

# TOWARDS A SOCIAL BALANCE OF THE CURRENT GLOBALIZATION

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## 1. Current globalization overview

For the last quarter century our world has been experiencing one of the most intense periods of globalization, loosely defined here as those of above normal migrations, trade and investments across political borders. This paper is a first, very preliminary and synthetic essay on a social balance of this last quarter century. As it frequently happens when dealing with issues like these, black-or-white assessments tend to predominate in public discussions and debates. In contrast, nowadays the world looks to us like a multi-faceted polyhedron. On the positive side, we find that for the first time since the Western empires' expansion in the 15th century the per capita GDP of Africa, Asia and Latin America has begun to converge with that of the developed countries (Table 1). Associated to that process our world has witnessed an astonishing growth of the world's populations, particularly since the early 20th century, an expansion that would have not been possible without a significant improvement in living and, particularly, in health conditions (Table 2).

**Table 1. Convergence for the first time in centuries.**

GDP pc ratio: Africa, Asia, LATAM		W. Europe + Western Offshoots %
Year		Ratio
<b>1</b>		<b>100%</b>
1500		78%
1820		47%
1950		19%
<b>1990</b>		<b>15%</b>
<b>2010</b>		<b>19%</b>
<b>2040</b>		<b>45%*</b>

Source: own estimates based on Maddison Project (web) and R. Fogel (2007).

**Table 2.**

Year	Billion
1804	1
1927	2
1960	3
1988	5
2012	7
2046	9

Source: UNDP estimates.

As a matter of fact, the human life conditions of billion people have significantly improved along the last quarter century. Extreme poverty has fallen both in absolute and relative (%) terms although with big variations across regions and countries and there have been very diverse geographically progresses in health, nutrition and education.

On the negative side, and in the same process, new forms of social exclusion and destitution either appeared or increased. They include structural unemployment; the NEET phenomenon, i.e., growing amounts of youngsters that are not in employment, education or training; increasing elderly populations whose lives confront serious risks; marginalized immigrants and, what is perhaps the most evident, ever growing numbers of people living in slums, particularly in emerging countries, without access to formal jobs nor to most of the conditions of modern wellbeing. Finally, even when most of the evidence shows that the distribution of wealth and income, considering the whole world, has somewhat improved, it has worsened in most of the countries taken one by one and shows in some of them increases even in the shares of the superrich “1%” or less of the population.

## **2. Demography and Social Security**

A huge population increase has not been the only recent relevant demographic change. Ageing is another and it poses tough challenges. By 2050 ageing-related public spending will amount to 15–25% of GDP in developed countries (Table 3) and it will be very difficult to get resources to care for the elderly, especially in slow-growing economies where public pension schemes and old-age health plans are patently unsustainable (Table 3). Soaring public debts exacerbate the problem, because future generations are being asked both to service our debt and to pay for our retirement (K. Rogoff, 2014).

**Table 3. Ageing-related public spending pressures are mounting in % of GDP (assuming unchanged policies).**

	<i>Old-age pension outlays</i>		<i>Health and long-term care spending</i>	
	<i>circa 2000</i>	<i>circa 2050</i>	<i>circa 2000</i>	<i>circa 2050</i>
Belgium	9.0	13.0	6.3	10.6
Canada	4.7	6.4	6.3	10.5
France	12.1	14.5	6.9	9.4
Germany	11.8	13.8	5.7	8.8
Italy	14.2	14.4	5.5	7.6
Japan	7.9	8.5	5.8	8.2
Netherlands	5.2	8.3	7.2	12.0
Sweden	9.2	10.8	8.1	11.3
Switzerland	7.2	10.8	5.8	10.3
United Kingdom	5.0	5.6	7.9	11.0
United States	4.4	6.2	2.6	7.0

Source: Visco *et al.* (2005).

### 3. Nutrition and Health

In spite of clear progresses huge weaknesses and challenges remain ahead (Table 4).

*Life expectancy.* There have been very significant progresses in East Asia and LATAM, not as much in South Asia and just a little in Sub-Saharan Africa. This last subcontinent must be at the core of future policies.

*Under-five mortality.* The picture is very similar to life expectancy, with significant progresses in East Asia and LATAM, less in South Asia and much less in Sub-Saharan Africa where it is too high yet.

*Undernourishment.* In spite of lower percentages, there are still too many undernourished people. In 2012 they were 980 million globally, 220 million of them in low-income countries and 760 million in middle-income ones. This is clearly far from the potential of a world in which food waste is huge and widespread.

**Table 4. Health and nutrition indicators.**

	Life expectancy at birth (years)		Under five mortality Per 1000 people		Undernourishment % of population	
	1991	2012	1990	2012	1991	2012
World	66	71	90	48	23	14
Low income	53	62	166	82	36	26
Middle income	65	70	87	45	22	12
High income	75	79	15	6	≅0	≅0
Low income regions						
East Asia & Pacific	68	74	59	21	24	11
South Asia	59	67	129	60	27	17
LATAM	68	74	55	19	15	9
Sub-Saharan Africa	50	56	177	98	28	22

Source: World Bank.

## 4. Economic growth

The world is not only witnessing convergence between the GDP per capita of developed and developing countries for the first time but it has also been accelerating since the beginning of the 21st century (Table 5). Africa is converging for the first time in history.

## 5. Poverty and exclusion

### 5.1. Extreme poverty

Conventionally measured as people living on less than US\$ 1.25 per day, extreme poverty has been steadily declining since 1990 both in relative (%) and absolute terms (Table 6). It's not by chance that the absolute number of people under the extreme poverty line coincides almost exactly with that of undernourished people.

**Table 5. GDP pc growth: 1960-90, 1990-2010, 2005-2012.**

	1960-90	1990-2010	2005-2012
<b>World</b>	<b>2.1</b>	<b>2.1</b>	<b>1.1</b>
<b>Developed countries</b>	<b>3.5</b>	<b>1.2</b>	<b>1.0</b>
Western Europe	2.9	1.4	...
Western Offshoots	2.4	1.4	...
Japan	5.3	0.8	...
<b>Emerging countries</b>	<b>2.2</b>	<b>2.6</b>	<b>4.8</b>
Eastern Europe	1.9	2.4	...
Former Soviet Union	1.9	0.6	...
Latin America	1.6	2.0	...
East Asia	3.8	4.4	...
West Asia	2.3	2.0	...
Africa	1.0	1.8	...
China	<b>3.5</b>	<b>7.6</b>	...
India	1.9	<b>4.9</b>	...

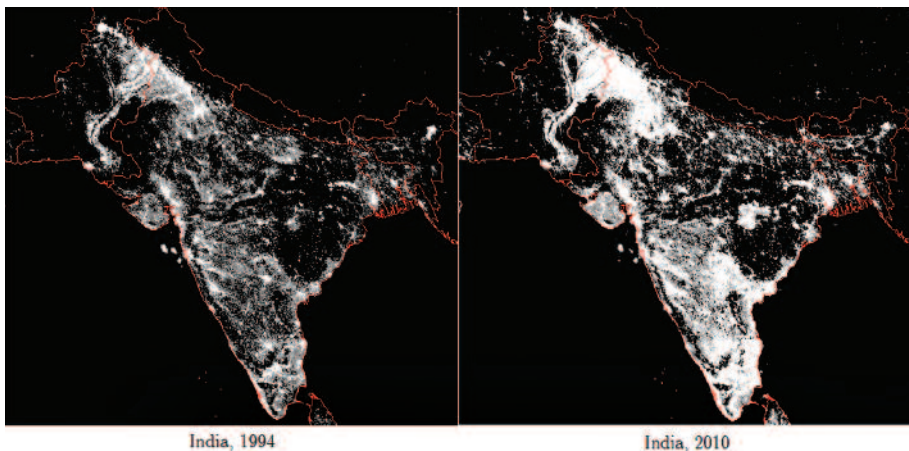
**Table 6. Extreme poverty: World population living on less than 1.25 US\$ (2005 PPP).**

	1990	1999	2010	2015
Persons (million)	1908	1743	1215	970
% of world population	43.1	34.1	20.6	15.5

Source: World Bank.

There has been a positive association between economic growth and poverty reduction as extreme poverty fell roughly 1 percentage point every 3.5% of GDP growth. However, this ratio has been increasing from 3.33% in 1990–99 to 3.73% in 1999–2010, i.e., it has been more expensive to reduce poverty alongside with economic growth, which implies the need to improve its pro-poor effects.

However, as a consequence of the huge under-reporting of income in the household surveys on which poverty measurement is based, alternative estimates of it give very different results. The most recent and ingenious, shown in Figure 1 in the case of India, is based on nighttime pictures taken from satellites. The increase of illumination consumption between 1994 and 2010 is evident and very probably higher than the twofold decrease in India's poverty rate. According to the authors of this new estimate (M. Pinkovskiy and X. Sala-i-Martin, 2014) the largest estimate of world poverty with the new method in 2010 is 12.1%, in sharp contrast with the 20.5% using currently survey means; East and South Asia is experiencing a more rapid poverty reduction and Sub-Saharan Africa is also reducing (not as fast) its poverty by 30%, which is still more rapidly than the current estimate of 20%.



**Figure 1.** Alternative estimates of poverty. India at nighttime as seen from satellites. Source: M. Pinkovskiy and X. Sala-i-Martin (2014).

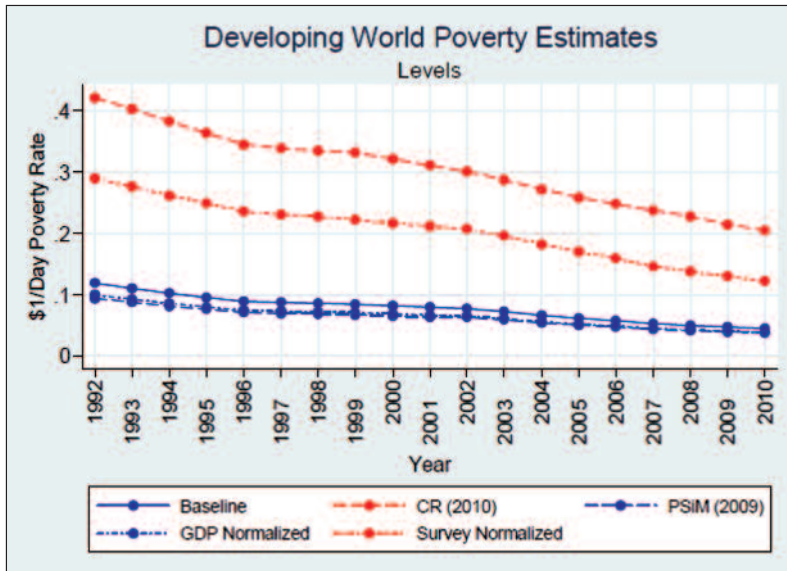


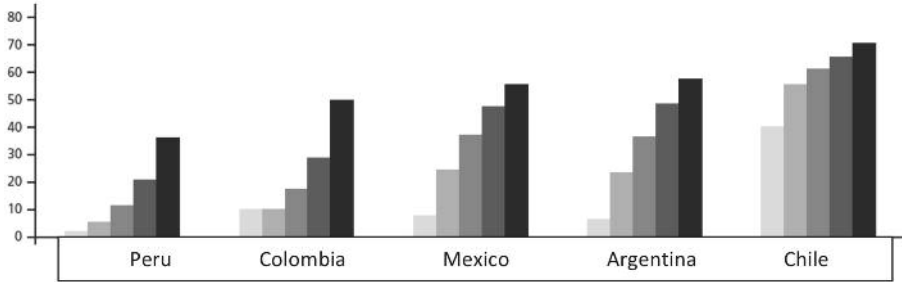
Figure 2. Alternative estimates of poverty. Source: M. Pinkovskiy and X. Sala-i-Martin (2014).

## 5.2. Exclusion

### 5.2.1. Informal labour

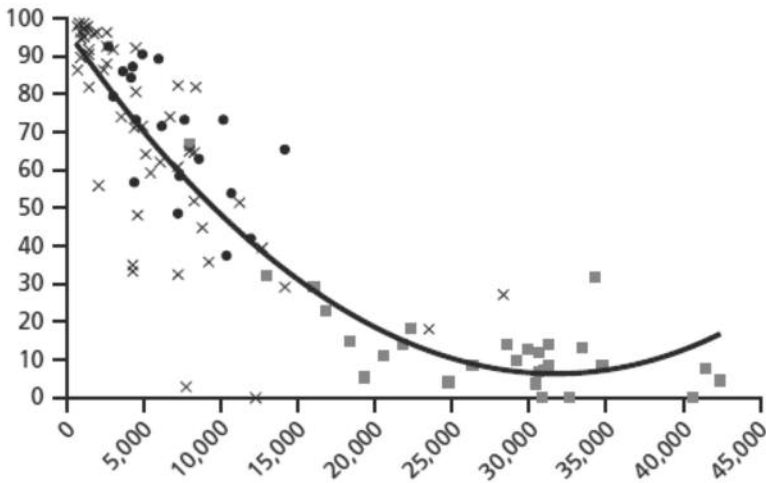
Beyond doubt, low quality jobs are one of the most important causes of structural, persistent poverty. More dramatically, but with an undoubted dose of realism, J. Breman (2003, quoted by M. Davis, 2006) wrote that “a point of no return is reached when a reserve army waiting to be incorporated into the labor process becomes stigmatized as a permanently redundant mass, an excessive burden that cannot be included now or in the future, in economy and society. This metamorphosis is, in my opinion at least, the real crisis of world capitalism”.

Measuring informal labour by the proportion of people without pension entitlement Figure 3 shows – in this case for a sample of Latin American countries – that informal labour is very negatively associated to income.



**Figure 3.** Percentage of economically active population with pension entitlement by income quintiles. References: Each bar represents each country's income quintiles from the lowest (Q1, pale grey) to the left to the highest (Q5, black) to the right. Source: G.E. Perry *et al.* (2007).

G.E. Perry *et al.* (2007) demonstrate that the higher a country's income inequality measured by the Gini coefficient, the higher the percentage of people without pension entitlement and that the lower the GDP per capita the higher the percentage of informal workers without pension entitlement (Figure 4). So we see again that economic growth appears as a necessary condition to successfully combat poverty.

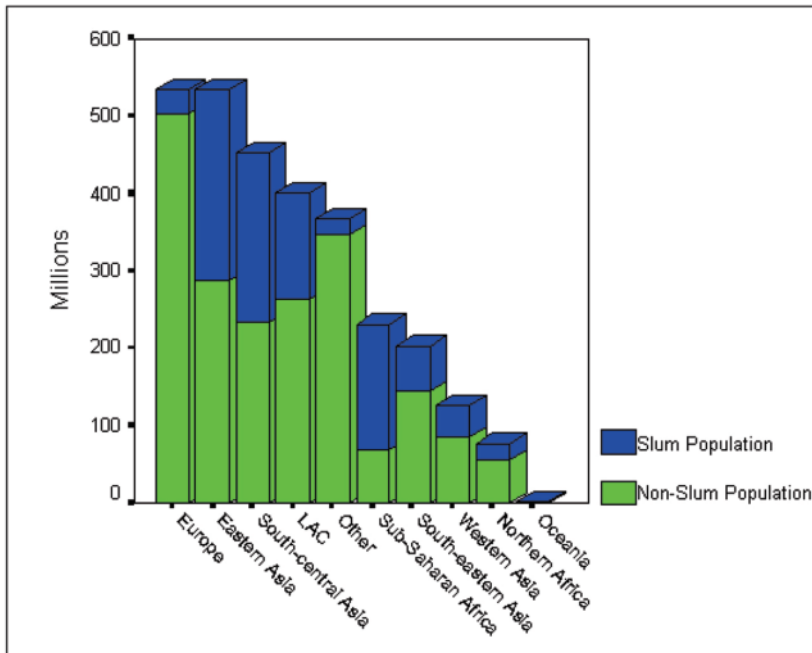


**Figure 4.** GDP PPP per capita and percentage of workers without social security entitlements. References: Latin America. x Developed. Rest of the world. Source: G.E. Perry *et al.* (2007).

### 5.2.2. Slums

Nearly 1 billion people are currently living in slums, most of them in emerging or very poor countries. One third of their urban population, and more than 70% in the case of Africa, live in slums (Figure 5). The poorer the country, the higher the proportion of youngsters in slum populations. More than 50% of the urban population in South Asia and 40 per cent in Sub-Saharan Africa lack access to sanitation services.

For the first time in history, more than 50% of the world's people live in cities and 2 billion of new urban residents are expected in the next twenty years. One of the results of these population movements is that the number of slum dwellers is increasing by 7 million every year. Paradoxically, and at the same time, 227 million people in DCs were lifted out of slum conditions between 2000 and 2010, 74% of them in Asia, primarily China and India. It is relevant to point out that slums are often economically vibrant and nearly 85% of new employment opportunities worldwide occur in the informal economy and many of them in the slum context.



**Figure 5.** People living in slums (million). Source: N. Foroutan (n/d).



## 6. Unemployment

As it can be seen in Table 7, both youth and adult unemployment were high in 2012 but the second one was nearly 20% higher than before the Great Recession. Although youth unemployment has remained stable almost since then, it is higher than adults' in relative terms, 13.1% in 2013 or almost three times the rate of adult unemployment. The International Labor Office wonders about the risk of a jobless recovery as the current high levels of unemployment look like a structural phenomenon.

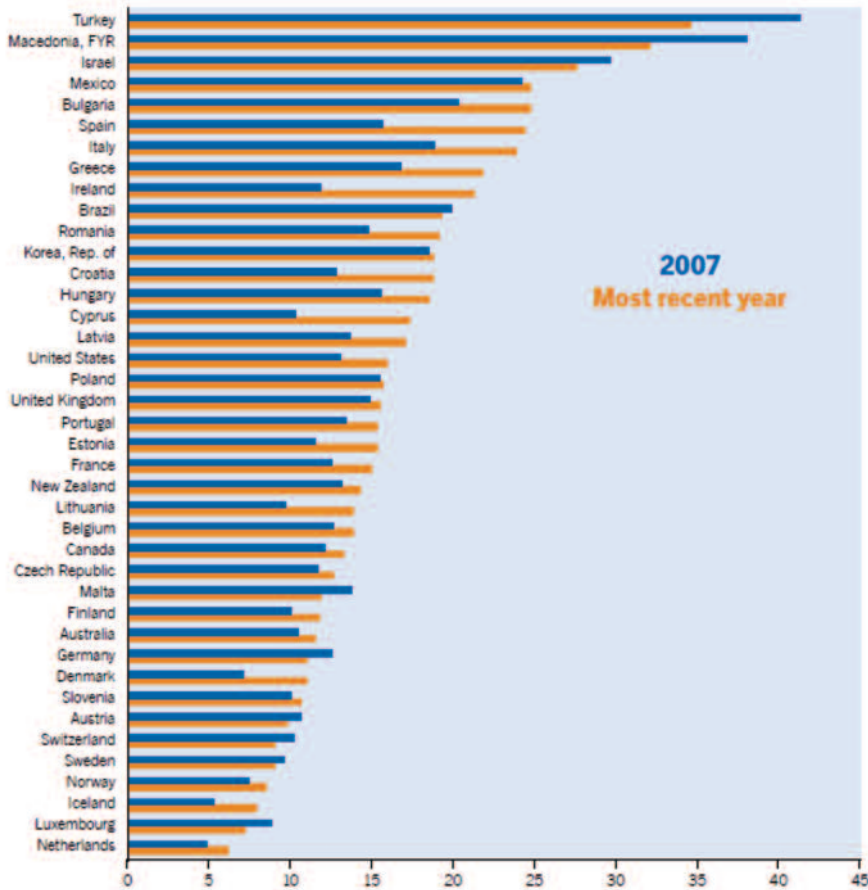
## 7. Youngsters

The relatively new phenomenon of too many youngsters being neither in employment nor in education or training (NEET) is particularly worrisome, but it is also worth learning that the huge differences in NEET rates among countries, from 4% in Netherlands to 15% in Belgium and 35% in Turkey (Figure 6) show that there are strategies to moderate the problem.

**Table 7. Unemployed people, total, by gender and by age.**

	2000	2005	2006	2007	2008	2009	2010	2011	2012*		
									CI Lower Bound	Preliminary Estimate	CI Upper Bound
Total	174.9	185.7	177.1	169.0	175.7	198.4	194.6	193.1	193.0	197.3	201.4
Male	102.0	105.8	101.8	97.2	102.0	117.0	113.0	112.0	112.0	114.6	117.0
Female	72.9	79.9	75.2	71.8	73.7	81.4	81.7	81.1	81.0	82.7	84.4
Youth	72.8	77.9	74.1	70.4	71.0	76.2	74.7	73.2	72.2	73.8	75.4
Adult	102.1	107.9	102.9	98.5	104.7	122.2	120.0	119.9	120.8	123.5	126.0

Source: ILO, Global Employment Trends 2013.



**Figure 6.** The NEET (not in employment education or training), % of population aged 15-29. Source: ILO (2014).

### 8. Education

There have been progresses in the access to basic education. Primary level completion rates jumped 10 percentage points worldwide between 1991 and 2011 (Figure 8). Although they are at 94% in middle-income countries, many low-income ones are seriously off track as regards the 2015 goal of universal primary education, particularly in Sub-Saharan Africa, Central Asia and MENA and, to a lesser extent, also in LATAM.

**Table 8. Primary education completion rates.**

	1991	2011
World	81	91
Low income	46	67
Middle income	83	94
High income	97	100

Source: World Bank.

Differences in access to secondary education remain too high as they reached in 2012 just 43% in low-income countries, 71% in middle-income ones and nearly 100% in developed countries. Noteworthy progresses among middle-income countries like Poland, Colombia, South Africa or China, as well as in low-income countries like Bangladesh or Nigeria, show that there are successful strategies of educational inclusion.

**Table 9. Secondary gross enrolment rates.**

	Circa 1990	Circa 2010
Denmark	109	120
France	92	110
Poland	87	97
Colombia	52	96
South Africa	63	94
U.S.	91	93
Mexico	54	84
China	37	83
Egypt	61	76
Bangladesh	20	50
Nigeria	24	44

Source: World Bank.

## 9. Income distribution

Even when most of the evidence shows that the distribution of wealth and income considering the whole world has somewhat improved (M. Pinkovskiy and X. Sala-i-Martin, 2014; F. Alvaredo and L. Gasparini, 2013), mainly as a consequence of the rapid growth of big emerging countries like China and India, it has worsened in most of the countries, showing in some of them increases even in the shares of the superrich “1%” or less of the population (Z. Bauman, 2013; T. Piketty, 2014).

Table 10 shows the evolution of the poorest deciles income shares in a sample of countries since 1990. There are both increases and decreases, most of them marginal except in the case of China that shows a huge fall.

**Table 10. Share of consumption or income, lowest 10%.**

	Circa 1990	Circa 2010
Bangladesh	4.2	4.0
Egypt	3.9	4.0#
Poland	3.9	3.3
France	2.8**	?
Denmark	2.6^	?
Mexico	1.6	2.0
United States	1.9^^	?
Nigeria	1.4	1.8
China	3.5	1.7
South Africa	1.3*	1.2
Brazil	0.7	0.9

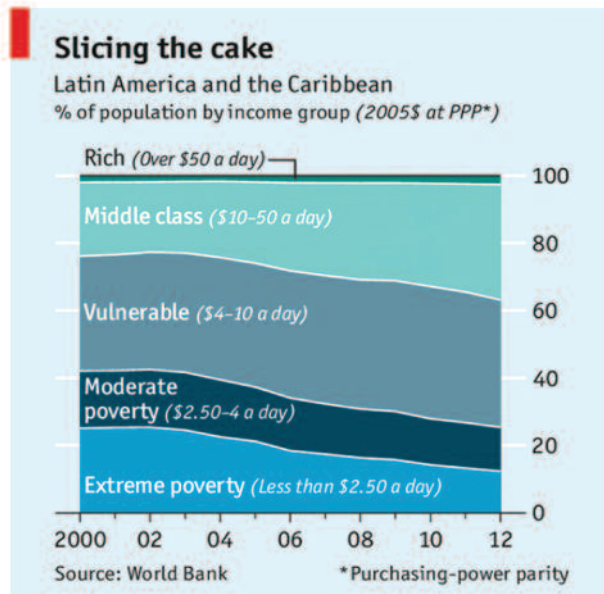
Source: World Bank.

**Table 11. Share of consumption or income, highest 10%.**

	Circa 1990	Circa 2010
Poland	21.6	26.7
Bangladesh	24.6	27.0
Sweden	25.0	27.0
Tunisia	30.7	26.6
India	26.0*	28.8
China	25.3	30.0
France	33.0	34.0
Mexico	40.3	37.5
Nigeria	31.5	38.2
Brazil	48.4	42.9
United States	40.0	47.0
South Africa	46.7	51.7

Source: World Bank.

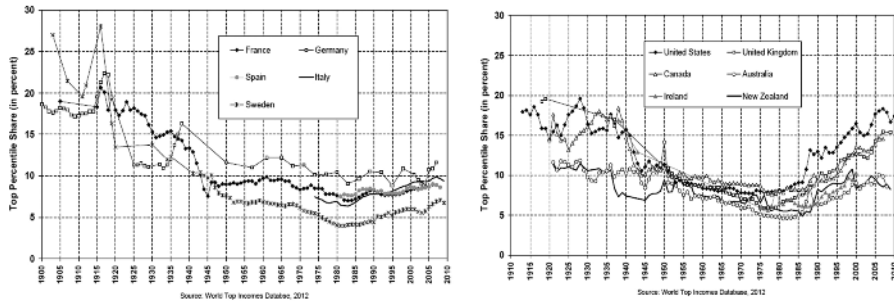
Table 11 clearly shows the widespread increase in the share of the top 10%. The encouraging main exceptions are in Latin America – pictured as a region in Figure 7 – where an increase in the middle classes' share and, to a lesser extent, also in the poor took place at the expense of the richest through a combination of rapid growth and an improvement in taxation and social policies.



**Figure 7.** Income distribution in LATAM 2000-2012, a promising improvement. Source: *The Economist*.

Tables 12 and 13 taken together very clearly show that the huge increase in the income share of the top 1% exists in very different ways according to countries. It has been very intense in some of the English-speaking countries, particularly in the US and then in the UK and Canada, but much less so in Australia, New Zealand and Europe where it is now much lower than a century ago.

**Tables 11 and 12. Highest 1% shares of income. Europe and English-speaking countries.**



Source: Piketty and Saez (2012).

## 10. Pope Francis’ *Evangelii Gaudium* and the new challenges we face *An economy of exclusion and inequality*

Since the very beginning of his pontificate Pope Francis has very clearly depicted the most relevant social challenges that humanity confronts in spite of the progresses described heretofore in the paper. Before concluding our contribution it is very helpful to recall some of those teaching as they were posed in his apostolic exhortation *Evangelii Gaudium*.<sup>1</sup>

53. Just as the commandment “Thou shalt not kill” sets a clear limit in order to safeguard the value of human life, today *we also have to say “thou shalt not” to an economy of exclusion and inequality*. Such an economy kills. How can it be that it is not a news item when an elderly homeless person dies of exposure, but it is news when the stock market loses two points? This is a case of exclusion. Can we continue to stand by when food is thrown away while people are starving? This is a case of inequality. Today everything comes under the laws of competition and the survival of the fittest, where the powerful feed upon the powerless. As a consequence, masses of people find themselves excluded and marginalized: without work, without possibilities, without any means of escape.

204. *We can no longer trust in the unseen forces and the invisible hand of the market. Growth in justice requires more than economic growth, while pre-*

<sup>1</sup> The numbers of the paragraphs are the ones of *Evangelii Gaudium* while the *italics* and subtitles are the author’s.

*supposing such growth:* it requires decisions, programs, mechanisms and processes specifically geared to a better distribution of income, the creation of sources of employment and an integral promotion of the poor which goes beyond a simple welfare mentality.

### ***Need for global solutions***

206. *Indeed, it is becoming increasingly difficult to find local solutions for enormous global problems which overwhelm local politics with difficulties to resolve.* If we really want to achieve a healthy world economy, what is needed at this juncture of history is a more efficient way of interacting which, with due regard for the sovereignty of each nation, ensures the economic well-being of all countries, not just of a few.

### ***New forms of poverty***

210. *It is essential to draw near to new forms of poverty and vulnerability, in which we are called to recognize the suffering Christ, even if this appears to bring us no tangible and immediate benefits. I think of the homeless, the addicted, refugees, indigenous peoples, the elderly who are increasingly isolated and abandoned, and many others. Migrants present a particular challenge for me, since I am the pastor of a Church without frontiers, a Church which considers herself mother to all. For this reason, I exhort all countries to a generous openness which, rather than fearing the loss of local identity, will prove capable of creating new forms of cultural synthesis. How beautiful are those cities which overcome paralyzing mistrust, integrate those who are different and make this very integration a new factor of development! How attractive are those cities which, even in their architectural design, are full of spaces which connect, relate and favour the recognition of others!*

211. *I have always been distressed at the lot of those who are victims of various kinds of human trafficking... This infamous network of crime is now well established in our cities, and many people have blood on their hands as a result of their comfortable and silent complicity.*

212. *Doubly poor are those women who endure situations of exclusion, mistreatment and violence, since they are frequently less able to defend their rights. Even so, we constantly witness among them impressive examples of daily heroism in defending and protecting their vulnerable families.*

213. *Among the vulnerable for whom the Church wishes to care with particular love and concern are unborn children, the most defenseless and innocent among us.*

### ***The environment***

215. *There are other weak and defenseless beings who are frequently at the mercy of economic interests or indiscriminate exploitation. I am speaking of creation as a whole.* We human beings are not only the beneficiaries but also the stewards of other creatures. Thanks to our bodies, God has joined us so closely to the world around us that we can feel the desertification of the soil almost as a physical ailment, and the extinction of a species as a painful disfigurement. Let us not leave in our wake a swath of destruction and death which will affect our own lives and those of future generations.

### ***Social dialogue as a contribution to peace***

240. It is the responsibility of the State to safeguard and promote the common good of society. Based on the principles of subsidiarity and solidarity, and fully committed to political dialogue and consensus building, it plays a fundamental role, one which cannot be delegated, in working for the integral development of all. This role, at present, calls for profound social humility.

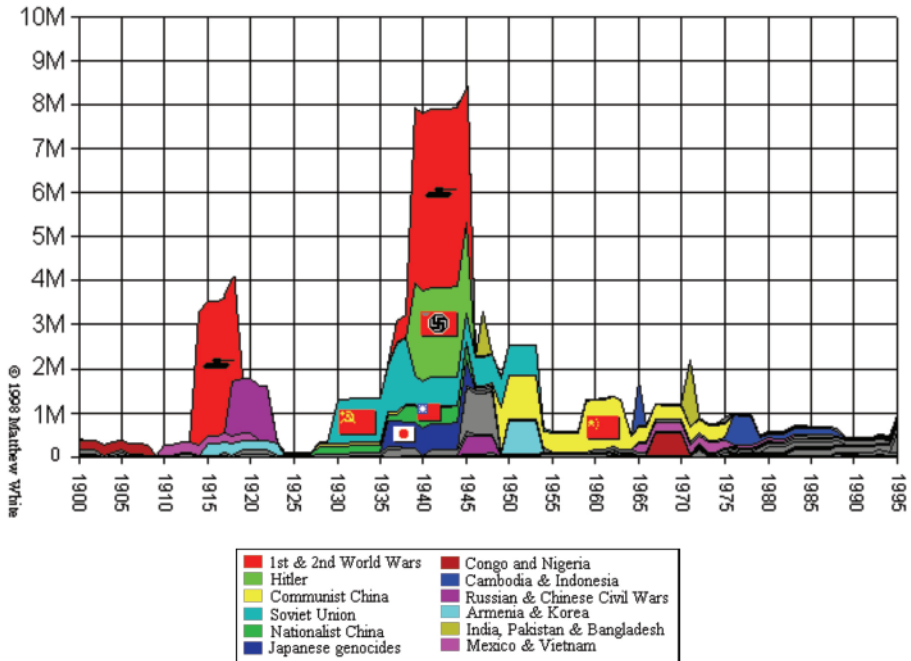
## **11. Preliminary conclusions**

1. *Globalization, trade and war.* The intensification of cross-border movements of people, goods, services and capitals called nowadays “globalization” has an important trait in common with democracy and capitalism. The three of them are plenty of defects, flaws and injustices, but none of them has yet an at least acceptable replacement. Without setting aside the exploration of true alternatives, the most practical attitude towards the three of them is thinking of concrete suggestions to improve their performances. In any case it’s also very convenient to keep in mind that it continues to be true that trade and war are most of the time either/or alternatives, and that the 20th century’s death toll because of wars and political crimes was 180 million people up to 1995 (Figure 8).

2. *Ambiguity of terms like “capitalism”, “State intervention” or “market economies”.* They are misleading most of the time, since there are many kinds of each. Let us give just an example. The incidence of taxation and public expenditures in GDP gives a good approximation of the proportion of total resources allocated not according market principles but based on political and social criteria. Among developed countries, in 2013 Korea had a public expenditure to GDP ratio of 22.6% (the lowest), Finland 58.6 (the highest, 2.6 times the lowest) and the US was in the middle with 38.0%. In the case of emerging countries, Hungary has 50.2% (the highest) and the Philippines



18.7% (the lowest) while Argentina and Brazil are around 40%. Not all but most public expenditures imply a redistribution of incomes from high- and middle-high income people to lower-income sectors of society and this implies that “capitalism”, “the market” and “the State” are substantially different in Finland compared to Korea, and in Hungary compared to the Philippines.



**Figure 8.** Not a lost paradise: Twentieth century death toll, 1900-1995. Source: <http://users.erols.com/mwhite28/war-1900.htm>

3. *The right to grow.* It does not seem fair to advise emerging or, even worse, the poorest countries to slow down growth in order to preserve an environment whose accumulated damages have been done by DCs in approximately two thirds or in order to practice a new development pro-poor style. Without growth, both present social progress and intergenerational solidarity seem impossible. Precisely for that reason, emerging and poor countries will continue trying to grow *anyway* as fast as possible and they have the right to behave like that. The best approach to this undoubtedly

complicated issue seems to be exploring concrete ways of improving both environmental and social aspects of rapid growth.<sup>2</sup>

4. *The global, the national, the local.* The “development of productive forces” seems to be in conflict again or at least in tension with “production relationships”, as in Marx, but nowadays it has a different nature because it is between increasingly internationalized productive processes and, on the other hand, governance structures limited to national or regional supra-national borders. It is not clear up to what point it would be convenient for humankind or at all possible to significantly surpass national or regional sovereignties. But the conflict is there and if new forms of world governance do not develop, economic results could be a slowing down of both, EC’s development and the recovery of DC as well as increased and diverse risks including that of a 2008-style world economic crisis.

5. *Ethical change.* There also seem to be even deeper tensions between globalization at a planetary scale and postmodern values like consumerism and individualism. To give an effective answer to them some ethical changes to improve justice, intergenerational solidarity and an active subsidiarity both at the national and international levels could be crucial. It is not clear however what leaderships or institutions will have a voice that is clear and loud enough to induce these new values and behaviours. The Social Doctrine of the Church has consistently insisted on their importance and it could be essential as it is one the best endowed to fulfil more clearly and firmly this role in the near future, as can be seen clearly now in the teachings of Pope Francis.

## **12. Policies**

In spite of its undeniable achievements, current economic growth is under threat because of serious and unresolved challenges. All of them were referred to in the first nine sections of the paper but some of them deserve underlining for their inherent importance and difficulties. They are environment sustainability; the situation of migrants, particularly international ones, and social inclusion and equity in wealth and income distribution, particularly in the case of youngsters affected by structural unemployment and NEET situations, ageing populations confronting the crisis of social security systems and people living in slums at the border of megalopolises, most of them without formal jobs and in very bad health and sanitation conditions. In the final section of the paper a list of complementary or al-

<sup>2</sup> See next section on Policies.

ternative policies to answer to these challenges is offered. It does not hope to be exhaustive but just to show how many ways we have relatively at hand to go from the current situation to a more just, equitable and sustainable world in the long term.<sup>3</sup>

### ***12.1. Pro-human and pro-sustainable economic growth policies and actions*** ***Global***

- Macroeconomic and financial coordination – particularly that which is needed to reduce current account imbalances, to mend unsustainable foreign exchange rates and to enforce prudential regulations of the international financial system. The risk of another Big Crisis is still alive.
- Global carbon taxation and corporate income tax coordination to at least reduce global tax on capital?
- Non-protectionist and decent labour standards.
- Rebalancing consumption, investments and exports in some Asian countries and developing social security systems there to help the rebalance and also to avoid non-decent labour conditions.

### ***Regional (multi-national)***

- Trade and investments helping designed to improve the conditions in the weakest members of the agreements.

### ***National***

- Macroeconomic balances avoid or at least prevent crises whose main victims are, sooner or later, the poor.
- More progressive fiscal and social policies.
- Maximizing growth rates and profits to get them is the wrong way.

### ***12.2. Intergenerational solidarity and respect for the Creation***

Although not analyzed in the paper this issue is mentioned just not to forget how crucial it is in order to get a sustainable pro-poor approach to development.

<sup>3</sup>The list also has a bias as it includes mainly subjects that are closer to the expertise of the author. For that reason sectorial policies in the fields of health, nutrition, urban development, housing or energy are not included.

### 12.3. *Pro-inclusive development policies and actions*

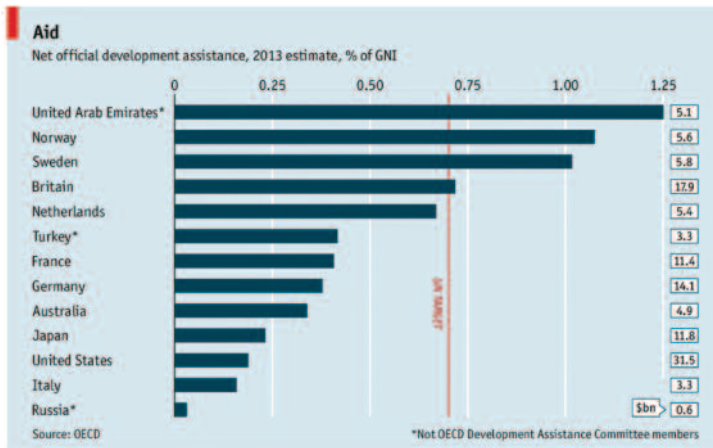
#### *Global*

- Post-2015 Development Agenda
  - Despite lacking both pathways and enforcement, giving guidelines could help.
- Revamping the goal of 0.7% of developed countries' GDP in aid to the poorest countries (see current aid in Figure 9)
  - Linking it to actions pro-environment through conditional cash transfers.
  - Middle-income emerging countries with GDP per capita > x could contribute too.
  - Total potential amounts to US\$ 440 billion against a current total of 135 US\$ billion.
  - Giving Pledge's<sup>4</sup> first 40 billionaires have already given 125 billion US\$ and could be integrated in a *global pro-poor ethical alliance*.
- Projects to return or restore the artistic treasuries that were originally of LDCs, considering the possibility of a Trust-Fund whose income could help to finance development goals.

#### *National*

- *Social inclusion*
  - Alternative, respectful and decent urbanization.
  - Rural and local development, clusters when possible, adding value in situ to the natural resources with positive effects both on more people living in small towns and medium cities and less people living in megalopolis slums.
  - Empowerment of the poor giving them credit, access to property, entrepreneurial abilities, education and health.
- *Employment*
  - Promoting labour-intensive development and investments as well as entrepreneurship.
  - Rethinking the net impact of new technologies on employment and policies to compensate them.
  - Designing tax and social contributions schemes specifically addressed to formalize informal workers.

<sup>4</sup>The Giving Pledge is a commitment by the world's wealthiest individuals and families to dedicate the majority of their wealth to philanthropy (<http://givingpledge.org/>).



**Figure 9.** Net official development assistance, 2013, as % of GNI. *The Economist*, 4/12/14.

– *Education*

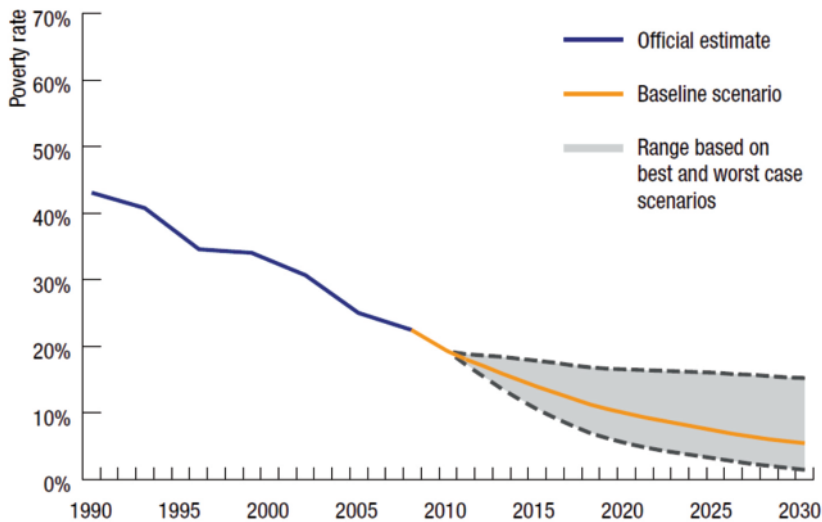
- Giving effective priority in educational policies to schools attended by low-income students in such a way as to get in their neighbourhood schools as rich as the ones attended by their higher-income peers and with similar teaching and learning quality.
- Renewing the teaching profession through better education and training and aiming to obtain, for this career, a similar income and social prestige as lawyers, doctors or engineers.
- Empowering schools to allow them to be teaching-and-learning communities as autonomous as possible with a clever regulatory framework.

Making TICs an integral part of renewed teaching styles and practices, thus making it possible to profit from the technology-friendly nature of young generations.

– *Ageing populations*

- Without a population-prone change both Europe and Japan will have slow growth, serious fiscal and indebtedness problems and social conflicts on pension systems. More immigration and increasing the age of retirement seem to be the only sort of solutions at hand, but both confront serious social and political resistance.

As pictured in Figure 10, better growth and social policies would allow having less than 400 million or 5% of persons in poverty in 2030.



**Figure 10.** Extreme poverty rate projections under different assumptions. L. Chandy *et al.* (2013).

#### 12.4 *The role of Academies and academicians*

In spite of its importance, the study of public policies is just the youngest sibling of the social sciences and – wrongly from my point of view – is not considered as a science yet. Academic incentives encourage neither the interdisciplinary studies nor the development of this new field because they give paramount importance to publications in refereed journals that not infrequently give excessive importance to methodology as opposed to relevance. Partly as a consequence of those factors discussions on public policies most of the time tend to be mainly ideological and too general and even the development of statistics is poor on issues like poverty, with estimates that differ by up to 100%.

Many people think of these questions as not relevant because politicians have a systematic decision-making. But anyone with experience in government decision-making can testify that many times, or even most of the time, this is not the case. So the real situation is that, in spite of the need for new and innovative policies to overcome the human, social, political and environmental risks and injustices of the current globalization, academies in general do not show enough commitment. Academicians should think more deeply of this challenge and perform more and better interdisciplinary and policy-oriented work even at the risk of sacrificing academic honours.

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