

Merce, Cristian Călin; Merce, Emilian; Mihai, Mihaela

Conference Paper

Economic stratification: The remedy and demise of humanity

Provided in Cooperation with:

The Research Institute for Agriculture Economy and Rural Development (ICEADR), Bucharest

Suggested Citation: Merce, Cristian Călin; Merce, Emilian; Mihai, Mihaela (2015) : Economic stratification: The remedy and demise of humanity, In: Agrarian Economy and Rural Development - Realities and Perspectives for Romania. 6th Edition of the International Symposium, November 2015, Bucharest, The Research Institute for Agricultural Economy and Rural Development (ICEADR), Bucharest, pp. 67-72

This Version is available at:

<https://hdl.handle.net/10419/163281>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

ECONOMIC STRATIFICATION, THE REMEDY AND DEMISE OF HUMANITY

CRISTIAN C. MERCE¹, EMILIAN MERCE², MIHAELA MIHAI³

Summary: *The paper shows that the world economic stratification, as well as that of all natural, social and political systems is a natural law and a prerequisite for progress. Stratification itself may mean, however, both the remedy, but also the demise of systems, by exacerbating social inequalities. The database includes the evolution of gross domestic product per capita for different time frames at European level and worldwide. The main methods employed in processing database are the indices method and expectation values of position (quartile values) used to assess the structure of Europe and world countries according to the size of the gross domestic product. In Europe, for a century, stratification has increased visibly. If in 1913, the richest country in Europe achieved a GDP per capita of 3.94 times higher compared to the poorest country, in 2013 the ratio is 13.82 to one. The status of key statistical indicators that characterize the polarization of the world by size of gross domestic product, demonstrates that stratification is less pronounced inside continents, becoming however severe, worldwide. In this regard, it is alarming that in 1994, 75% of world countries were making only 7% of the GDP per capita in the richest country (Monaco). Given that information has now become increasingly more fluid, one can include among beneficiaries, the least developed countries. Circulation of information is, however, under the command of polarizing forces, belonging to the same great powers of the world. In this way, by means of more refined methods, the benefits of progress preserve world hierarchies.*

Keywords: *economic stratification, extreme wealth, extreme poverty.*

INTRODUCTION

God did not make a flat world, but one that is hierarchical, layered. Hierarchies are the patent and the ground of evolution in the living world. To the point where creatures are devoid of reason, layering works flawlessly, ensuring that the best one prevails and is perpetuated. In the case of humans that are endowed with reason, things get complicated. Under the new ownership, layering can mean both the remedy and the demise of social systems of the human species. To balance between good and evil, God gave man free will and implicit absolution for the great gift of freedom to choose between good and evil.

They say that good has fallen into disuse since the creation of the world bringing human decay for evil deeds. Man itself, dominated only by instincts bestowed on him by the Creator, is an animal. He becomes "social man" only through education. Externalization ensuring good qualities is moderation, altruism, modesty, tolerance, patience. In contrast with these qualities by which man learns that not everything that makes you happy is fine, but only what is good makes you really happy, man can easily fall servant of temptations, as instinctual as: pride, greed, lust, waste, pride zeal, anger, blasphemy, confrontation, flattery, quarrel, grumbling.

If God is the creator of people and nature, certainly adjusted and free will, then he has ensured the freedom of choice of each, so that every man should rather choose those facts that lead to respect and helping others, than being violent and destructive under the influence of hatred, indifference and contempt among individuals. I believe the Creator was too generous with his creation as history records too much violence, hatred and contempt, so it appears that man cannot bear limitless freedom and we must find ways of managing the social freedom.

MATERIAL AND METHOD

Man is free to choose between the two classes of attributes, between harmony and conflict, between beneficial and stratification of stress. The analysis of statistics from past centuries proves, unfortunately, that the human species is not fully able to ensure a significant proportion of

¹ Conferențiar dr., USAMV Cluj-Napoca, cristianmerce@hotmail.com

² Profesor dr., USAMV Cluj-Napoca, emerice@usamvcluj.ro

³ Lector dr. USAMV Cluj-Napoca, mihaiusamv@yahoo.com

moderation and altruism, and consequently, from one pole of society a decreasing number of people have a growing wealth and at the other pole a growing number of people are becoming poorer.

"After 1989, social inequalities and, above all, the financial one, acquired alarming proportions. The trouble is that very wealthy people appeared, but that multiplied the poor who have become poorer. Romania remains the prisoner of an oriental model (or its own traditional model) with very high social discrepancies." However, in a completely objective analysis, we cannot ignore the causal link between rich and poor. Usually, behind any riches, lies a process of subtraction of undue amounts in a form more or less veiled. Great empires were enriched by theft of fabulous riches of colonized countries. The Romanians were left with nothing but to steal from each other, with the complicity of foreigners who profit the most.

The paradox of the coexistence of extreme wealth and extreme poverty has been the subject of study, analysis and debate for the best minds of humanity. *"The classes taught by Marshall have as their main objective the central paradox of modern society: poverty in the midst of wealth. [...] It was expected that our rapid progress in science and art production were largely to prevent sacrificing the interests of workers in favor of the interests concerning production. [...] This didn't happen. "*

The phenomenon of polarization of wealth unfortunately widened over the last centuries. "In 1820, the standard of living in the richest country in the world, then the Netherlands, was about three and a half times higher than that of the poorest countries in Africa and Asia. But in 1910 the distance between the richest and poorest has grown to more than 800%". The trend of increased economic polarization of the countries of Europe is visible by comparing the degree of stratification of wealth over a century (Table 4.1).

Table 4.1

Gross Domestic Product evolution in the interval 1913-2013 - GDP / capita

Country	1913	1938	1950	2013
Norway	2501	4337	5463	100819
Switzerland	4266	6390	9064	80528
Denmark	3912	5762	6943	58930
Sweden	3096	4725	6739	58164
Olanda	4049	5250	5996	47617
Ireland	2731	3052	3453	47400
Belgium	4220	4832	5462	45387
Germany	3648	4994	3881	45085
France	3485	4466	5271	41421
United Kingdom	4921	6266	6939	39351
Italy	2564	3316	3502	34619
Spain	2053	1790	2189	29118
Greece	1592	2677	1915	21910
Portugal	1250	1747	2086	21029
Russia	1488	2150	2841	14612
Romania	1741	1242	1182	9499
Bulgaria	1534	1595	1651	7296

Source: Maddison 2003: 66-67, 100, 262.

(Quoted by Bogdan Murgescu, p. 187, with updated data for 2013)

Worldwide, countries stratification by size per capita gross domestic product is more severe. Here is the hierarchy of the world by size GDP / capita in the period after 1994 (Table 4.2).

Table 4.2

Size of key statistical indicators
polarization of the world countries (1994-2013)

No	Country	1994	2000	2007	2013
1.	Monaco	89416	82537	170633	172954
2.	Liechtenstein	64140	75058	130349	145714
3.	Luxembourg	43555	46453	106920	111162
4.	Norway	28713	37473	83556	100819
5.	Qatar	14895	29914	69167	93352
6.	Macao, China	14979	14128	36607	91376
7.	Bermuda	31476	56284	90850	85140
8.	Switzerland	39567	35639	59664	80528
9.	Australia	18081	21678	40996	67468
10.	Kuwait	16431	19787	44902	61310
11.	Denmark	29502	29980	57021	58930
12.	Sweden	24775	27869	50558	58164
13.	Singapore	21578	23793	39224	55182
14.	United States	27776	36467	48070	53143
15.	Canada	19786	24032	44329	51911
16.	Austria	25383	23974	45181	49074
17.	Netherlands	22830	24180	47771	47617
18.	Ireland	15617	25579	59008	47400
19.	Finland	19777	23530	46538	47219
20.	Belgium	23914	22697	43255	45387
21.	Iceland	23663	30929	65566	45263
22.	Germany	26376	22946	40403	45085
23.	United Arab Emirates	26568	34476	44489	42690
24.	France	23059	21775	40342	41421
25.	New Zealand	15147	13483	31997	40842
26.	United Kingdom	18664	25362	46591	39351
27.	Brunei	14223	18087	32109	38563
28.	Japan	38815	37292	34095	38492
29.	Hong Kong, China	22503	25757	30594	38124
30.	Israel	13830	19859	24368	36151
.....					
171.	Rwanda	132	207	373	633
172.	Mozambique	140	141	362	593
173.	Uganda	199	255	400	572
174.	Eritrea	158	179	253	544
175.	Guinea	450	342	411	527
176.	Guinea-Bissau	211	284	465	504
177.	Ethiopia	123	123	241	498
178.	Gambia	720	637	522	494
179.	Madagascar	228	246	379	471
180.	Liberia	65	183	210	454
181.	Niger	177	164	302	413
182.	Central African Republic	266	251	413	333
183.	Burundi	151	130	163	267
184.	Malawi	120	154	266	226

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

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

RESULTS AND DISCUSSION

The size of statistical indicators characterizing the intra-European countries, confirms that extreme poverty grows under extreme wealth (Table 4.3).

Table 4.3

The size of the main statistical indicators of polarization
in some European countries (1913-2013)

Indicator	Year			
	1913	1938	1950	2013
Lower quartile	1741	2150	2189	21910
Middle quartile	2731	4337	3881	41421
High quartile	3912	4994	5996	47617
Maximum GDP	4921	6390	9064	100819
Minimum GDP	1250	1242	1182	7296
GDP at 75% of max countries by GDP (%)	79,5	78,2	66,2	47,2
GDP Report maximum / minimum GDP	3,94	5,14	7,67	13,82
Dispersion	1351753	2953568	5276991	603014753
Difference	1163	1719	2297	24556
Average value	2885	3799	4387	41340
Coefficient of variation	40,3	45,2	52,4	59,4

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

Table 4.4

GDP per capita, quartile class

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

The ratio between the averages GDP in the first three classes of fourth quartile to bottom quartile class is presented in Table 4.5.

Table 4.5

The ratio average value of GDP per quartile class

Year	Quartile class				
	25%	25%	25%	$(q_1+q_2+q_3)/3$	25%
1994	33,86	50,63	75,21	53,23	100,00
2000	29,80	56,98	81,97	56,25	100,00
2007	22,38	40,31	65,58	42,76	100,00
2013	19,68	42,67	59,98	40,78	100,00

It is remarkable that at the European level no polarization leads to discrepancies as alarming as in the rest of the world. Alarmingly, however, polarization is noticeably higher in 2013 than in 1994. It may be noted in this regard, that if in 1994 the average first three quartile classes represent 53.23% of the fourth quartile class in 2013; this average drops to 40.78%. In Europe, the level of GDP per capita has shown some improvement over a century, but the phenomenon of polarization has deepened. Of course, while the comparison is affected by a number of temporary factors, including the changes in the methodology for calculating GDP and substantial inflation over a century have an important role.

The key state statistical indicators that characterize the polarization of the world by size of gross domestic product demonstrate that stratification is less noticeable inside continents, becoming

very severe worldwide. It is alarming in this regard that in 1994, 75% of the world's countries achieved only 7% of GDP per capita in the richest country (Monaco). In 2013, this percentage, 10.6%, demonstrates a minimal improvement, but also that mankind is capable of removing poverty in the world (Table 4.6).

Table 4.6

The size of the main statistical indicators of polarization world countries (1994-2013)

Indicator	Year			
	1994	2000	2007	2013
Lower quartile	467	632	1124	1871
Middle quartile	1745	1919	4030	5857
Higher quartile	6243	9083	16113	18399
Maximum GDP	89416	82537	170633	172954
Minimum GDP	65	123	163	226
GDP at 75% of max countries by GDP (%)	7,0	11,0	9,4	10,6
GDP Report maximum / minimum GDP	1376	671	1047	765
Dispersion	131934742	160708081	558347612	668442240
Difference	11486	12677	23629	25854
Average value	6418	7570	14156	16494
Coefficient of variation	179,0	167,5	166,9	156,7

According to data regarding the size of gross domestic product per capita at the level of 2013, 25% of the sample of 184 countries surveyed, achieve a GDP / capita between \$ 226 and \$ 1,871. Another 25% of the poor countries are between \$ 1,871 and \$ 5,857. Next quarter countries, in the increasing hierarchy, registered between \$ 5,857 and \$ 18,399. Calculations reveal that 75% of the world's countries are listed at under 11% of the size of GDP per capita made in Monaco.

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

Table 4.7

GDP per capita, quartile class

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

The ratio between the average of the first three classes reported to the fourth quartile class is particularly significant (Table 4.8).

Table 4.8

The ratio average value of GDP per quartile class

Year	Quartile class				
	25%	25%	25%	$(q_1+q_2+q_3)/3$	25%
1994	0,56	2,31	8,35	3,74	100,00
2000	0,82	2,78	12,01	5,20	100,00
2007	0,69	2,76	10,79	4,75	100,00
2013	1,10	3,99	12,68	5,92	100,00

It is worrying that the average GDP in the first three quartile class is particularly low compared to the fourth quartile class throughout the period considered. The average level of the first three quartile classes share does not exceed 6% of the average level of the fourth class.

CONCLUSION

The world has evolved from the end of the twentieth century, regardless of system, under the impact of an unprecedented technological progress. Information has now become more fluid, and beneficiaries include less developed countries.

"After all, the rich industrial countries, no matter how pressed by new competition, are doing so well that it's hard for them to arouse concern and compassion. [...] And what happens to the poor? History tells us that the most successful remedies of poverty come from within. Foreign support can be helpful, however, much like wealth fell from the sky, can also do harm. It can discourage effort and plant a crippling conscience of inability. As the African adage says, "The hand that receives is always under the one that offers."

Certainly, the information flow is under the command of polarizers belonging to the same great powers of the world. This way, through more refined methods, the benefits of progress preserve global hierarchies, the lesser ones remaining vitally dependent on strategies crystallized by major power centers worldwide.

European polarization doesn't lead to discrepancies as alarming as in the rest of the world. It is worrying, however, that polarization is more visible in 2013 than in 1994. It may be noted in this regard that if in 1994 the average first quartile three classes represented 53.23% of the fourth quartile class, in 2013 this average drops to 40.78%.

Worldwide, the average GDP / capita in the first three quartile grades is particularly low compared to the fourth quartile class throughout the period considered. The average level of the first three quartile class share does not exceed 6% of the average level of the fourth class. These figures highlight the fact that the capitalist system performance is achieved in not more than 25% of the world's countries. It is one of the most important truths that the Romanians did not know in 1989.

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

Certainly, nowadays we do not have 80% peasants, we have only 40%, but the burdens and problems remain the same because a social structure with so many farmers practicing subsistence agriculture is nowhere to be found in the rest of Europe. With such a primitive social structure, our position and hence our destiny in the world or in the European pyramid is sealed for long. We will survive, but it is unlikely that we will become competitive.

BIBLIOGRAPHY

1. Alfred Marshall: Alfred Marshall's Lectures to Women, Some Economic Questions Directly Connected to the Welfare of the Labourer, quoted from the notes of Mary Paley from April and May 1873, pp. 47,53,54. (Quoted by Sylvia NASAR, in Geniul Economic, ALL, 2013, p. 66).
2. Angus Maddison: GDP per capita in 1990 International Geary-Khamis Dollars, The World Economy: Historical Statistics, OECD Publishing, Paris, 2003. (Citat de Sylvia NASAR, in Geniul Economic, Editura ALL, 2013, p. 172).
3. Havinden și Meredith: Colonialism and Development, p. 278. Citat de Landes S. David: *Avuția și sărăcia națiunilor*, Editura Polirom, București, 2013, p. 438
4. Lucian Boia – *Capcanele istoriei: („Sărbătoarea d-lui Stelian”*, in *Universul*, 13 octombrie 1936), p. 70.
5. Lucian Boia: *România, o țară de frontieră a Europei*; Editura Humanitas, București, 2012, p. 245
6. *** - The World Bank Group – *Developing Countries – Economic Policy – 2008*
7. *** - World Bank national accounts data, and OECD National Accounts data files.