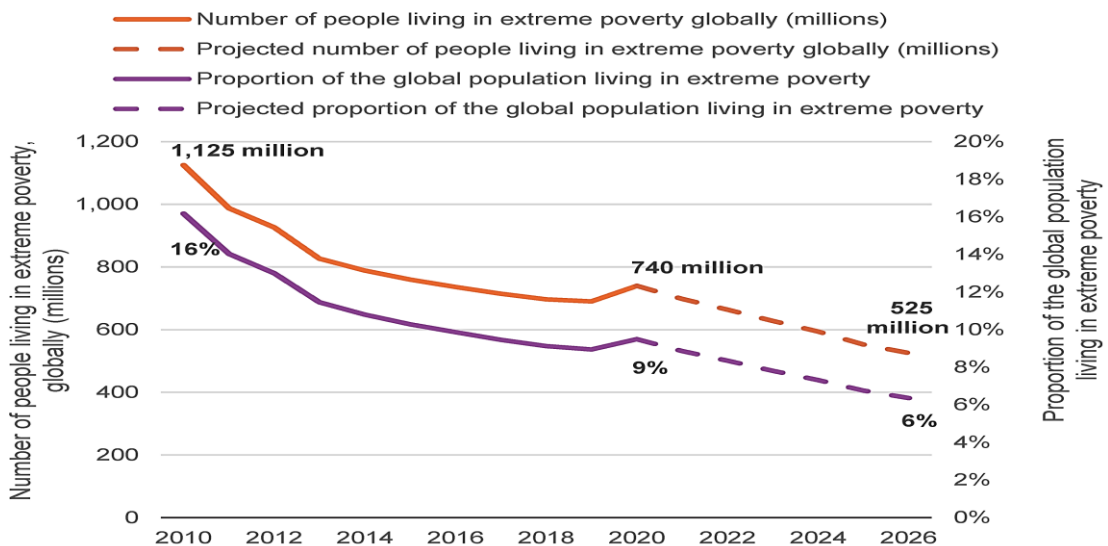
- 2022-26 World Bank report: re-definition of extreme poverty: threshold moving from \$1,90 to **\$3/day**
- **9% of world population** still < poverty line (800 million), mainly in South Asia and Sub-saharan Africa
- Small number of countries experiencing declining inequality since 2008 (UK, Germany, US, Brazil, China)
- In 2021-22, the pandemic impact led to growing inequality within and between countries
- The COVID pandemic estimated to push an additional 150 million people into extreme poverty by 2023
- By 2030, the global poverty rate could be **about 7% ... or 10%?**

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## FACTS: THE JURY IS STILL OUT

COVID CRISIS + STAGFLATION = INCREASED POVERTY IN ALMOST ALL COUNTRIES!



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## FACTS: THE JURY IS STILL OUT

**China and India** have experienced the greatest national reductions in people living in extreme poverty: > 407 million people across those two countries moved out of extreme poverty between 2010 and 2021.

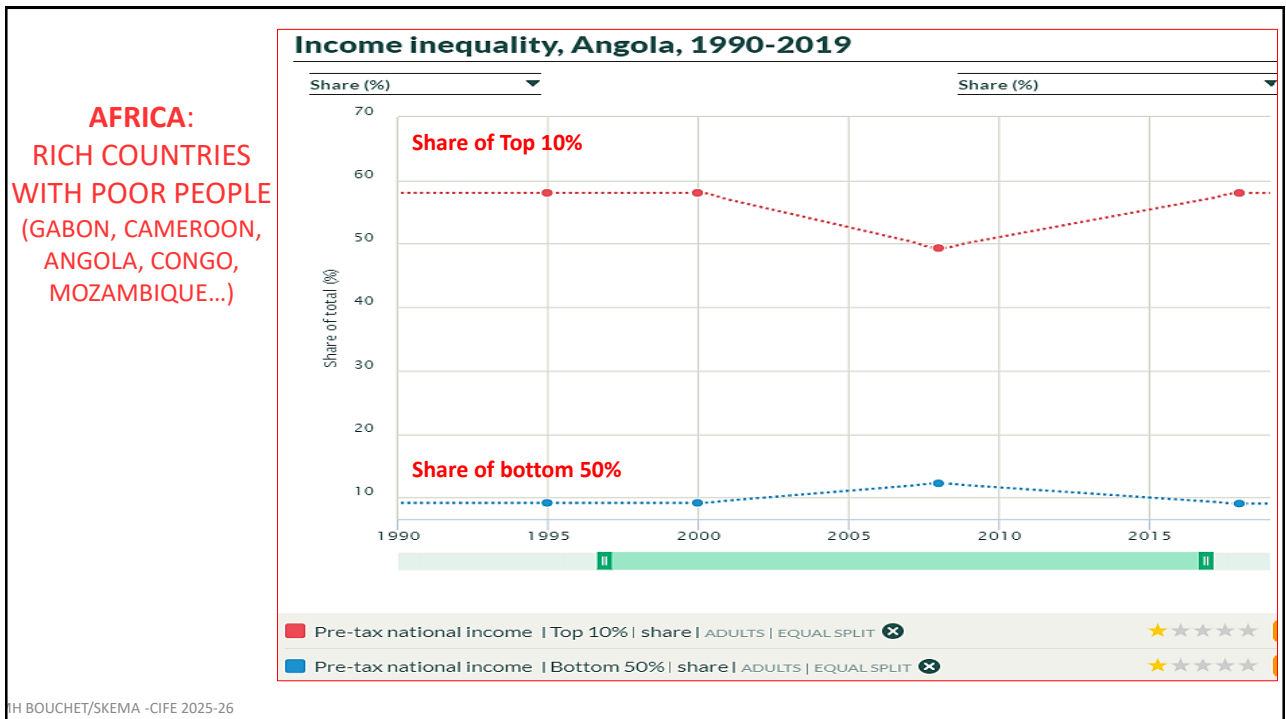
For **26 countries in sub-Saharan Africa**, the number of people living in extreme poverty **has increased** between 2010 and 2020.

Largest increases = Angola, Democratic Republic of the Congo, South Sudan

In 2025, **66%** of the global population living in extreme poverty live in sub-Saharan Africa.

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## WHAT'S THE RESOURCE CURSE? (ATTRIBUTED TO RICHARD AUTY'S 1993 BOOK "SUSTAINING DEVELOPMENT IN THE MINERAL ECONOMIES")

Paradoxical situation in which a country underperforms socio-economically, despite being home to valuable natural resources.

A resource curse is generally caused by too much of the country's capital and labor force concentrated in just a few abundant non-renewable natural resources.

- This can lead to becoming very dependent on the price of a particular commodity, making it difficult to continue developing the economy.
- Diversifying a nation's economy can help it avoid a resource curse.
- Angola and Saudi Arabia and most oil-producing countries suffer from the resource curse.
- Also called a "resource trap", it may also result from government corruption.

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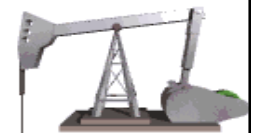
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## BOUCHET: « DEVELOPMENT = ECONOMIC GROWTH + KEY CONDITIONS THAT MAKE IT SUSTAINABLE! »

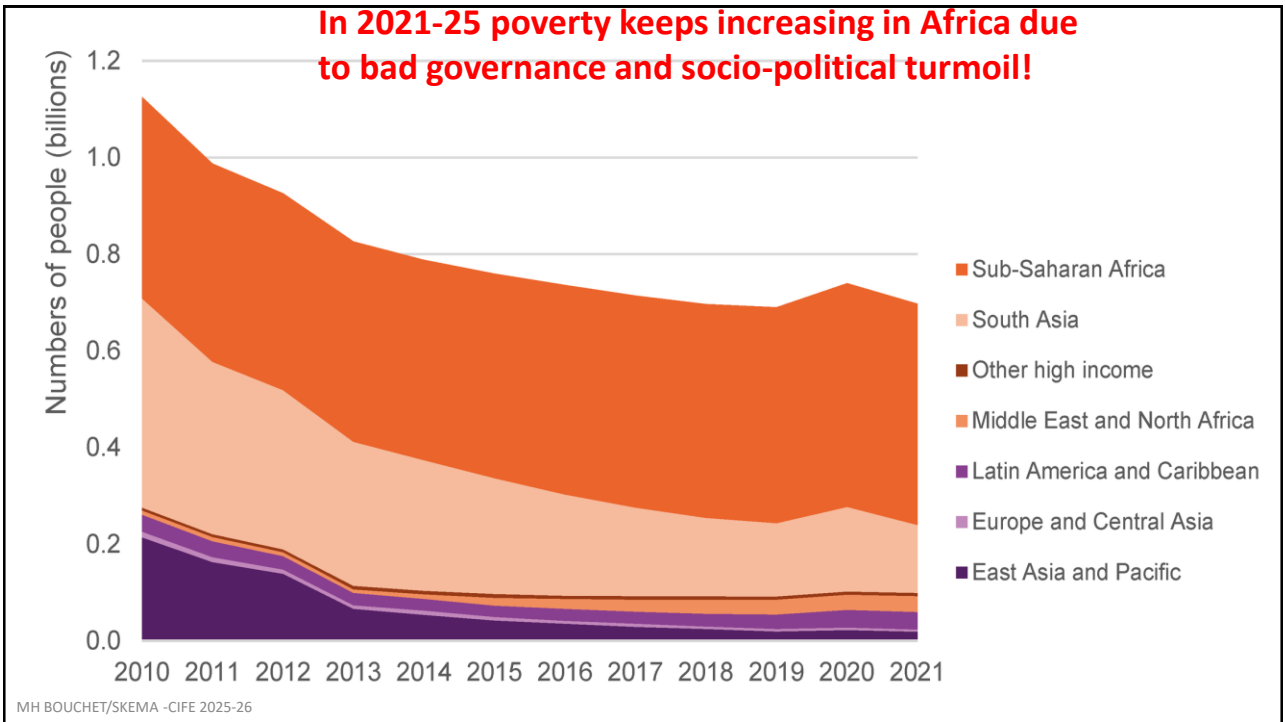
	CHILE	COSTA RICA	Turkmenistan	GABON
GDP/per capita	\$15,000	\$11,000	\$15,000	\$14,000
Life Expectancy	80	81	68	65
Global Peace Index	38/163	28/163	103	83
HDI Rank	43/190	62/190	111	119

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	ARMENIA	SRI LANKA	NIGERIA	ANGOLA
GDP per capita	\$5000	\$5000	\$5000	\$5500
Life expectancy	75	77	54	60
Global Peace Index	119	145	136	84
HDI Rank	81	72	161	148



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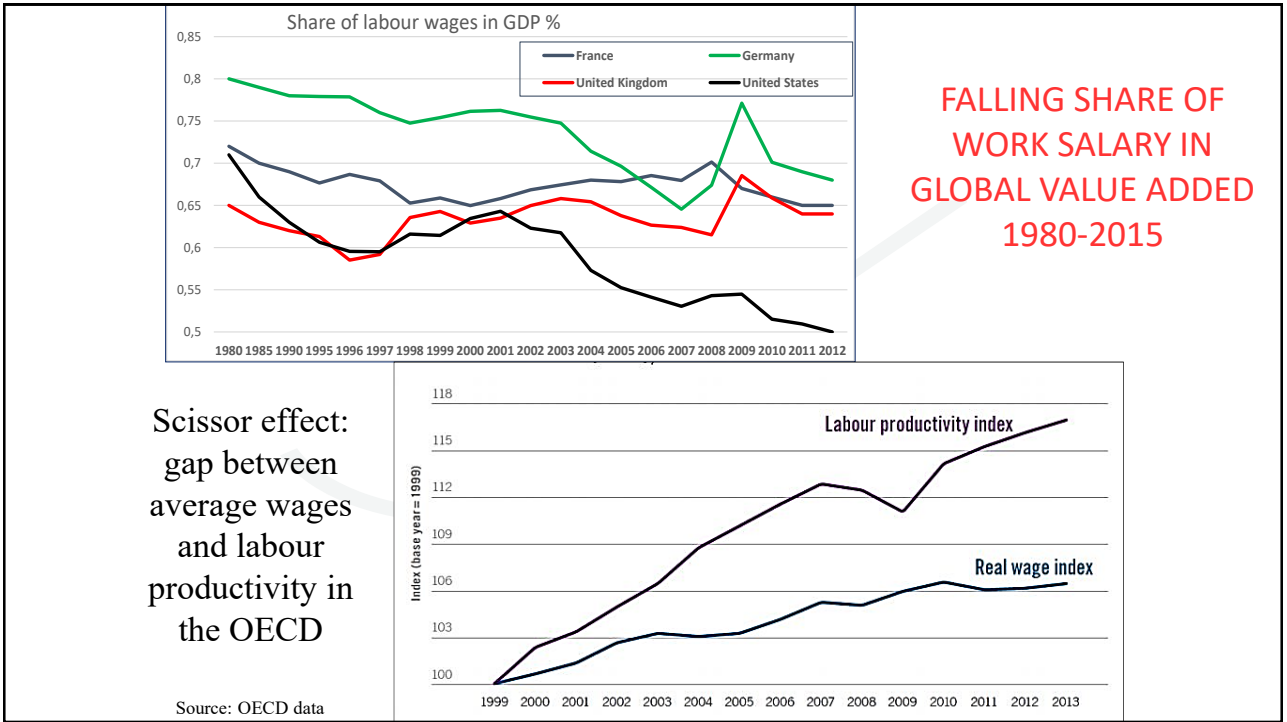
**FACT: INCOME UNEQUALITY IS NOT A MONOPOLY OF DEVELOPING COUNTRIES!**

1. **GINI index of revenue inequality** worsens for many OECD countries since the global financial crisis (including France)
2. Since the mid-1980s and the worldwide extension of the market economy, unprecedented **distortion** in value-added distribution in developed countries
3. Rising share of profits in **GDP/falling share of wages**: income equality has worsened

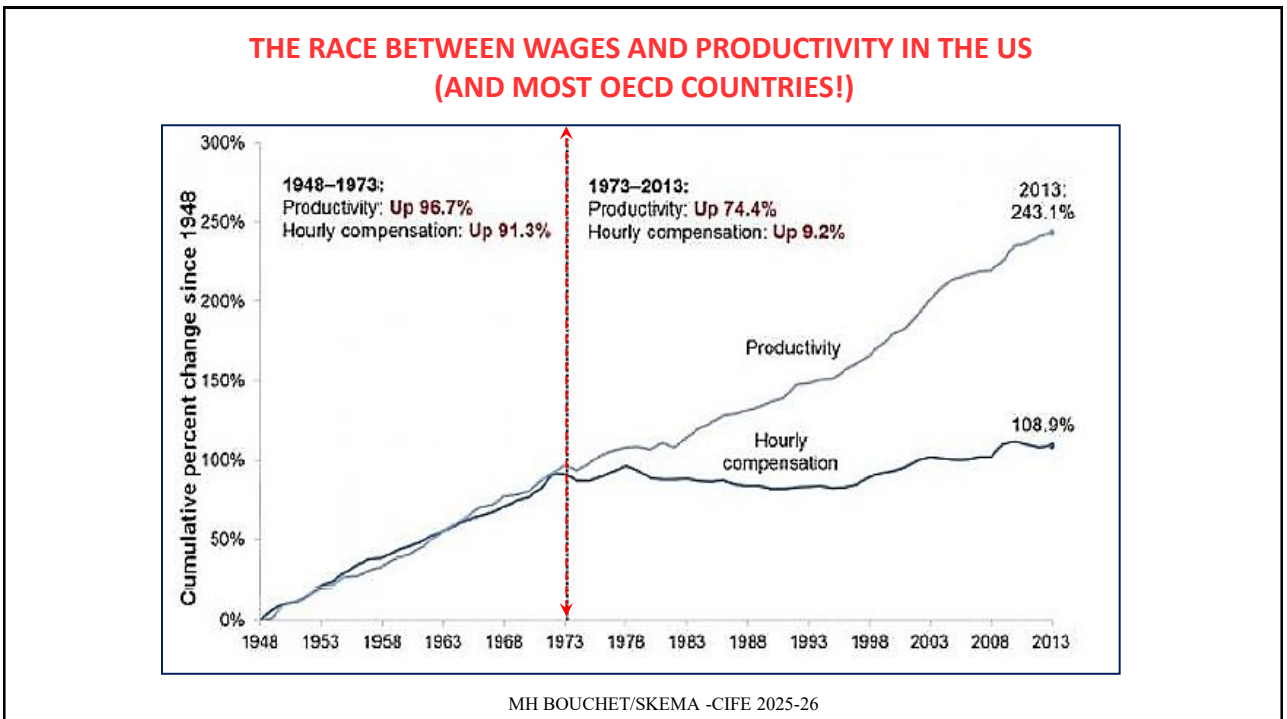
According to McKinsey, 2/3 of households in 25 advanced economies, the equivalent of 550 million people, had their wages and income flat or falling in 2015 compared with 2005.

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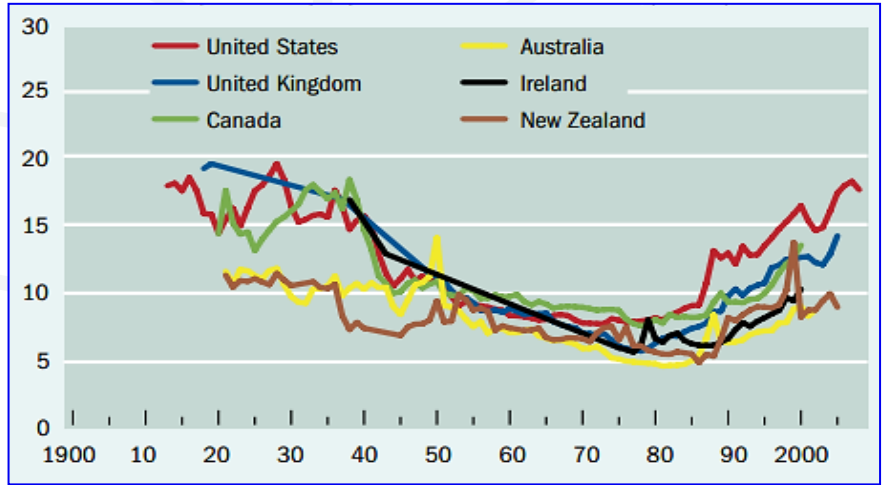
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**GLOBALIZATION & INCOME INEQUALITY:  
AFTER DECLINING IN THE FIRST HALF OF THE 20TH CENTURY,  
INCOME INEQUALITY MAKES A COMEBACK!**

Share in **income distribution**  
of top 1 percent

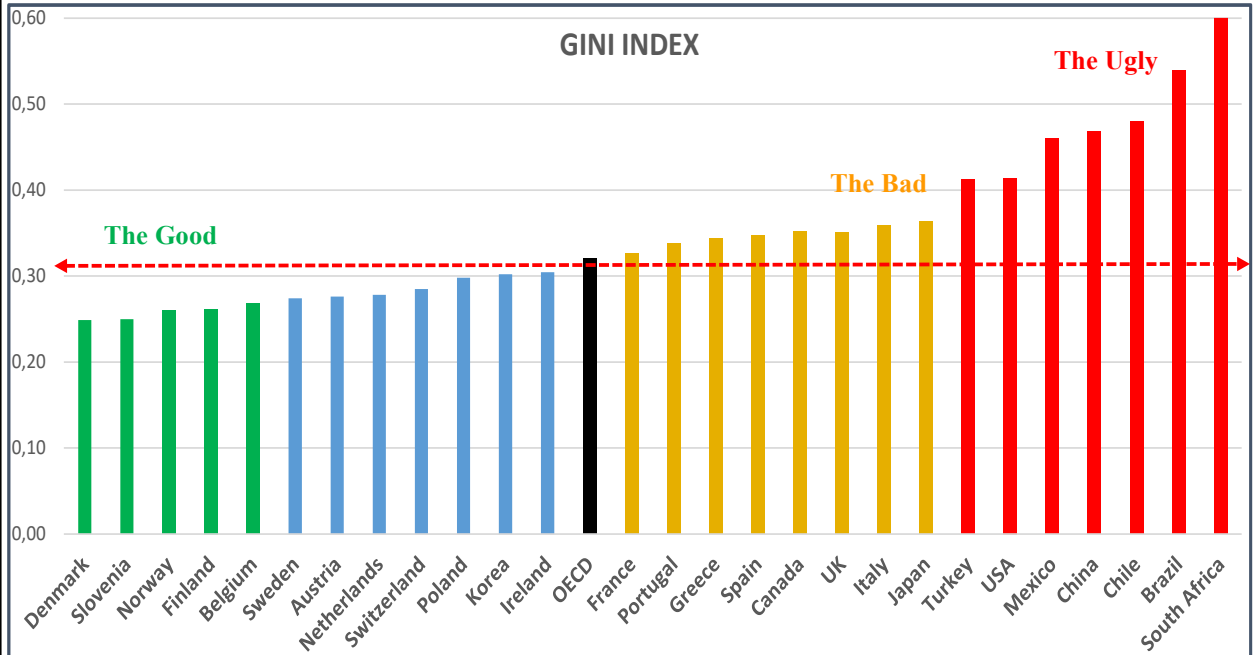
Hyperfinance's emergence in the 1980s coincides with the rising share of income for capital owners and top executives



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Source: IMF

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**GINI INDEX**

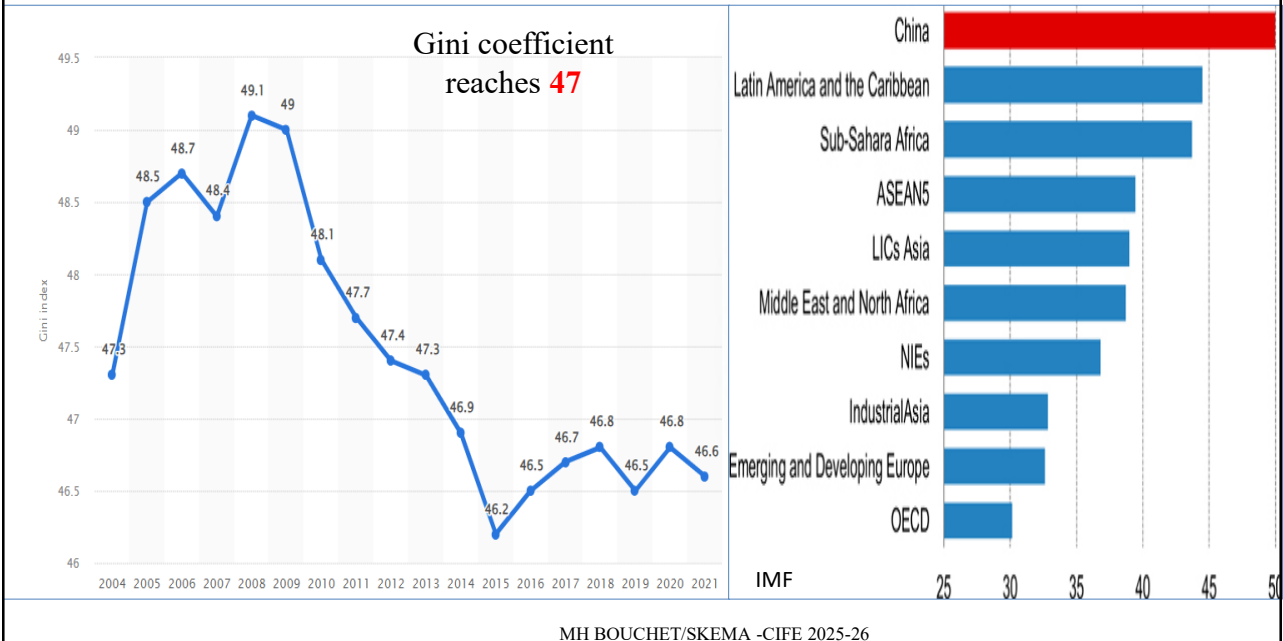


OECD, WB, FRED

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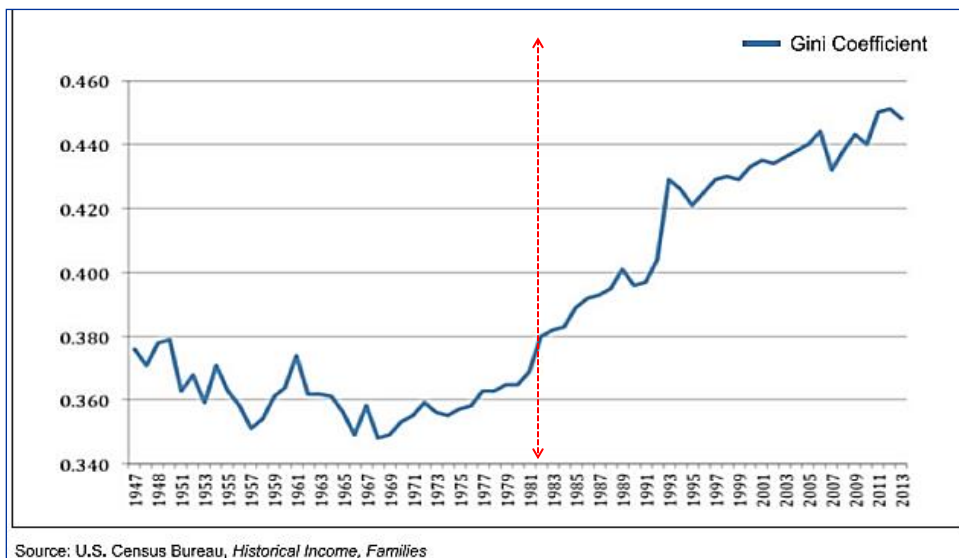
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# CHINA'S WEALTH GAP & GINI INDEX



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## US FAMILIES' INCOME DISTRIBUTION GAP- GINI INDEX 1947-2015 = RISING INEQUALITY + SHRINKING MIDDLE-CLASS

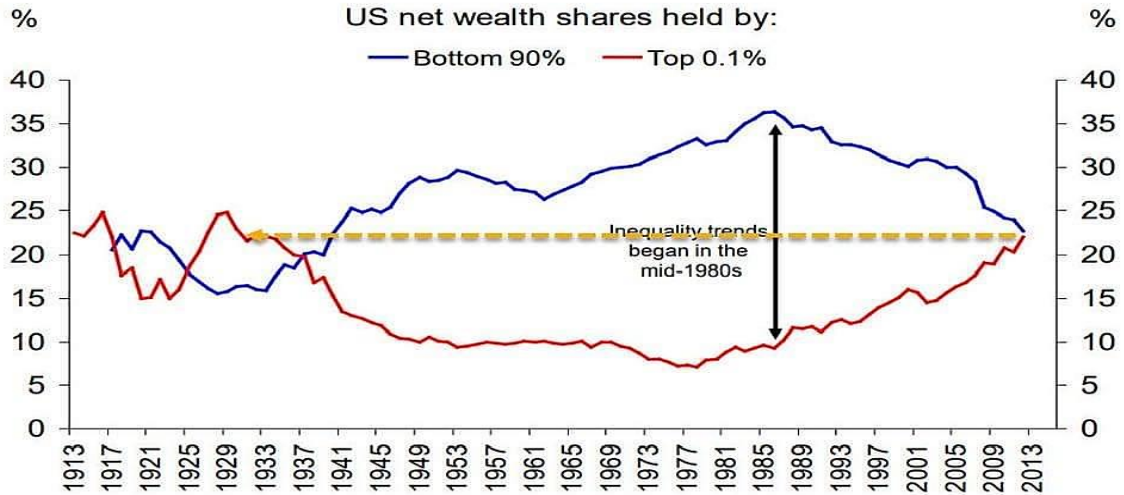


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## RISING INEQUALITY SINCE THE 1980S= DEREGULATION

US: Top 0.1% owns as many assets as the bottom 90%

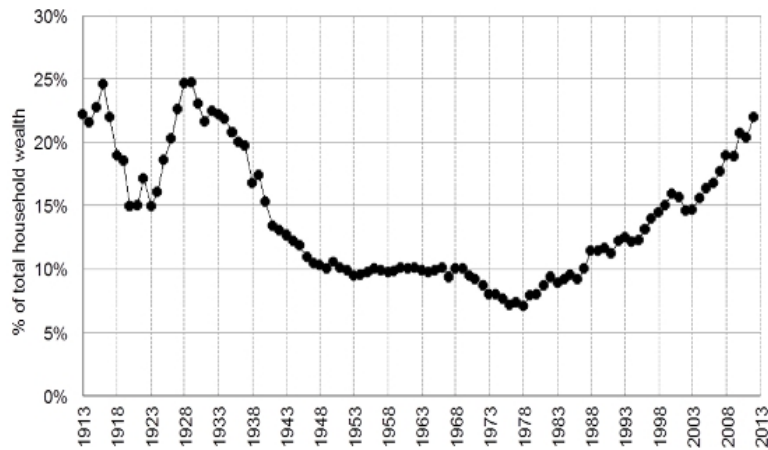


Source: The World Wealth and Income Database, DB Global Markets Research

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## US WEALTH ACCUMULATION: TOP 0,1% 1913-2013 = 22%



Notes: Wealth is total assets (including real estate and funded pension wealth) net of all debts. Wealth excludes the present value of future government transfers (such as Social Security or Medicare benefits).

Source: Saez, Emmanuel and Gabriel Zucman "Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data", NBER Working Paper, October 2014, online at <http://gabriel-zucman.eu/uswealth/>

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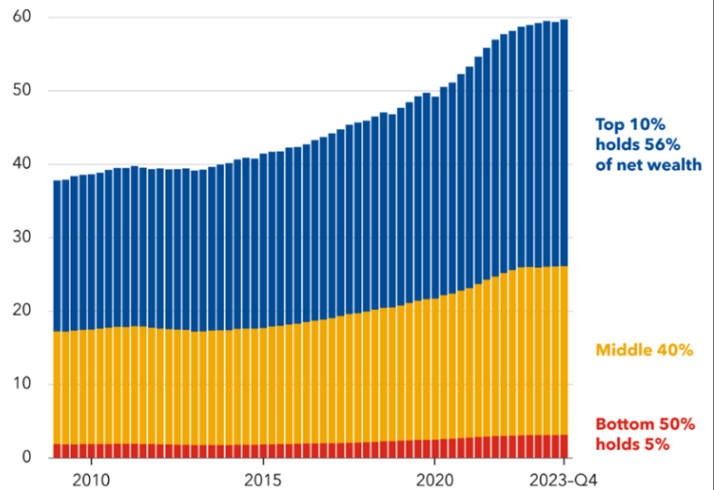
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11-2024: **DATA GAPS INITIATIVE**, A G20-LED PARTNERSHIP INVOLVING THE IMF, THE INTER-AGENCY GROUP ON ECONOMIC AND FINANCIAL STATISTICS, THE FINANCIAL STABILITY BOARD, AND STATISTICAL AUTHORITIES TO ENHANCE ECONOMIC AND FINANCIAL DATA QUALITY!

Net wealth in the euro area rose 27 percent over the past five years—accompanied by a slight decrease in inequality, partly because homeowners benefited from increasing housing prices.  
The share of wealth held by the top 10 percent stood at 56 percent in the fourth quarter of 2023, while the bottom half held just 5 percent!

### New euro area wealth accounts offer a clearer view of inequalities

Euro area household net wealth by wealth group, trillions of Euros



Sources: European Central Bank.



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## WHAT TO DO, THEN? NO SILVER BULLET SOLUTION



### ▶ STIGLITZ

Capitalism is failing: Need of **fiscal stimulus** to boost consumer spending, minimum wage increase, and tax incentives for labour-intensive investment

□ Kuznets and Liberal school  
Patience! **Trickle-down economics**  
Better education, life-long learning and retraining, labour market mobility, human capital investment

### ▶ PIKETTY

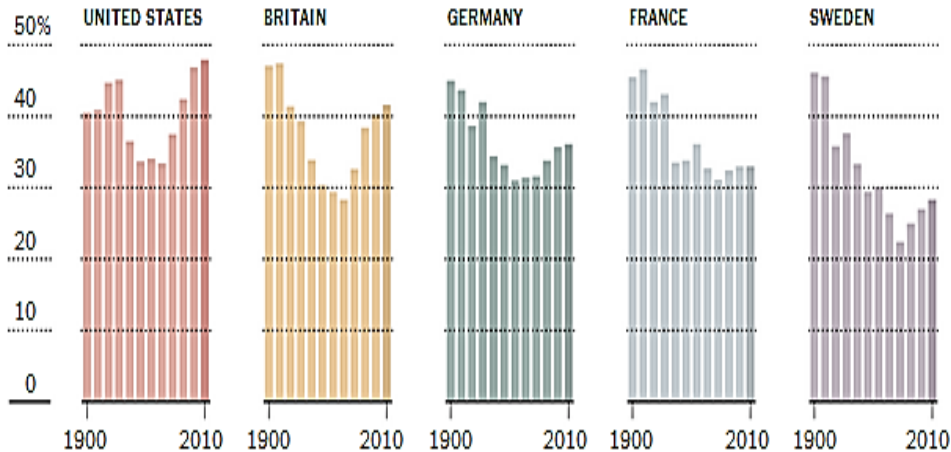
After WWII, « golden age » of capitalism, followed by **soaring inequality?**  
= Global wealth tax



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## RISING GROWTH OF CAPITAL RETURN > ECONOMIC GROWTH RATE = LARGER INCOME INEQUALITY

### Share of total income of the richest 10 percent



Source: T. Picketty 2014

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## PIKETTY'S GROWING WEALTH GAP: RIGHT OR WRONG?

- ▶ **Rate of return  $k$  (5%) on financial assets >  $g$  real economy's growth rate (2,5%) = rising share of  $K$  in GDP = growing inequality = patrimonial capitalism**
- ▶ Rising value of  $K$  due to monopoly power, rents, stock markets, land value speculation

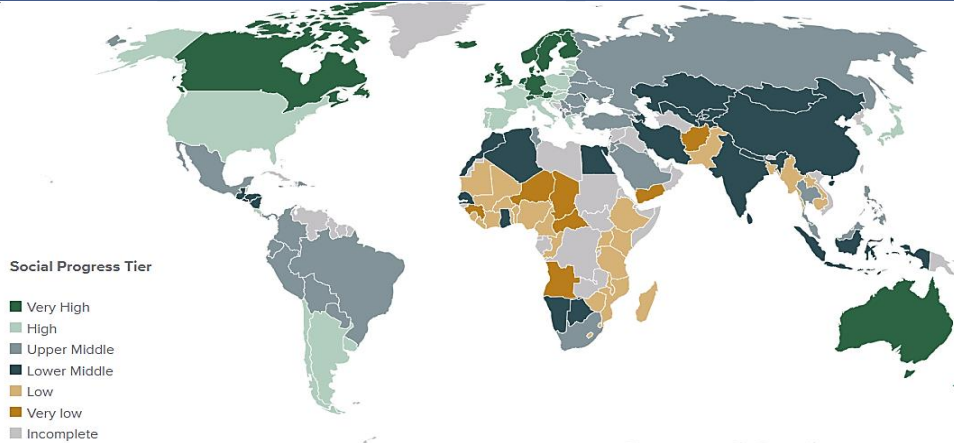
1. **However**, rate of return on  $K$  lower than assumed by Piketty
2. Innovation and technology lead to temporary higher income for entrepreneurs
3. Only real estate owners and not financial capitalists get richer and richer!
4. Each and every « capitalist » is not a *rentier*
5. Change in savings rate can offset change in income distribution
6. Decreasing share of wages due to lower union membership and de-skilling process

Brookings Inst., 03-2015  
IMF 08-2016

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## MEASURING SOCIO-ECONOMIC PROGRESS ACROSS TIME AND ACROSS COUNTRIES?



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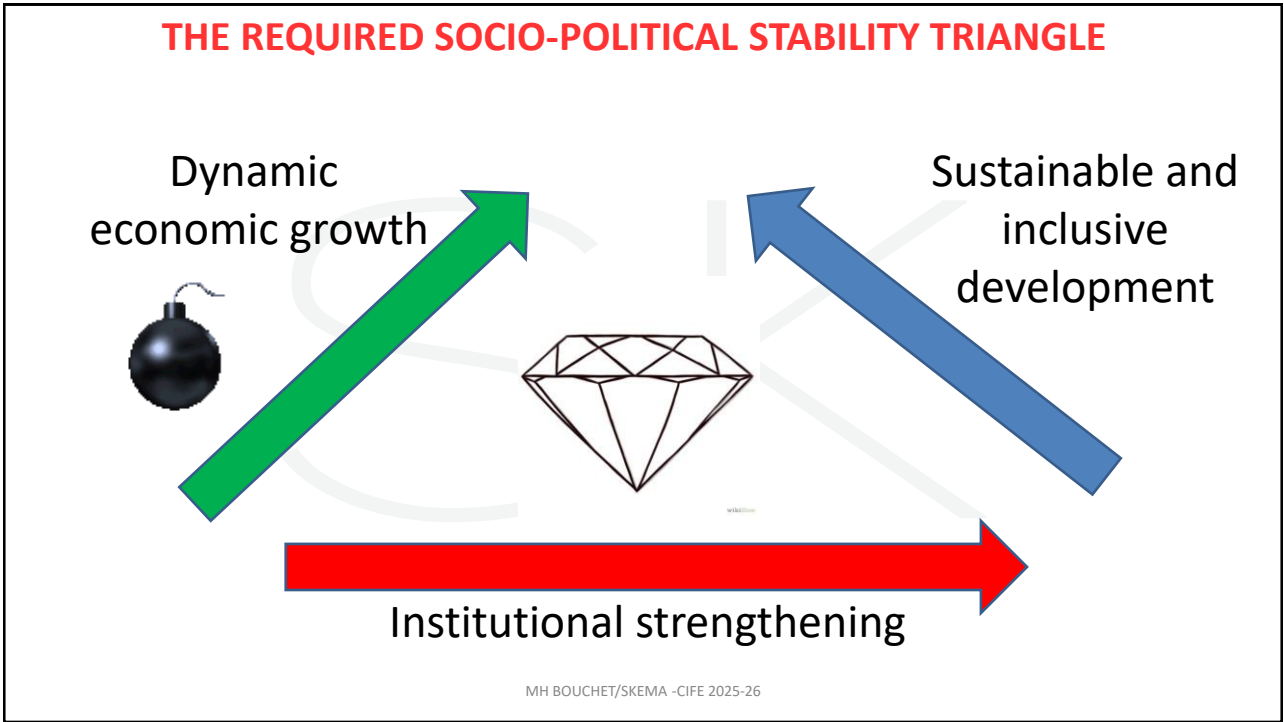
**COUNTRY RISK HAS TO DO WITH INCOME DISTRIBUTION, WEALTH GAP, INCLUSIVE GROWTH AND SOCIO-ECONOMIC DEVELOPMENT!**

**SUSTAINABLE GROWTH REQUIRES SOCIAL MOBILIZATION AND POLITICAL STABILITY WITHIN A « NATION » RATHER THAN IN A « COUNTRY »**

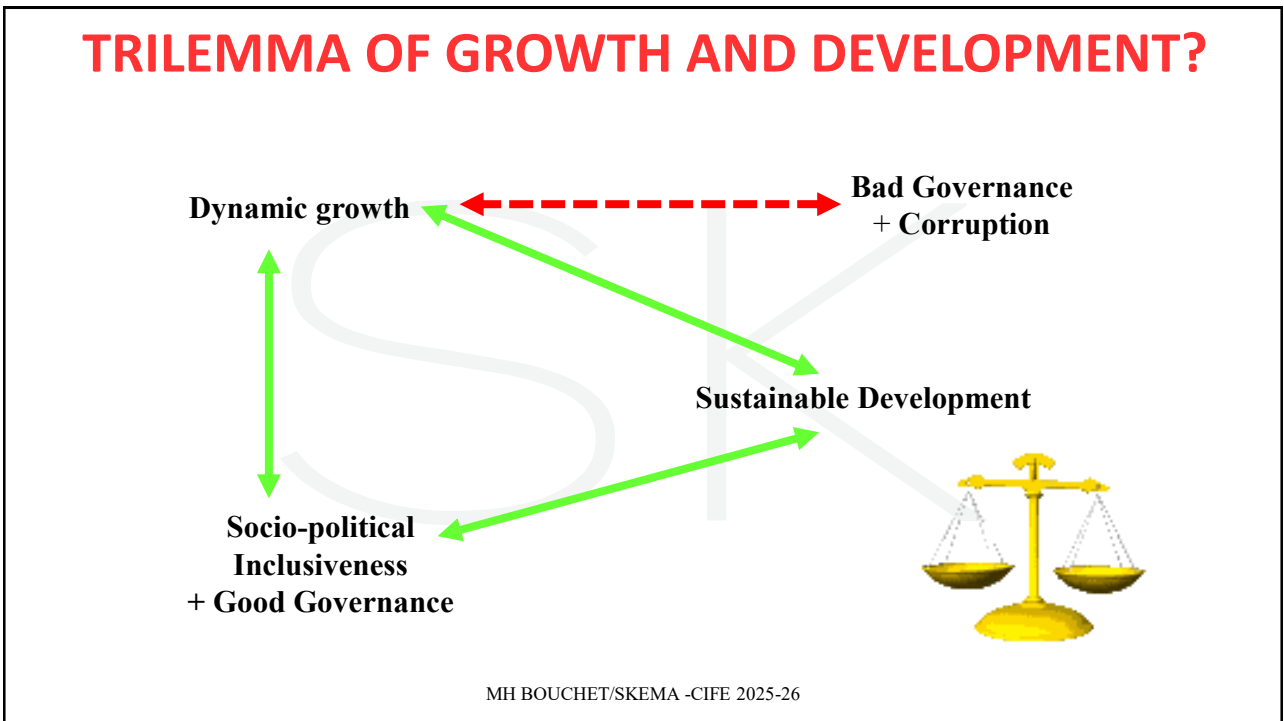
► Development = social inclusiveness  
 $\Sigma$  (policy choices + political choices)

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