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Global Income Inequality, the World Bank
and the Depoliticization of Inequality

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Abstract

This dissertation tackles contemporary optimism regarding global income inequality trends from a critical perspective. It looks at the World Bank's influential report on global inequality from 2016, and investigates whether the World Bank's objective notion of themselves is plausible. In the context of the World Bank's neoliberal ideological roots, the dissertation comes to the conclusion that the report, consciously or subconsciously, tries to depoliticize inequality as something "natural" or the result of merit - in alignment with Quinn Slobodian's account of neoliberalism. By decontextualizing inequality from relevant political economic history, by excluding pluralistic approaches to measuring inequality, such as using both absolute/relative inequality, and by excluding systemic perspectives - global inequality comes across as something strictly technological, outside the realm of politics.

Contrastingly, the dissertation takes the normative position alongside Piketty's notion of inequality (2020) where the key question ought not to be the level of inequality, but its origin and how it is justified. The morally relevant comparison ought not purely to be historical benchmarks, but present possibilities for reducing inequality. From this point of view, the depoliticization of inequality in the report risks functioning as a justification of our inequality trajectory and as a deradicalization of inequality reducing interventions. Moreover, it also risks, particularly when it is re-reported in the media in reductionistic, hyperbolic fashion, functioning as a justification of neoliberal globalisation/capitalism. It also risks tricking the public into thinking that inequality has decreased in absolute terms.

Keywords: The World Bank, neoliberalism, global inequality, depoliticization, meritocracy.

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9982 words, excluding references.

Background

It is safe to say that there is a consensus on the trends of growing global wealth inequality across the board of measurements, as well as growing within-country income inequality on a global scale among influential researchers (Milanovic 2016 p. 22). Oxfam has, among others, continuously during the last decade been releasing reports concluding rising global wealth inequality - with 2016 marking a new milestone in this development, as the wealthiest 1% now owned more wealth than the rest of the world combined (Oxfam 2016). And Thomas Piketty (2013), concluded rising within-country inequality across the globe, putting it on the top-shelf agenda as an increasingly salient political issue.

Some researchers, including the World Bank and their economists, however, have come to converging conclusions regarding global interpersonal inequality, as if everyone lived in one huge country, as well as between-country income inequality (2016 p. 3). The Bank now, self-proclaimed as a “Knowledge Bank” (World Bank 2017, World Bank 2022), released a special edition focused on global inequality in 2016, as part of their ongoing “Poverty and Shared Prosperity” reports. In the report, they argue that common public global inequality perceptions are overly pessimistic and not based on facts. They claim that contrary to popular belief global income inequality has been decreasing since 1988 (2016 p. 81) - stating that the Global interpersonal Gini coefficient decreased from 0.722 in 1988 to 0.67 in 2011. They also point towards that this has “... coincided with a period of rapid globalization…” (2016 p. 76).

This report, its graphs and its numbers set off a wave of news attention, especially in libertarian and conservative media. In an article in Washington Post about Bernie Sanders, Charles Lane referred to the World Bank data and its economists and wrote:

> *“(*It’s a long flight from New York to Italy, so let’s hope Sanders uses some of that time to review the relevant data) What he’ll discover is a vast reduction in poverty and income inequality worldwide over the past quarter-century.*”* (Lane 2016).

Another article at the Washington Post quoting World Bank economists was titled *"This chart might make you feel better about American inequality"* (Matthews 2013), in which decreasing global inequality trends were used as a way to console the growing within-country inequality. In Business Times Anthony Rowley wrote: "CONTRARY to popular belief, inequality between all people in the world has declined consistently since 1990, a new study by the World Bank has found" (Rowley 2016).

In an article at Cato institute, a libertarian think tank, Marian Tupy wrote "Globalization has ushered in a period of unprecedented prosperity in many poor countries." (Tupy 2016). In New York Times, Tyler Cowen referenced World Bank economist and wrote:

> "The message from groups like Occupy Wall Street has been that inequality is up and that capitalism is failing us. A more correct and nuanced message is this: Although significant economic problems remain, we have been living in equalizing times for the world — a change that has been largely for the good. That may not make for convincing sloganeering, but it's the truth." (Cowen 2014).

Furthermore, the sentiment of a decrease in global inequality and optimism of recent decades of between-country inequality has also been echoed by popular public figures such as Bill Gates, Hans Rosling and Steven Pinker. They are part of a school of thinkers that some scholars have named as the "New Optimists" (Burkeman 2017). All reverberating a similar, but perhaps even more confident, narrative to the World Bank - that there is clear, undoubtable, objective evidence for a trend of convergence in global inequality:

> "The speed of reduction in global inequality is faster than ever in history. It's mind-blowing". … "It's probably confusing to people that while inequality within countries is going up - and that's true of virtually all countries - global inequality is going down dramatically." (Muggeridge 2016)

And in "Factfulness: Ten Reasons We're Wrong About the World – and Why Things Are Better Than You Think", Hans Rosling, whose organization "Gapminder" is funded by Bill

Gates, wrote “There is no gap between the West and the rest, between developed and developing, between rich and poor.” (2018 p. 28).

Method

Purpose, Research Design and Research Question

This dissertation takes on a normative idea-critical design. It aims to critically analyze the report and its underlying ideologies, in relation to the topic of global income inequality. In the context of the Bank’s neoliberal ideological history of the “Washington consensus”, as described by their own economist John Williamsson in 1990, I investigate whether or not their current premise of themselves and their work as “objective”, is plausible. Moreover, I examine their explicit premise of themselves as being “pro-poor” and working for “Shared Prosperity”, through internal criticism, as well as through applying and consuming the external theories such Thomas Piketty’s “neo-propertarian” notion of the topic of inequality, developmentalism and Keynesianism.

Based on this, the following research question is asked: *Is the knowledge production on global income inequality trends that is featured in the World Bank report ideologically driven? And are there other approaches or ideas that ought to be preferred?*

For the purpose of simplicity, income inequality will for the rest of the dissertation simply be referred to as “inequality”, while other forms of inequality (such as wealth, health, climate change etc.) will be explicitly spelled out. The focus on income is not meant to downplay such other types of inequality, which are equally if not more important, and often the indirect result of income inequalities.

Previous Research

The paper builds on a combination of different previous research on the topic of global inequality itself, which has suggested that measuring global inequality trends is a field of study that ought be studied with a pluralist methodological approach (Kolm 1976, (Amiel & Cowell 1992, 1999a, 1999b, Atkinson & Brandolini 2010 p. 33-35, Wade 2013, Zarazúa et al.

2017), by including both relative and absolute metrics as an example. Additionally, it builds on Piketty (2020) that has suggested that global inequality is a field of study that ought not to be de-politicized into a task of strict data-presentation. This research contrasts to the methodology that the World Bank is pursuing in the report, which seems to be of a more positivist, data-optimist nature. Moreover, the dissertation also integrates the report with previous research that has highlighted the World Bank's neoliberal ideological roots. This includes Stiglitz (2002), Cammack (2002), Klein (2007), Chang (2007) and Bayliss et. al. (2011).

Critical Idea-Analysis

As a methodological framework to lean on, Ludvig Beckmans work on critical idea-analysis is used (Beckman 2005 p. 72-75). As Beckman points out, a big part of the critical idea-analysis is also descriptive. The chronology in this dissertation will have a fluid approach where description and criticism follow each other dynamically. This is because relevant criticism against some of the ideas that the thesis claims to be present in the report, such as Neoliberalism, is helpful in order to better understand the ideologies themselves.

The critical idea-analysis does not merely intend to analyze explicit language, but aims to reveal latent messages in the analyzed text as well as the subjectivity of the author in question (Beckman 2005 p. 50). This requires intersubjectivity from the interpreter, to avoid the interpretations from becoming arbitrary or overly deductive. In my analysis, I do not mean to claim monopoly on truth. My perspective is, as any other, simply one perspective. At the same time, the intention is not to exercise full relativism or post-truth notions, but to make my point through convincing intersubjective arguments.

Beckman divides the critical part of the idea-analysis into two major overlapping categories, criticism of reasonableness and criticism of validity. While these will not function as an explicit structured framework in the text, they have been used as a guiding analytical framework to discover valuable criticism. The first one concerns the criticism of the *reasonableness* of the text and is largely about referring to the notion of “this is not reasonable”, and convincing the reader of why it is not and why other approaches are to be preferred.

This can additionally be divided into *internal* and *external* criticism. Internal criticism in this sense aims to accept the explicit premises of the text and run its logic to the full extent

- and then determine whether or not it holds up as reasonable. To clarify, if for example, the World Bank, claims to stand for something, or expresses a premise as their foundation for their methodological choices and approaches, ie. pro poor-growth, that is then contradicted in their actual methods or ways of presenting statistics, then there might be a case to criticize the report for its internal reasonableness. Contrastingly, an external criticism concerning reasonableness is simply focused on delivering criticism from relevant outside perspectives.

The second category that Beckman highlights concerns criticism of *validity*. This criticism is more straightforward, and distinguished by focusing strictly on faulty logical conclusions. The goal is to simply point out logical incoherences in the text.

Theory

Constructivist epistemology

In my analysis of the report I adopt a constructivistic epistemological view of science based on Herman Kuhn's work (1966). According to Kuhn, knowledge is constructed through the experience of the researcher, and therefore prone to being influenced by the subjectivity of the researcher and their social context. In other words, science, and the story that we tell about how the world exists, is according to Kuhn, influenced by sociology and "mob" psychology in the context of the researcher - and less rational than positivism suggests (Kuhn 1966).

Neoliberalism

Many depictions of neoliberalism often focus on its free trade, pro-market, deregulation and non-state-interference rethorics. John Williamson's "Washington Consensus", a set of ten commandments that he deemed central to the World Bank's and the IMF's understanding of economic health during the 1980s, provides a good summary of this account of neoliberalism. Central themes are fiscal discipline, trade liberalization, privatization, deregulation and a belief that market forces ensure fair pay and an automatic tendency towards full employment (Palley 2005, p. 23). This view on development is based on David Ricardo's idea of "competitive advantage". In this view, countries are better off by specializing on exports in a sector in which they have a competitive advantage, and importing goods that they are comparatively worse at. Moreover, the more modern version of this theory, the Heckscher-Ohlin-Samuelson-theory, emphasizes on the relative compositions of factors of production, between labor/capital. The theory states that countries that have a plethora of cheap labor, should focus on labor intensive production, while countries that have an abundance of capital should focus on capital-intensive production (Turan 2001 p. 1-2).

Figure 1

The Original Washington Consensus
•Fiscal discipline •Reorientation of public expenditures •Tax reform •Financial liberalization •Unified and competitive exchange rates •Trade liberalization •Openness to DFI •Privatization •Deregulation •Secure property rights

(Williamsson 2004 p. 22)

Another understanding of neoliberalism, as depicted by Quinn Slobodian (2020) provides a good additional perspective. Neoliberalism, he argues, despite its common reputation, is not about minimum state interference. It is, on the contrary, concerned about active interventionism through encasing the world economy in a neoliberal order. An order where neoliberal economic policies such as privatization, fiscal austerity and the free movement of capital across borders, are *depoliticized*, understood as a strictly technological matter and internationally regulated outside of the realm of politics.

He demonstrates that the ideological movement of neoliberalism was born as a conservative reaction to a post-imperial moment, at the time of the wreckage of the Habsburg empire. In the eyes of the early neoliberals of the 1930s and the 1940s, such as Ludvig von Mises and Friedrich Hayek, the fall of the empire threatened the order of private property and capital. Private property that had previously been secured by an imperial sovereign was jeopardized by national democracy in the smaller sovereign states. The solution to the menace of democracy, was the idea of encasing the economy through supranational delegation into an economic, partly invisible realm where the neoliberal logics could not be contested by any potential democratic state (Slobodian 2020 p. 92-95). In a lot of ways, as

Von Mises himself concluded, one of the most fundamental realizations of the early group of neoliberals was that the self regulating market was a myth. The free market could only be secured through active state craftship, encasement and the maintenance of the neoliberal economic invisible realm (Slobodian 2020 p. 95).

Neo-Propertarianism and Piketty's notion of inequality

Thomas Piketty (2020) investigates and analyzes different inequality regimes throughout history, from early slave socities to the postcolonialist era. He argues that the key question regarding measuring inequality ought not to be purely the level of inequality, but rather its origin and justification (Piketty 2020, p. 24). Every society has to justify its level of inequality. He argues that the last few centuries, with the emergence of neoliberalism, has featured an ideology that he describes as “neo-propertarian” - of which meritocracy functions as the moral justification of our current inequality levels. Early propertarianism, as it emerged along with the “enlightenment” in the 1700s, justified sacralizing private property through the individual freedom ideals of liberalism. Neo-propertarianism comparatively, is the resurgence of that sacralization, now primarily justified by an idea that the wealthy of the world deserve their richdom through merit - by superior brain power or work ethic.

Developmentalism

Developmentalism emerged as an economic theory of development in the process of de-colonisation of many countries in the Global South during the 1950s-1970s. The core idea is that the productive structure of a nation may be improved by active economic policy, in its engagement with the world economy. This includes capital controls, minimum wages and the nationalization of key industries. The idea of protecting their own new infant and rather weak national industries from competing foreign industries through tariffs is also particularly prevalent (Reinert 2010 p. 5-7). Additionally, the goal of developmentalist leaders has been to “industrialize by diversifying the economy out of a dependency on agricultural or other raw materials alone” (p. Reinert 2010 p. 3).

Keynesianism

While Keynesianism is an extensive economic theory with several different tenets, this dissertation will primarily utilize Keynes' understanding of the macroeconomic role of the state, in the times of economic recession. Unlike neoliberalism, Keynesianism stresses the importance of state-spending during times of economic crisis, in order to stimulate the economy and counter the lack of demand/purchasing power that the crisis has fueled. Contradictory to the personal economy of an individual, Keynesianism believes that the income of a country is co-dependent on its spending. That means that the demand/purchasing power in a country is equal to a country's private *and* public expenditure. Therefore, if governments try to save money and cut their spending during the times of crises, when private spending is already low, the crises will be exacerbated and unemployment will rise and stabilize at a new higher level - which halts GDP growth rates (Keynes 1936).

A Neo-Keynesian Bretton Woods system

Additionally, Keynes Bretton Woods system will be considered as an external perspective in relation to global inequality. At the same time as the World Bank and the IMF was created at the Bretton Wood conference in 1944, the UK's main delegate, Keynes, made his suggestion for a common currency system. In the aftermath of World War Two, a central common agreement of the conference was the importance of avoiding the same economic architectural system, characterized by shocks and crashes, that had destabilized Germany and allowed fascism to emerge in Europe in the 1920s and 1930s (Klein 2007 p. 162). In other words, one of the major realizations was that capitalism could not be left alone nor be managed exclusively on the national level. Roosevelt made this point clear with his opening speech at the conference: "Economic diseases are highly communicable. It follows therefore that the economic health of every country is a proper matter of concern to all its neighbors, near and far" (Roosevelt, Bretton Woods Conference 1944).

This was the co-operational, non-imperial philosophical underlining of the Bretton Woods system that Keynes suggested. Though it was overruled and fundamentally altered by the American delegation at the conference, voices of a new Bretton Woods system in its Keynesian sense have recently been echoed (Gallagher & Kozul-Wright 2021, Varoufakis 2011). The system, as suggested by Keynes in 1944, featured a currency union with a single international currency that he called “Bancor” which would function to reduce volatility and currency speculation, which he predicted the global economy would be prone to. Moreover, the system would have its own international central bank and a global surplus recycling mechanism (GSRM). The GSRM, in short, would be a system where the economic surpluses of surplus countries would be automatically invested into deficit regions (Varoufakis 2011 p. 60-75).

Keynes saw the GSRM as vital to prevent persistent, systematic surpluses in some countries, and deficits in others. He understood that a system with a common currency in which systematic differences between deficit and surplus countries were allowed to persist, would be a system prone to crashes and crises, as export/surplus countries are dependent on the demand/purchasing power in deficit/importing countries and vice versa. If a crisis occurred anywhere in the system, the lack of demand would eventually hit deficit countries, who without the ability to devalue their own currency to re-boost their exports, would struggle to cope with the crisis (Varoufakis 2011 p. 60-75).

Analysis

Summary of the report

The major conclusions of the report concerning global inequality states an increase in within-country inequality, but a clear decrease in global between-country and interpersonal inequality since 1988. They claim that this is the first decline in global inequality since the industrial revolution: “The data show a substantial narrowing in inequality in income or consumption worldwide, irrespective of residence” (p. 9).

This is articulated in the introduction*,* where they declare their aim with the report to “dispel myths around income inequality” (p. 3). They also explicitly express their purpose to reflect on variables that have a causal relationship with a convergence in global inequality (p. 3): “Reflecting on what has worked in addressing this profound problem is key to taking on inequality more successfully” (p. 3).

Chapter one, two and three

Chapter one features a declaration of the World Bank's two main goals: “ending extreme poverty globally” and to “promote shared prosperity in every country in a sustainable way” (p. 23). This is achieved through pro-poor “inclusive growth” (p. 25).

The following chapter (chapter two): is concerned with absolute poverty. The World Bank concludes that global poverty has been decreasing steadily during the last decades, based on the international poverty line at $1.90 dollars/day.

Chapter three turns to their concept of “Shared Prosperity”, measured as the average income growth rate in the bottom 40 percentiles relative to the average income growth rate of the mean. They claim that “Such a comparison indicates the extent to which distributional changes favor this group (bottom 40) relative to the top 60” (p. 56). Using this measurement they conclude that “...the average incomes of the bottom 40 within each country tend to grow at the same pace as the average incomes in the respective country” (p. 72). This paints the picture that the poorest 40% of each country are benefitting from growth to the same degree as the rest of the population.

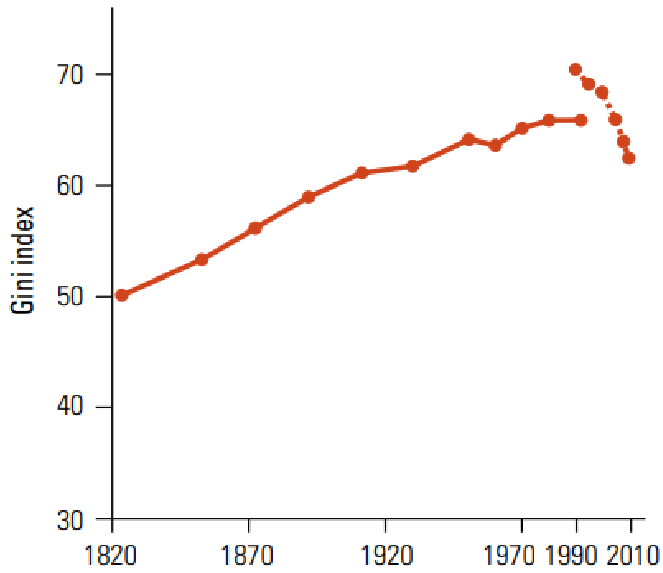
Chapter four: Inequality

Chapter four shifts full attention to the main theme of the report, income inequality. They claim that common inequality perceptions often are unfounded and not based on “objective facts” (p. 69-70, 75):

> “Individuals express concern with rising inequality, broadly defined. In fact, their perceptions of increasing inequality—even though objective measures of inequality declined—have been argued to be one of the factors contributing to the Arab Spring (see box 4.2).” (p. 70).
>
> “The analysis separates fact from fiction and clarifies much of the confusion on global trends, which can often be properly explained simply by selecting the appropriate inequality indicator, country, or time period for analysis” (p 31).

In the sub-chapter “Separating fact from myth: what is the evidence on inequality?”, they conclude that there was a long-term interpersonal rise in global inequality from 1820 to the end of the 1980s, based on Gini-coefficient data derived from household surveys. They claim that the trend thereafter started to reverse for the first time in history during the late 1980s (p. 76).

Figure 3 Global Income Inequality 1820-2010



Source: Based on figure 1 (p. 27) of *The Globalization of Inequality* by Francois Bourguignon (Princeton University Press 2015). Used with permission.
Note: The discontinuity in the series represents the change in the base year of the purchasing power parity (PPP) exchange rates from 1990 to 2005. The figure uses GDP per capita in combination with distributional statistics from household surveys. Figure 4.5 uses income (or consumption) per capita directly from household surveys, expressed in 2011 PPP exchange rates.

(World Bank 2016, p. 76)

Causally, they attribute the rise in inequality from 1820 to 1990 to the industrial revolution: "The industrial revolution led to a worldwide divergence in incomes across countries, as today's advanced economies began pulling away from others" (p. 76). Meanwhile, on the same page two rows down, they suggest a relationship between the converging trend since the 1990s - and globalisation (and the rise of the economies of China and India):

> "However, the figure also shows that, in the late 1980s and early 1990s, the global Gini index began to fall. This coincided with a period of rapid globalization and substantial growth in populous poor countries, such as China and India" (p. 76).

Moving on, the report spends a few paragraphs discussing the caveats of their methodology. They explain that “only relative measures of inequality, typically the Gini index, are considered” (p. 77) but that other measurements, such as absolute inequality, might show different trends. These reflections make up half a page of text. Similar amount of attention is given to the remarks concerning the caveats of household surveys (p. 80), and just a few sentences touch on the topic of lack of data among many poorer countries and questions concerning the quality of such data (p. 77).

Chapter five and six

Chapter five discusses the “the key drivers” behind the success, in terms of inclusive growth, of a few selected countries. While the World Bank’s conclusions surrounding the causal factors explaining the economic successes of these countries vary, and include a wide range of different factors, including suggesting minimum wage had a positive effect in Brazil, the World Bank continues to point at factors that can be considered as part of processes of globalisation. Among else, they point to the Structural Adjustment Programs (SAPs) as a contributing positive factor, with macroeconomic stability and low inflation being important aspects (p. 120). Concerning Peru, Mali and Tanzania respectively, they write:

> “The remarkable improvement in the living conditions of the poor and the bottom 40 results from the outstanding growth of the economy in a context of macroeconomic stability, favorable external conditions, and important structural reforms. The structural reforms implemented in the 1990s laid the foundations for the economic recovery observed since the early 2000s. These reforms included trade and financial liberalization, a more flexible exchange rate regime, and the privatization of state-owned enterprises” (p. 115).
>
> “During the 1980s and 1990s, the government of Mali implemented a series of structural reforms aimed at shifting from a state-controlled economy toward a more market-oriented system. The reforms included price and trade liberalization, tax reform, and legal and regulatory reforms” (p. 112).

> "Following the debt crisis in 1986, it undertook structural reforms that opened up the economy to foreign investors and accelerated economic growth, benefits that continued into the 2000s" (p. 118).

The last chapter (six) is reserved towards reflections on which policies work in terms of reducing inequality in general. This section focuses exclusively on domestic policies and does not take into account any wider structural perspectives or issues that countries may face. While their conclusions here are also varying, they focus on the importance of investments in human capital, education, healthcare, in rural infrastructure and electrification. They also discuss that taxation, such as progressive taxation, can have positive redibistrutive effects but stress that they can also cause damaging market distortions (p. 150). They do not mention any systemic difficulties that individual countries face in order to deploy meaningful redistributive taxation, such as capital flight or companies moving abroad as a result of increased minimum wages.

Analysis and Critique

I argue that the report has not departed away from the Bank's neoliberal ideological roots. This is somewhat apparent in the fact that they stress the importance of neoliberal policies, such as privatization and marketization in the last two chapters, without any systemic perspectives. However, they do also point to other factors, such as progressive taxation - which suggests that they have somewhat de-radicalized themselves in their "market-fundamentalist" rhetorical language since the Washington Consensus.

Instead of a focus on the explicit rethorics, this analysis will focus on how the report de-politizes global inequality, aligned with Slobodians account of neoliberalism. This also allows the analysis to move beyond the difficult task of analyzing the extent in which explicit rhetorics reflect a true shift in ideology. This is particularly relevant in the case of neoliberalism, as previous research has suggested that applied neoliberalism in practice often has seemed to step away from its ideological beliefs (Palley 2005, p. 5) - and that the Bank's (and the IMF's) applied practices have continued to be of a neoliberal nature (Oxfam 2016, 2021).

The report depoliticizes global inequality by hiding under the guise of objectivity - in three related ways. *Firstly*, by decontextualizing global inequality from relevant political economic history, global inequality comes across as something strictly technological, outside the realm of politics. *Secondly*, the guise of objectivity and the presentation of their methodology as the only de facto legitimate approach, obscures that there are many other pluralistic approaches to measuring global inequality that might be preferable from a pro-poor perspective. *Thirdly*, the report depoliticizes inequality by excluding systemic perspectives.

While some may argue that presenting statistics is a task compatible with the idea of remaining objective, the fact that the Bank explicitly in the report also sets out to discuss causations, to explain why the statistics trend the way they do - should mark their notion of themselves as objective questionable. In addition, as Piketty has pointed out, it is often those who brag themselves as to being strictly pragmatic who are de facto the most ideological: "*their claim to be post-ideological barely conceals their disdain for evidence, historical ignorance, distorting biases, and class interests.*" (Piketty 2020 p. 9)

Where did inequality come from?

The fact that the World Bank in a 153 page long report on the theme of global inequality and its causations, chooses not to mention colonialism (or neo-colonialism) a single time, ought to be a clear testament to the subjective nature of the report. The main Gini data that the World Bank uses, starts its measurements in 1820 (see figure 3), and concludes a rise in global inequality from 1820 to late 1980s. But the Bank spends little energy discussing factors related to this divergence other than attributing it to the industrial revolution in one short sentence: "The industrial revolution led to a worldwide divergence in incomes across countries, as today's advanced economies began pulling away from others" (p. 76).

The wording and the uncritical phrasing when referring to the industrial revolution, arguably implicitly speaks to a Neo-proprietarian meritocratic justification of inequality (as described by Piketty) ingrained into Western popular culture. In other words, it speaks to a notion where the divergence from 1820 to 1990 was due to the superior ingenuity in Western countries, while the rest were not as smart, or perhaps even lazy. By not engaging with inequality relevant history, such as the colonial past and its foundational role as a necessity for the industrial revolution to emerge in the West, the false meritocracy-notion is allowed to persist and global inequality is perceived as fair. This functions as a legitimization of inequality as something “natural” or the result of merit. It disconnects the growth of the West as an independent phenomenon from the rest of the world.

Ignoring Colonial History

But as countless influential scholars have concluded, such as Sven Beckert (2015), the industrial revolution in the Western economies was facilitated through exploitation and colonialism of the Global South/East - enriching the West while simultaneously impoverishing the rest. As the European colonial quests started in the 1500s, Europeans set out to capture, enslave and steal from other countries around the world. In the centuries to follow, unsurmountable amounts of raw materials, energy commodities and other natural resources, as well as slaves and low wage workers, were exploited and extracted from colonized countries. Cotton in particular, emerged as an important raw material which allowed Western textile industries to flourish - in turn boosted through the use of slave trade (Beckert 2015). Extended forestry access became key as the colonial powers started to extract wood from colonized regions as a primary source of energy to fuel its industries (Beckert 2015) and the slave trade, from the African continent in particular, allowed the industries to cut labour costs to a bare minimum.

Additionally, as Piketty (2020 p. 379), Parthasarathy (2011) and Chang (2007) have pointed towards, Western protectionism also played a major role for the great divergence. For example, in attempts to boost its own textile and shipbuilding exports, the British empire continuously deployed import taxes throughout their empire on imports from its main competitors, including India, during the 1700s - 1800s (Piketty 2020 p. 380). It was only once their industries had improved enough to gain a clear competitive global advantage, that they started deploying free trade rethorics (Piketty 2020 p. 380) - a rhetorical and policy pattern that was continuously prevalent among Western economies in the centuries to follow, and arguably continues to be (Chang 2007 p. 34, p. 11).

The secret (neo-colonial) history of capitalism and the myth of free trade

One might make the bold claim that colonialism belongs to the far past, and that the people alive in the richer parts of the world today no longer bear any moral responsibility for this past. But a glimpse at the neo-colonial history since the 1960s/1970s, teaches us that the

Global South/North divide is of continued relevance, as depicted by Naomi Klein (2007) in the "Shock Doctrine".

The title of this section of the dissertation is borrowed from the title of Ha-joon Chang's book from 2007, as it is a rather accurate title describing a history that shines in its absence not only in mainstream Western popular culture, but also in the World Bank's report. As Chang has showcased (2007 p. 10), in the decades of the 1950s-1970s, after many Global South countries had liberated themselves from their colonial rulers, they experienced a prosperous economic period. Many of them were choosing to deploy Keynesian and developmentalist economic policies. This saw income per capita in Global South countries grow at an annual rate of 3.0% during the 1960s/1970s (Chang 2007, p. 10). This was not only a major improvement of the growth rates they had experienced under the colonial "free trade" era, as expected, but even higher than what Western countries achieved during the industrial revolution and the colonial period in the nineteenth-century (1-1.5%) (Chang 2007, p. 10). In fact, the 1960s/1970s is commonly referred to by scholars as the "industrial revolution in the Third World" (Singh 1990).

Developmentalist leaders such as Mohammed Mossadegh and Achmed Sukarno had already emerged during the 1950s in Iran and Indonesia respectively, and the ideas of developmentalism were growing strong in many Southern American and African countries as well (Klein 2007 p. 57-58). This saw companies and investors in Europe and America, unhappy with their sudden lack of access to factors of production and commodities in the Global South that they had previously enjoyed through colonialism, to start pressuring governments to begin what Naomi Klein refers to as "the war against developmentalism" (Klein 2007 p. 57).

Under the influence of these corporate interests, foreign policy departments in Europe and the US began intervening in democratic processes around the world where developmentalist governments had emerged. This was justified under the guise of the binary logic of the Cold War. Moreover, many of the people responsible for pushing this new foreign-policy-direction of war on developmentalism, were people that had direct close ties with and/or used to work at many of the corporations that had much to lose from developmentalism, such as JP Morgan and the United Fruit Company (Klein 2007 p. 59, Kinzer 2008 p. 154, & Lafeber 1999 p. 276). As a result, inspired by the neoliberal Chicago school of economists and their vision of a world where capital could flow freely across borders, the US administration of Dwight Eisenhower started overthrowing democratically elected developmentalist governments in the 1950s. In what was about to be the first of many coups to follow in the next couple of decades, Mossadegh was overthrown and jailed in Iran by the help of the CIA in 1953, and replaced by the dictatorship of Shah who would stay in power for the next 26 years (Klein 2007 p. 59) - ensuring policies that were friendly to US oil companies (Kinzer 2008 p. 204).

Coups continued much throughout the 1960s/1970s by both American and European administrations. In South America, this included Chile, Argentina, Bolivia, Guatemala, Uruguay, Guyana, Dominican Republic, Nicaragua, Jamaica and Brazil among others. In Africa, the list of countries is even longer. The case of Congo and their first elected president Lumumba, after their independence in 1960, is one case among many. After only two months of developmentalist rethorics into his presidency, he was assassinated by a Belgian and US led coup. He was replaced by the dictatorship of Mobutu Sese Seko, who promised to allow Western corporations to regain their access to the country's vast resources, including minerals such as cobalt (NZongola-Ntalaja 2011).

Despite the coups and the assassinations of suspected leftists around the world, the Global South continued to experience a fruitful period of economic growth during the 60s/70s. It was not until the SAPs were introduced that the war on developmentalism could be declared truly won.

The Structural Adjustment Programs

As neoliberalism grew into prominence in the 1970s, while Keynesianism was losing its grip on Western macroeconomic discourse (after it was was falsely blamed for the stagflation in the US and Europe (Varoufakis 2011 p. 59-75)), neoliberalism became the dominant ideology at the World Bank and the IMF (Palley 2005 p. 3). In what Klein refers to as "a largely unspoken process" (Klein 2007 p. 163) economists with more Keynesian views started to be systematically replaced by economists with neoliberal views in the IMF and the World Bank.

The original creation of the IMF and the World Bank, however, emerged with more Keynesian initial intentions at the Bretton Woods conference in 1944. The original idea was that the World Bank would function as a long term international investment bank. Contrastingly, the IMF would function as a last-resort-loan giver to countries that were about to fall into crisis so that they could *continue* spending to stimulate the economy and counter the crisis (Klein 2007 p. 162).

But the institutions derailed from their initial Keynesian, non-imperial and globally co-operative intentions. From their headquarters in Washington across the street from each other, they started allocating power based on the size of each country's economy rather than on the premise of one country-one vote (Klein 2007 p. 163). This effectively gave the US a veto vote over all major decisions, and Europe and Japan a veto vote over the rest, a structure that remains. Furthermore, the tradition of non-democratically appointing a previous Wall Street banker, and always an American, as president of the World Bank, began (Ismi 2004). To this day, 12 out of 12 World Bank presidents have been American, while 11 out of 11 of the managerial directors of the IMF have been European.

More importantly, the IMF and the World Bank started being systematically used for the purpose of deploying radical neoliberal economic policies across the planet. This came to its quintessence with the structural adjustment programs in the beginning of the 1980s during the global debt crisis. The global debt crisis had, in short, emerged as a result of many poorer nations being unable to pay back their loans that they owed western banks. This in turn, was of course, due to the indebted countries' colonized and impoverished past, but additionally related to the oil crisis in the 1970s (Klein p. 159-160).

Figure 4

The oil and debt crisis and the acceleration of risky loans to developing countries.

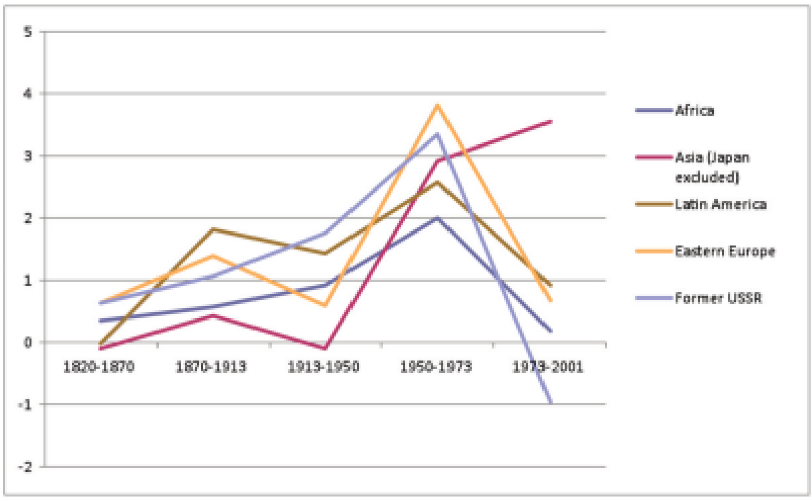
The oil crisis, caused by a price hike by the major oil oligarchy OPEC, had seen poor countries struggling to afford their energy consumption - and the acceleration of western banks handing out risky, high interest rate loans, with a variable interest rate, to emerging poor nations. When the US Federal Reserve decided to dramatically increase the interest rate of the dollar, culminating to 21% in 1981, in an attempt to fight off US stagflation, indebted countries around the world were unable to pay back their loans - as they were now extremely expensive due to variable interest rates and their domestic currencies losing value in relation to the dollar. The banks, particularly in Wall Street, desperate to get their money back, turned to the IMF and the World Bank - who started giving new loans to countries on the verge of crisis, along with a list of "structural adjustments" that they had to comply with (Klein 2007 p. 159-170).

The SAPs consisted of neoliberal policies of free trade, mass privatization, de-regulation, the removal of minimum wages and austerity. Because the policies were lumped together with the financial aid, poor countries, who were stuck in the debtors' prison (caused by the colonial past and its impoverishment), were practically coerced into accepting the neoliberal policies as well.

The consequences of the programs, however, from the perspective of the poor in "adjusted" countries, ended up being disastrous. As Chang, among others, have shown, the 3.0% of annual personal income growth rate that the Global South achieved during the 1960s/1970s, which to this day remains as the best growth rate ever achieved in the Global South, was almost halved to 1.7% after the SAPs (Chang 2007, p. 10). GDP growth rates in the Global South have since 1980 also been worse than during 1945-1980, something the World Bank actually themselves recognize in the report (Palley 2005 p. 6, World Bank 2016 p. 30). Stiglitz has concluded that the programs caused mass unemployment across the globe in most countries that they were imposed on (2002 p. 97). In Bolivia, unemployment went from 20% to 35% in 2 years (Klein 2007 p. 149). In Indonesia it tripled from 4 to 12 percent in two years (Klein 2007 p. 272). In South Africa, the number of people living on less than $1 a day in the country doubled, from 2 million in 1994 to 4 million in 2006 (Klein 2007 p. 215). To this day, as Stiglitz puts it, the programs are frequently referred to across the Global South as "the IMF", the way one would say "the plague" or "the Great Depression" " (2002 p. 97).

Figure 5

GDP/Per Capita Growth Rates after/before the end of Developmentalism



Source: Data from Angus Maddison, *The World Economy. Historical Statistics*, Paris: OECD, 2003.

(Reinert 2010 p. 2)

Moreover, the structural adjustment programs also led to publicly funded and owned assets being privatized and sold for a fraction of their actual exchange value. In Bolivia, among others, the national oil company, its national air-line, national electricity, its public railway, national phone company and its public water supply were sold to corporations such as Royal Dutch/Shell, Enron and Citicorp in the utmost urgent fashion after the IMF/World Bank shock therapy programs had been imposed. Not only did this cause Western corporations to get their hands on underpriced assets in the Global South (increasing between-country/between core-periphery region inequality) but also within-country inequality to increase - as a small minority often benefited from the quick-fashioned privatizations in each country. In other words, the shock doctrine, as described by Klein, allowed western companies and investors to sweep in and get their hands on underpriced assets in the midst of the shocks (Klein p. 164).

Additionally, the two institutions also started engaging with actively stirring crises in countries in order to implement the neoliberal policies. Under the leadership of chief economist of development Michael Bruno in the 1990s, the Bank started arguing for cutting aid to make a crisis worse, which would allow them to deploy the SAPs (Bruno 1996 p.4). Furthermore, among others, whistle blower Davison Budhoo quit his job at IMF and started revealing the statistical manipulation that the institutions were cooking in order to make countries appear less stable. This made them look less attractive on the financial markets, causing capital flight, pushing them closer towards turning to the IMF for a bailout and the accompanying SAPs (Budhoo 1990).

Klein, Chang, Palley, Stiglitz and Budhoo are merely a small group of critics among an entire hoard of scholars who have concluded the SAPs as a failure from the perspective of the global poor. Such criticism ought to be well within the consciousness of the World Bank. But this history is left entirely out of the global inequality story that they are pushing in the report.

Moreover, the World Bank argues that the post 1990 era is the first period of convergence in global inequality, based on Gini data. However, this is actually contradicted by their own Gini data, that shows a decline in relative global interpersonal inequality and between-country-inequality, in the 1960s/1970s. (p. 76) - during the age of developmentalism (figure 3). As Chang has shown, poor countries were on the trajectory of successfully deploying the same selective, strategic integration with the world economy that Western countries had been doing through the 19th and 18th century - rather than dogmatically being forced into unconditional “free trade” globalisation (Chang 2007 p. 21). Considering the report explicitly sets out to discuss causal positive factors for decreasing inequality, it ought to be considered questionable why they leave out this history, and merely include the period that coincided with “rapid globalisation”. Furthermore, they only attribute the convergence in relative between-country inequality since 1988 to globalisation, but choose not to mention globalisation when discussing rising within-country inequality during the same period.

By leaving this history out of their inequality story, the Bank depoliticizes inequality as something “natural” or the result of merit, in the neo-propertarian sense. This is particularly ironic given the Banks (and the IMFs) own influential active role during the restructuring of the global economy. The colonial and postcolonial history of coups, shock therapy and SAPs, shows that there was nothing natural about this development nor about this particular version of globalisation. Globalisation as it panned out in the last 40 years, despite the common notion of neoliberalism as ideologically in opposition to state interventionism, was the result of active corpo-state interventionism restructuring the world economy to maximize the economic benefits for western corporations and investors - aided by institutions like the World Bank and the IMF. There were many choices available throughout this history that, if chosen differently, would have led to different inequality trajectories. .

Excluding Pluralist Inequality Approaches

Moving on, the report depoliticizes inequality by excluding pluralistic methodological approaches in measuring inequality. This is apparent by their exclusive use of relative metrics and applies both for the standard Gini index and the shared prosperity measurement. One of the problems with exclusively relying on relative metrics is that it is not necessarily the common sense way of thinking about inequality changes. To clarify the differences between the two, take the following as an example: Country A increases their average income with $5 from $10 last year to $15 this year. Meanwhile, country B increases their average income with $50 from $200 last year to $250 this year. In other words, last year, country B earned $190 more than country A. This year, country B earns $235 more than country A.

With the relative way of measuring, relative to the starting point of each country, the inequality between the countries has actually decreased. This is because the poorer country witnessed a 50% increase whereas the richer country “only” witnessed a 25% increase. Opposingly, using absolute measures, the inequality between the countries has increased, from (200-10 =) $190 to (250-15=) $235.

This point is empirically relevant, as absolute measures show a clear trend of increasing global between-country and interpersonal income inequality during the last four decades. Paul Segal and Sudhir Anand (2015) as well as Niño Zarazúa et al. (2017) have, among others, published absolute Gini numbers - all showing a “dramatic” increase between 1975 and 2010 (Zarazúa et al. 2017 p. 676) and 1988-2005 (Segal & Anand 2015 table 11.7) in absolute inequality respectively.

The importance of the relative/absolute inequality distinction can be illustrated by breaking down the “Shared Prosperity” measurement as well. The shared prosperity measurement is built upon the same concept as the famous “Elephant curve” graph, put forward by their head economists at the time Milanovic, and co-writer of the 2016 report Lakner. As Jason Hickel has done, this graph can also be changed to Absolute metrics:

Figure 6

Relative changes in income from 1980 to 2016:

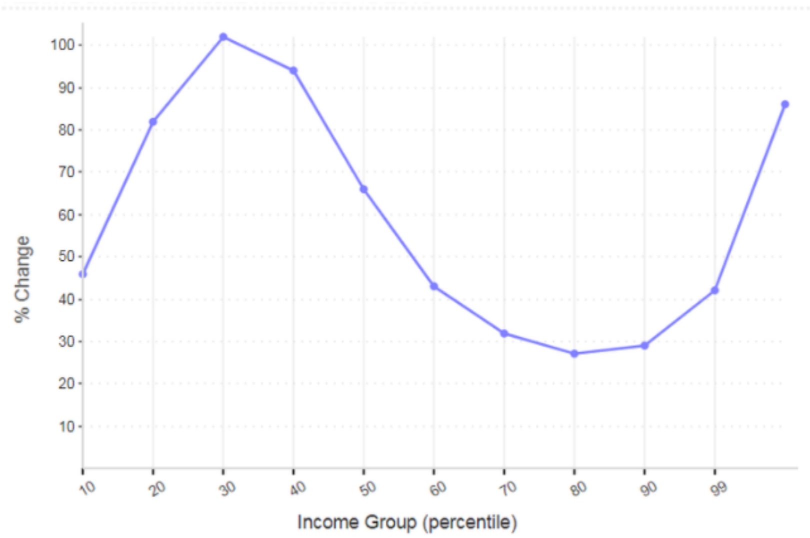
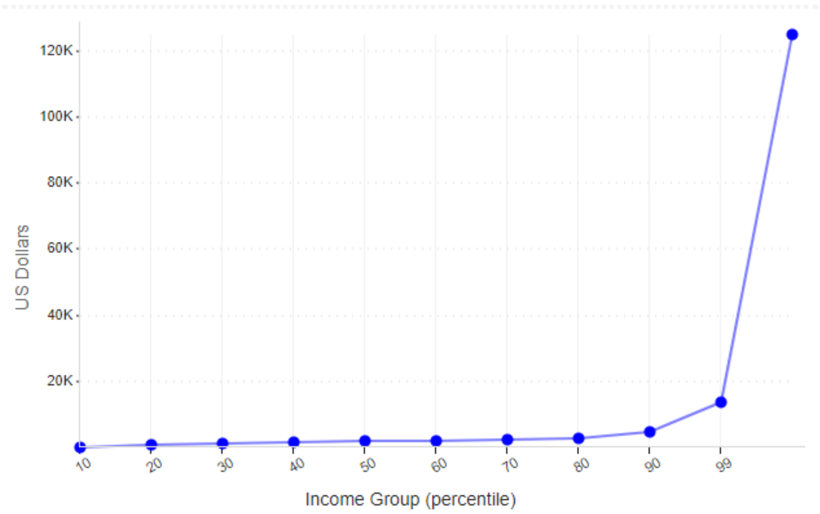


Figure 7

Absolute changes in income from 1980-2016:



(Hickel 2019)

As opposed to the shape of the original elephant graph (figure 6), where the poorest 40% are presented as the “winners” of the last few decades, as in the Shared Prosperity measurement, the absolute income graph tells a very different one-sided story - where the vast majority of growth was captured by the top 1%.

The World Bank does mention the distinction between absolute and relative inequality, but it makes up an underwhelmingly small part of the report - and is merely mentioned in a “side-note box” (Box 4.3, p. 78), that makes up less than half a page of text. Those reflections end up being nothing but minor pieces in the bigger story of convergence that they are telling. Furthermore, they do not actually mention that using the absolute measurement leads to an opposing trend of clear divergence in global inequality. Nor do they motivate why they decide to exclusively use the relative measurement.

In addition, when they conclude that inequality decreased in the last 30 years in their conclusion, they do not specify that it is specifically only relative inequality that they are referring to. This is highly problematic, as it risks tricking the public into believing that inequality is decreasing in absolute terms. Moreover, previous research (Amiel & Cowell 1992, 1999a, 1999b), has suggested that people actually think of inequality in pluralist ways, where at least 50% of people thought of inequality in a way that is more closely aligned with the absolute measurement (Hoy 2015 p. 7).

The critique of the relative measurement is not new, and has long been described as the “rightist” conservative approach to measuring inequality (Kolm 1976, Wade 2013, Zarazúa et al. 2017). Zarazua et al. illustrates this with the following example:

> "Consider a situation in which everyone's income doubles. Many might feel that if this change in the distribution means that the richest person can now buy two yachts rather than one, while the poorest can simply buy two chickens instead of one, inequality has surely increased" (Zarazua et. al p. 665-666).

Furthermore, I argue that the relative measurement is pro-rich/conservative, especially when globalisation is attributed as its convergence-causing factor, as the measurement naturalizes inequality due to putting too much arbitrary emphasis on the baseline starting point. It takes the starting point, the end of the 1980s in the case of the World Bank's analysis, as a natural given. But an overview of the colonial and the neo-colonial history teaches us that the inequality levels of the end of the 1980s were created - the result of active corpo-state interventionism and exploitation. It does not make much moral sense to settle with exclusively concluding a decrease in relative inequality during the last 30 years, when corpo-state interventionism, first through colonialism and then through shock therapy/SAPs, halted growth rates across the Global South and took us on an inequality trajectory worse off than it could have been. Thomas Pogge put this point across brilliantly: "*The morally relevant comparison of existing poverty, in any case, is not with historical benchmarks but with present possibilities: How much of this poverty is really unavoidable today? By this standard, our generation is doing worse than any in human history.*" (Pogge 2016).

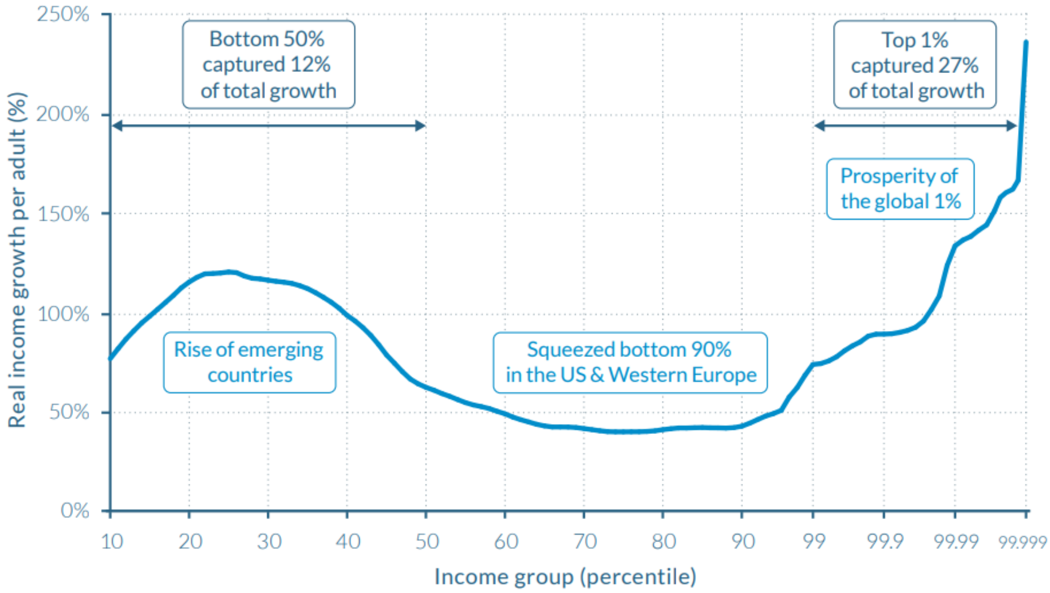
In other words, if the World Bank were serious with their "Shared prosperity" pro-poor goal, they would care about absolute inequality. Absolute inequality trends show us that the vast majority of growth has been captured by the top 1%. Even just a small redistribution of this distribution of growth, would have led to a dramatic decrease in absolute global inequality.

Moving on, another caveat of the convergence story, is that all of the measurements the Bank uses are built on household surveys. This is problematic, as it is known that richer households underreport their income in household surveys. This is something mentioned briefly in the report (p. 57), but when the grand inequality trend conclusions are to be made in a binary decreasing/increasing fashion, it is left out.

It is based on these household survey caveats that Piketty et. al. updated the previously mentioned original "Elephant Graph", of which the shared prosperity measurement is built upon - through the method of “distributive accounts”. Furthermore, they created a version where the top 1% percentile income group is separated and split into smaller sections, to better capture the distribution of inequality. This changes the outlook of the elephant curve entirely, highlighting the subjective nature of data. While the poorest 40% are still “emerging” (in relative metrics), it is not as extreme as in the case of the original elephant graph (compare to figure 6).

Figure 8

The Elephant Curve of Global Inequality and Growth, 1980-2016 (relative inequality)



Source: WID.world (2017). See wir2018.wid.world for more details.

On the horizontal axis, the world population is divided into a hundred groups of equal population size and sorted in ascending order from left to right, according to each group's income level. The Top 1% group is divided into ten groups, the richest of these groups is also divided into ten groups, and the very top group is again divided into ten groups of equal population size. The vertical axis shows the total income growth of an average individual in each group between 1980 and 2016. For percentile group p99p99.1 (the poorest 10% among the world's richest 1%), growth was 74% between 1980 and 2016. The Top 1% captured 27% of total growth over this period. Income estimates account for differences in the cost of living between countries. Values are net of inflation.

(World Inequality Report 2018. p. 13)

Furthermore, Hickel (2015) has among others criticized the World Bank's international poverty line, at $1.90 dollars a day, which the Bank uses to conclude that absolute poverty is on a steady decrease in the report. The problem with the poverty line is that nobody can actually live a decent life on $1.90 a day (adjusted for purchasing power in the respective country). In other words, the poverty line, represents the life of living at $1.90 a day in the US, much below the $5.04 a day what the US Department of Agriculture calculates is required in order to buy sufficient food - and that does not take into account any other requirements for survival, such as housing or clothes (Hickel 2015). Edward (2005) has calculated that in order to achieve a normal human life expectancy of 70 years, people need approximately $7.40 a day - a poverty line that he calls the “ethical poverty line”. If one decides to measure inequality based on this poverty line, the conclusion is that 4.2 billion people live in poverty today, which turns out to be 1 billion more people than 35 years ago (Hickel 2015). This further highlights the subjective nature of statistics, and the importance of including several different perspectives into the inequality story.

The Lack of Systemic Perspectives

There is a fundamental lack of understanding of the systemic difficulties that developing countries face in the report. The Bank points to globalisation as a factor for the relative inequality convergence, and the last two chapters are spent discussing what has worked for countries achieving pro-poor growth based on a purely national perspective - where the implementation of structural adjustment programs is refered to as a growth-positive causal factor - despite overwhelming evidence on the detrimental effects of the SAPs. In other words, the report seems to want to justify the SAPs/neoliberal globalisation, by pointing towards the fact that it has coincided with a decrease in relative inequality. The logical misstep in this conclusion though, is of course that correlation does not equal causation. Such an argument fails as it treats the world's population as if they all lived in one giant country, or as if each country were equally powerful atomized individuals.

In fact, the relative convergence is likely driven entirely due to the rise of growth in China and India. This is an utterly important point, as China was in an empowered enough position, to not be exposed to the structural adjustment programs, and did not retrieve a single IMF or World Bank loan. Instead, as showcased by Chang (2007 p. 12), China integrated with the world economy on their own terms by, for example, using high tariffs on key industries until they were internationally competitive - with average tariffs being over 30% up until the end of the 1990s. Likewise, India also approached the global economy in a similar way (Chang p. 13).

Empirically, this is showcased by Anand and Segal who demonstrate that even when just China is excluded in the Gini measurements, the relative Gini coefficient is rising instead of declining, from 0.501 in 1988 to 0.578 in 2005 (2015 table 11.5). This is left entirely unmentioned in the report, and ought to be seen as another form of depoliticization.

Moreover, many global power imbalances remain as an impediment for poorer countries to grow today. In global trade agreements like the World Trade Organization (WTO), poor countries are forbidden to subsidize their industrial goods, to prevent them from competing with the richer countries' industries (Biswajit 2021 p. 3-5). As a result, many of them have no choice but to give up the idea of industrialisation and focus on agriculture. This is because of the triumph of the neoliberal theory of comparative advantage, in the Heckscher-Ohlin-Samuelson sense, that states that poor countries are supposed to specialize in agricultural, raw resource exports. In practice, however, rich countries continue to subsidize their agricultural industries, such as the European Common Agricultural Policy, allowing them to outcompete agricultural sectors in poor countries (Biswajit 2021 p. 12).

The lack of any systemic perspective in the report, also obscures the difficulties that neoliberal globalisation has brought for countries to introduce policies that hurt the interests of transnational corporations and investors. Not only are many countries unable to introduce redistributive economic policies due to the autonomic limitations in the SAPs. Moreover, the global economy is now characterized by the mechanism where, if any individual country, particularly countries in the Global South, decides it wants to impose or increase minimum wages, raise corporate taxes or implement regulation against climate polluting companies, they are often vulnerable to abandoning any such progressive policies due to the threat of capital flight leaving the country. Noam Chomsky describes this mechanism, as one dictated by the “virtual senate” - where transnational corporations, investors and lenders act as the constraining global senate, dictating economic policies to ensure that the return of capital is maximized (Chomsky 2010/2003).

This financialized, deregulated neoliberal version of capitalism, also leaves poor countries vulnerable due to speculation. When unlimited amounts of liquidity can travel across the globe at lightning speed and investors are able to speculate on the value of everything from cotton to currencies, the outcome is enormous volatility. And as developing countries are structurally encouraged to rely on the export of raw materials, they are more vulnerable to such volatility. A swift drop in price of a particular raw commodity can cause an entire economic depression in a country that has specialized in that product - which deepens as currency traders, seeing the economic downturn on the horizon, bet against its currency. This financialization and deregulation has also caused poorer nations to suffer from tax evasion to a much higher degree than rich countries. The Global Financial Integrity (GFI) think tank, calculates illicit financial flows in the world, and concluded in 2013, that each year, $1.1 trillion flows illegally out of developing countries through practices such as “trade misinvoicing” - a number increasing at a rate of 6.5%/year (Kar et. al. 2015 Table X1). That is a sum higher than the total amount of foreign direct investment into the Global South per year ($870 billion in 2021) (UNCTAD 2022). The Bank does not recognize this. Moreover, many of the Bank's financial loan investments are done to companies that use tax havens. As an example, 51 out of the 68 companies that were lent money by the World Bank in sub-Saharan Africa in 2015, used tax havens (Oxfam 2016).

A newly refurbished Bretton Woods system could decrease this type of volatility, with its common currency and its global surplus recycling mechanism - that could boost investments in deficit countries and stimulate growth. But the report fails to engage with any such systemic theories, and merely theoretically stays within the neoliberal framework of thinking.

Many poor countries are also stuck in an endless loop of debtor’s prison as a result of variable, compounded high interest rates of loans to Western banks and the IMF/World Bank, in combination with imposed austerity. Many have in fact paid back the original sum loaned, in pure interest rates, yet remains heavily indebted. Between 1973 and 1993, Global South debt grew by $1.5 trillion, but only $400 billion of those were actually borrowed money, the rest was compound interest (Smith J.W. 1994 p. 143). Jamaica, as one example among many others, had as of 2013 paid more money ($19.8bn) than it had been lent ($18.5bn), yet the government still "owed" $7.8bn, as a result of the huge compound interest payments. Moreover, their annual debt payments ($1.2bn) make up double the amount spent on health and education combined ($600m) (Dearden 2013).

From the Developmentalist perspective, the debt in the Global South ought to be seen as a neo-colonial practice and a colonial relic. With the colonial and the neo-colonial history in mind, it is morally contentious to disregard the idea of debt cancellation on the premise of neo-propertarianism. There is no meritocratic justification in westerners success at indebting the Global South into debts that have lasted over several decades - especially considering that deals were often struck undemocratically with dictators, outside of the democratic wills of the people. In Burkina Faso, the developmentalist president Thomas Sankara actually deployed this rhetoric of debt cancellation across the African union - based on the debt's neo-colonial nature. As a result, he was assassinated in a French led coup in 1983 (Chow 2021).

The ignorance of these structural issues can thus also be seen as a form of depoliticization. By merely looking at the domestic level for solutions, the Bank ensures that the discourse of possible inequality-reducing interventions remains within the realm of the neoliberal hegemonic sphere, in which private property continues to be sacred. If the Bank were serious about "shared prosperity", they would incorporate systemic theories of development that take into account power imbalances that exist in capitalism - such as developmentalism or a new Neo-Keynesian Bretton Woods system. While the report seems to step away slightly from a pure neoliberal Heckscher-Ohlin-Samuelson comparative advantage-rhetoric, by stating that diversification away from strictly agricultural investments sometimes can have positive effects for developing countries, as in the case of Cambodia (World Bank 2016 p. 109), they ignore the fact that systemic structures effectively inhibit countries from doing so.

Moreover, the fact that they point to the SAPs (in which austerity was a key element) as a positive factor for development, suggests that they have not grasped the lessons from Keynesianism - further highlighting their neoliberal ideological subjectivity. As Keynes pointed out, when public spending is cut in the time of economic recession, demand/purchasing power drops even more, as a country's demand/purchasing power is equal to a country's private *and* public expenditure - which further exacerbates the crisis and shrinks the GDP growth rate. This is continuously relevant, as research has shown that the IMF and the World Bank continuously deploy austerity as a condition for their loans. As an example, 85% of the IMF loans negotiated during the covid year of 2021, featured austerity conditions (Oxfam 2021).

Conclusion

Research question: *Is the knowledge production on global income inequality trends that is featured in the World Bank report ideologically driven? And are there other approaches or ideas that ought to be preferred?*

I argue that the report has ideological neoliberal underpinnings that influence their inequality story more than the objective account that the World Bank seems to hold of themselves, suggests. This conclusion is derived by looking at the convergence story in particular, and how the report tries to attribute the relative inequality convergence as the result of neoliberal globalisation.

I make the case that Slobodians account of Neoliberalism, of which de-politicization is a core feature, applies well to the neoliberal underpinnings present in the report. I argue that, by decontextualizing global inequality from relevant political economic history, such as the colonial and the neo-colonial past of shock therapy, the report frames global inequality as something strictly technological, outside the realm of politics. This naturalizes inequality as the result of Western ingenious merit in the neo-propertarian sense. Moreover, a similar depoliticization is done by excluding pluralist approaches to measuring inequality as well as systemic perspectives on development. All together, this deradicalizes inequality-reducing interventions.

The point here is not to claim that the convergence trend is fundamentally false on its own terms, but to claim that when it is presented as the result of neoliberal globalisation and the SAPs, it obscures the truth. Moreover, data is *not objective.* The way that they are presented is political, influenced by ideology. When pluralistic approaches and relevant political history as well as systemic perspectives are included, this becomes apparent. In other words, data does not speak for itself.

Furthermore, upon including the colonial and the postcolonial history of corpo-state interventionism into the inequality story, I argue that a small decline in relative inequality, largely driven by the rise of China who integrated into the global economy on their own terms, does not warrant much celebration. The morally relevant comparison, should not entirely rely on historical benchmarks, as Pogge (2016) has pointed out, but on how there were/are other inequality trajectories with substantially less inequality/poverty that we could have taken. There was nothing inevitable about this trajectory.

Additionally, the report, consciously or subconsciously, risks functioning as a justification of our current global inequality trajectory in itself, and as a reductionistic, hyperbolic justification of neoliberal globalisation/capitalism. The World Bank has a responsibility in this. When they make their conclusions, they tend to have a reductionistic binary tendency that reduces global inequality into an upwards or downwards arrow that obscures the fact that it is purely relative inequality that they are referring to and that the trend is driven largely by the rise of the Chinese economy (and that they were not coerced into neoliberal globalisation). The fact that ordinary people commonly tend to think of inequality in ways aligned to absolute inequality, makes this even more problematic - as it potentially tricks people into thinking that inequality has decreased in absolute terms. This should further stress the importance of explicitly stating the type of inequality one is referring to when making grand global trend conclusions.

This point is additionally relevant seeing the hyperbolic and even further reductionistic nature of how the report and the research of the World Bank gets reported and perceived in mainstream media - as showcased in the background section. Not only do headlines and articles often ignore mentioning that it is exclusively relative measures that the trends are referring to and that they include China in the measurement (and why that is problematic), but also that it is income - and not wealth inequality - that they are referring to. This is particularly apparent among the so-called "New Optimists", who seem adamantly determined to utilize the World Bank data in order to hyperbolically deem capitalism as a definite success. But as Bacci (2001) has pointed out: "it is not much of a relief for somebody living on $1 a day to see that his/her income, up by three cents (over the course of 40 years), is growing as much as the income of the richest quintile" (Hoy 2015 p. 9). This can not be the benchmark of success. Ironically, New Optimists are not actually optimistic. On the contrary, they are pessimistic enough to believe that humanity is incapable of achieving any other inequality trajectory better off than our current path.

I do not claim that the World Bank purposefully and actively distorts the inequality story in true class-ruling hegemonic villain-like fashion. Many of the World Bank economists likely believe in their ideology and in the objective nature of data to deliver good. Furthermore, they are likely to be, in the constructivist Kuhn-sense, influenced by the mob psychology of their social context. Since the Bank and the IMF started cleansing people who held views that deviated from neoliberalism during the 1970s, they have not exactly made any serious attempts at diversifying their theoretical/ideological composition by including people with different perspectives. On the contrary, people, such as Stiglitz, who during his tenure as vice president and head chief economist at the Bank, started questioning the SAPs, were fired. Additionally, the tradition of always appointing westerners, usually bankers, has continued.

If the Bank genuinely wants to contribute to "Shared Prosperity" in the world, they need to include systemic perspectives. Developmentalism, debt cancellation and a new Bretton Woods system are a few of such potential perspectives. When the colonial and neo-colonial history of what Klein refers to as the “ideological corpo-state crusade” and the systemic imbalances in the global economy that remains, are included in the inequality story - such system-focused inequality-intervening perspectives ought not to appear as overly radical anymore.

Normatively, this dissertation shows the importance of incorporating different historic, methodological and political perspectives into global inequality research. As Piketty (2020) has pointed out, levels of inequality in relation to the past, is not the only thing that matters. Attention needs to be given on how global inequality originated and how it is justified.

Future Research

This paper hopes to inspire future inequality research of the non-positivist type, where data is contextualized with the aid of relevant political events and pluralistic approaches to measuring inequality. Furthermore, more research on the limitations of global data is needed. Jerven (2016), have done important works on this, depicting how, among much else, governments are often inflating development numbers when reporting them to international donors. But more research on this field is needed, including the limitations of household surveys and the difficulty of capturing the incomes of the rich due to the secretive nature of tax havens.

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