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DEFI Developing Finance

GLOBAL RISK, GOVERNANCE AND WEALTH GAPS



CIFE SEMINAR ROMA-BERLIN-NICE 2026-27

MICHEL-HENRY BOUCHET

1

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

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

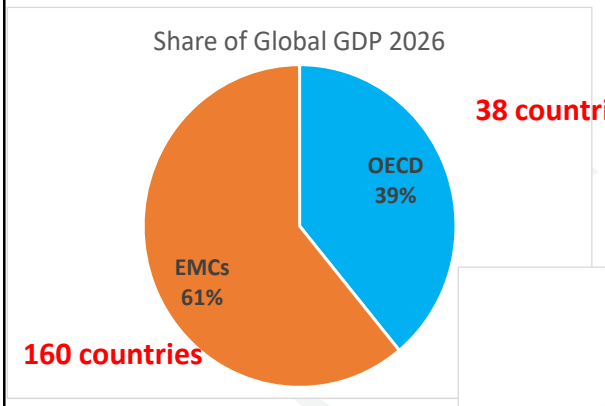
- Nominal GDP says nothing regarding **wealth distribution** nor regarding inclusiveness and sustainability

- *Countries have essentially two choices. They can change what GDP measures, so it doesn't just count the monetary value of all finished goods and services, but also unpaid housework, or "externalities" such as the natural capital and ecosystem services on which human life and future wellbeing depend. An alternative choice is that one just stops using the GDP index as the main yardstick for prosperity and starts to run economies according to a dashboard of indicators instead.*

FT Ehsan Masood, Aug 6 2026

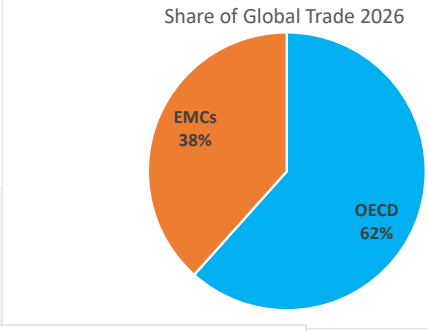
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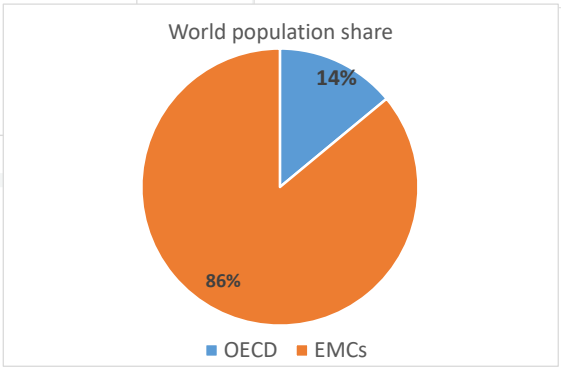
CATCHING UP FOR WHOM?



38 countries

160 countries





Source: IMF WEO 11/2026

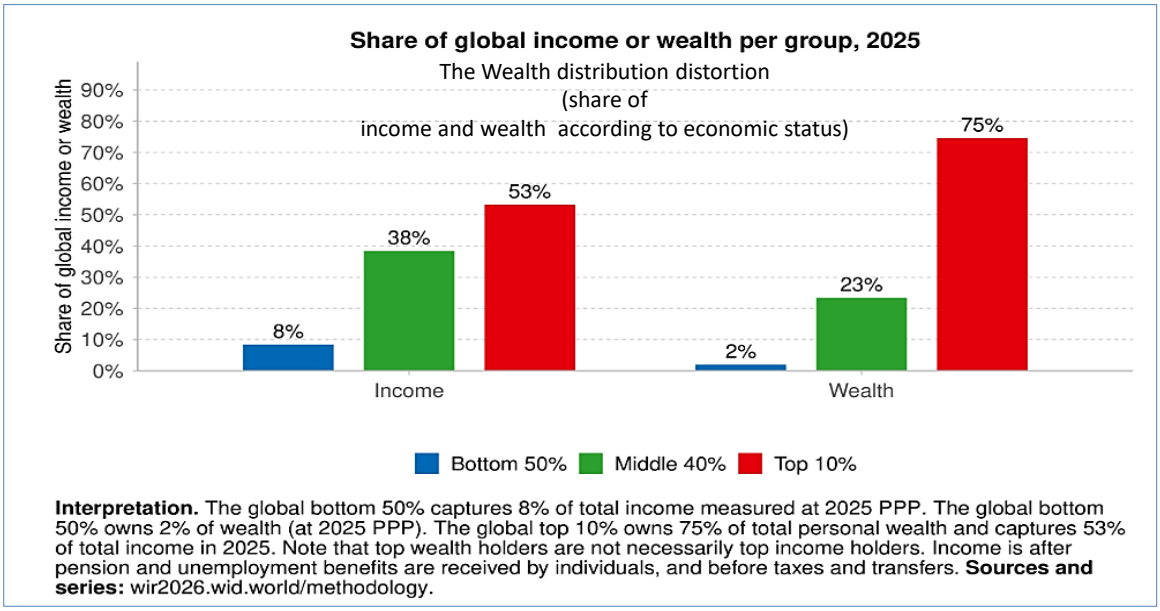
3

DATA SOURCES ON INCOME DISTRIBUTION & WEALTH GAPS

1. World Bank: Poverty and Inequality Platform https://pip.worldbank.org/
2. UNDP/Oxford Global Multidimensional Poverty Index (MPI) report: statistical update covering 108 countries https://hdr.undp.org/content/2026-global-multidimensional-poverty-index#/indicies/MPI
3. FRED (St Louis) Gini Index https://fred.stlouisfed.org/tags/series?t=gini
4. Inequality Lab and World Inequality Database https://wid.world/income-comparator/
5. National statistics (INSEE in France)
6. World Population Review https://worldpopulationreview.com/country-rankings/gini-coefficient-by-country
7. US BEA https://www.bea.gov/
8. UK Fairness Foundation (five key gaps linked to fair necessities: wealth, education, pay, tax, and health) https://fairnessfoundation.com/
9. Social Progress Index https://www.socialprogress.org/social-progress-index

4

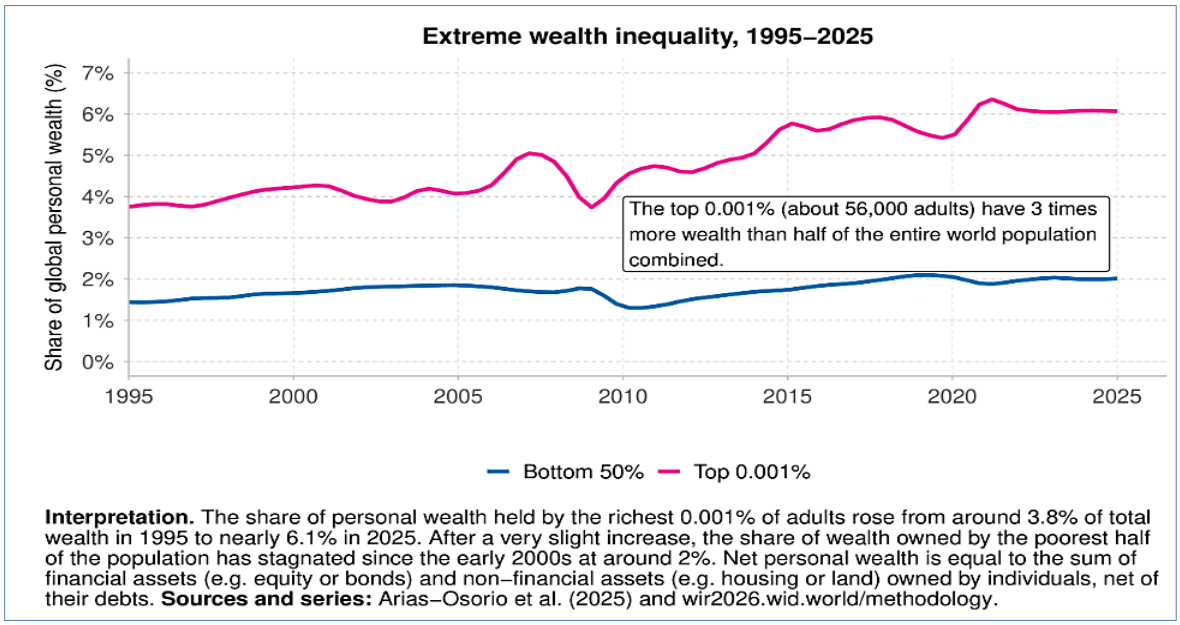
THE WORLD TODAY AT END-2026 IS EXTREMELY UNEQUAL!



Interpretation. The global bottom 50% captures 8% of total income measured at 2025 PPP. The global bottom 50% owns 2% of wealth (at 2025 PPP). The global top 10% owns 75% of total personal wealth and captures 53% of total income in 2025. Note that top wealth holders are not necessarily top income holders. Income is after pension and unemployment benefits are received by individuals, and before taxes and transfers. **Sources and series:** wir2026.wid.world/methodology.

5

EXTREME WEALTH INEQUALITY IS GETTING WORSE!



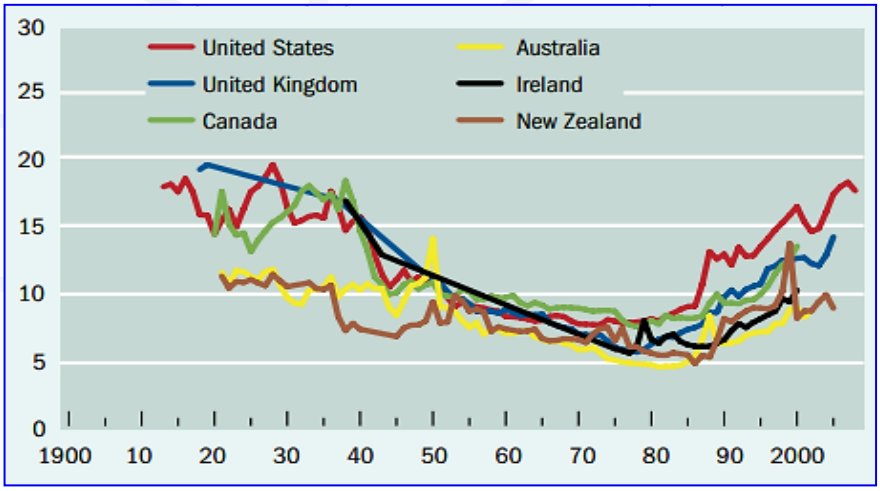
Interpretation. The share of personal wealth held by the richest 0.001% of adults rose from around 3.8% of total wealth in 1995 to nearly 6.1% in 2025. After a very slight increase, the share of wealth owned by the poorest half of the population has stagnated since the early 2000s at around 2%. Net personal wealth is equal to the sum of financial assets (e.g. equity or bonds) and non–financial assets (e.g. housing or land) owned by individuals, net of their debts. **Sources and series:** Arias–Osorio et al. (2025) and wir2026.wid.world/methodology.

6

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

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

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

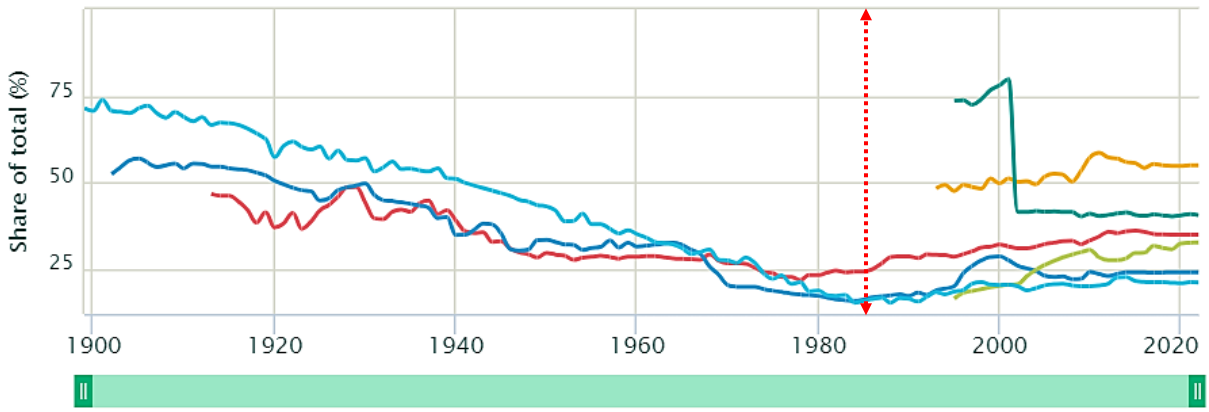


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Source: IMF

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SHARE OF WEALTH HELD BY RICHEST 1% OF THE POPULATION (1900-2025)

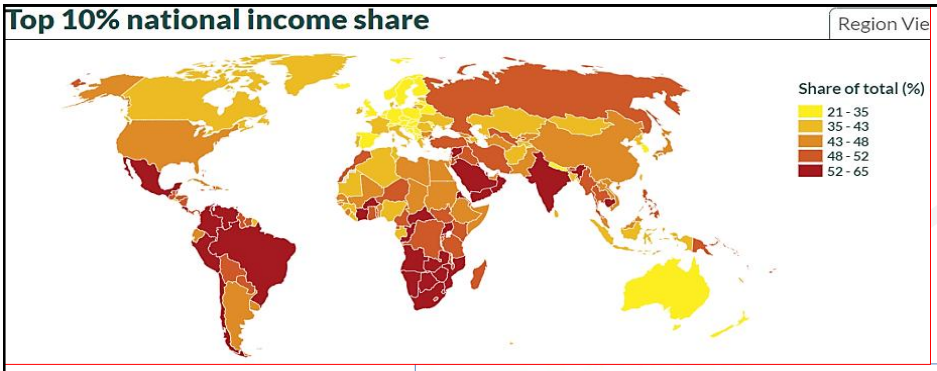


USA France China South Africa United Kingdom World

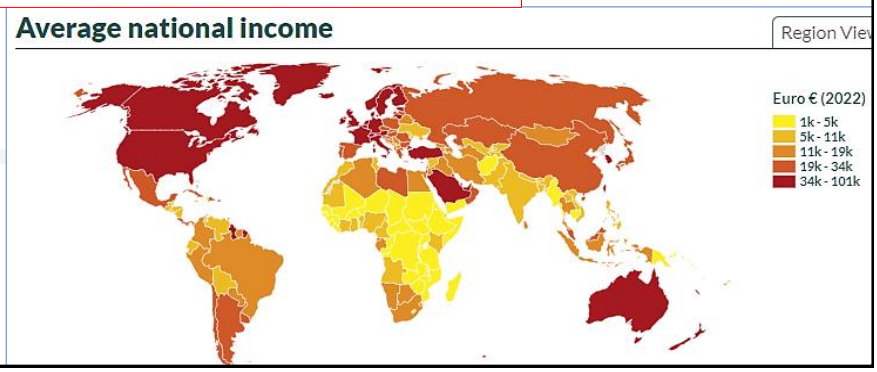
World Inequality Lab 10/2024

MH BOUCHET/SKEMA -CIFE 2026-27

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GLOBAL INEQUALITY IS RISING IN POOR COUNTRIES!

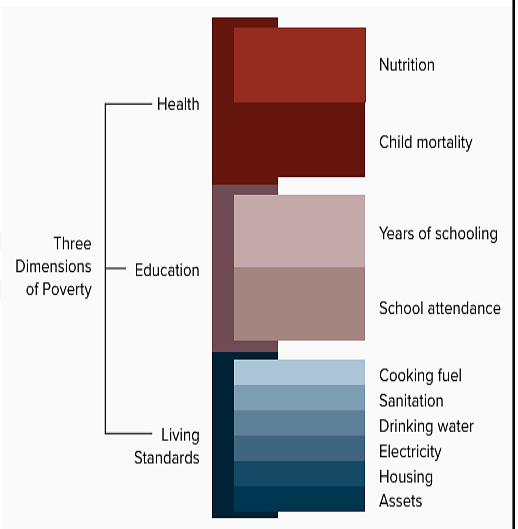


Source: Global inequality dabase 2024

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UNDP/OXFORD: GLOBAL MULTIDIMENSIONAL POVERTY INDEX

1. The global Multidimensional Poverty Index (MPI) covers 108 countries and 6.3 billion people.
2. Of these, **1.2 billion people – or 18.9 percent** – are living in acute multidimensional poverty
3. Over half – or 51.5 percent – of all poor people (617 million) are **children under the age of 18**. Roughly one in every three children is multidimensionally poor, compared to one in seven adults.
4. Around 83.3 percent (998 million) of poor people live in rural areas compared to 16.7 percent (200 million) in urban areas.
5. Poorest five countries in Africa: Chad, Central African Republic, Niger, Burundi and Ethiopia. Outside sub-Saharan Africa, the poorest countries are Afghanistan, Papua New Guinea and Sudan.

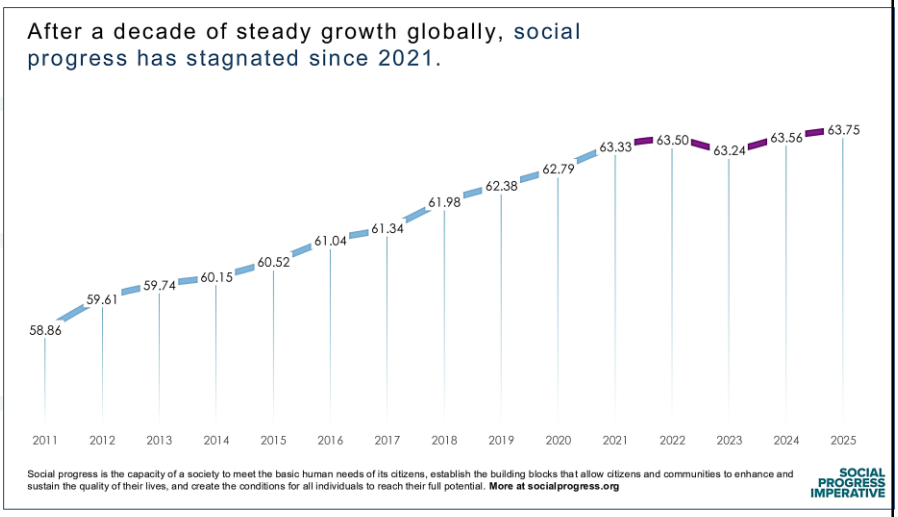


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SOCIAL PROGRESS INDEX: MEASURING **SOCIO-ECONOMIC PROGRESS** ACROSS TIME AND ACROSS COUNTRIES?

Components to measure « socio-economic progress »: health, safety and environmental quality, water and sanitation, housing and access to information

https://www.socialprogress.org/social-progress-index



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WHERE DOES SOCIO-ECONOMIC PROGRESS COME FROM?

Capacitity of a socio-political system to meet the basic needs of citizens: **The Index reveals that GDP is not destiny**.
At all income levels, some countries are better than others at turning their economic resources into social progress.
Denmark and the U.S. have similar GDP per capita, but U.S. social progress is nearly 10 points lower. The U.S. also has social progress results comparable to Latvia, despite Latvia's GDP per capita being half that of the U.S.
https://www.socialprogress.org/social-progress-index

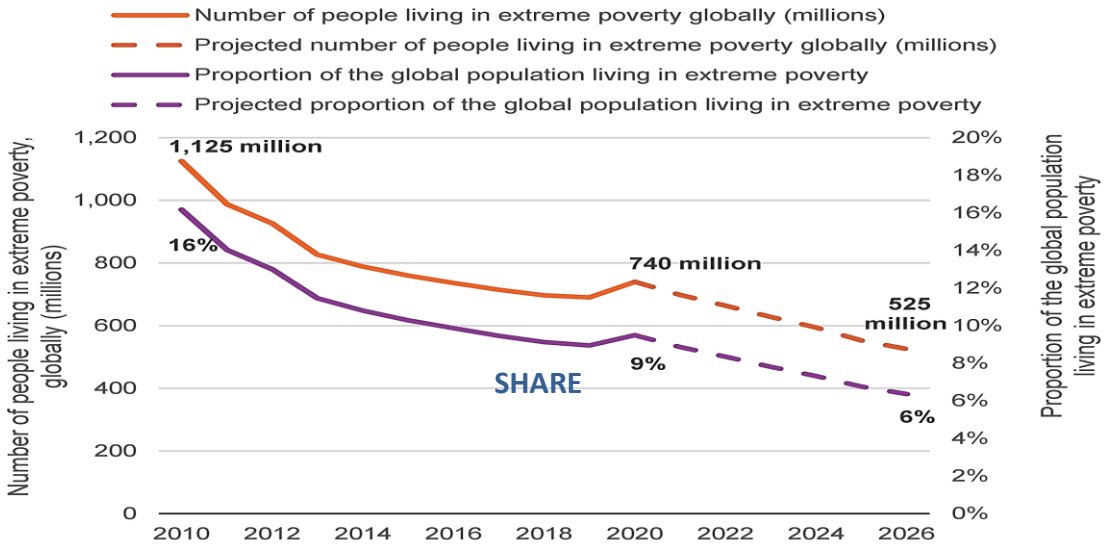
2026 Global Social Progress Index

TIER 1				TIER 2				TIER 3			
RANK	COUNTRY	SCORE	ANNUAL CHANGE	RANK	COUNTRY	SCORE	ANNUAL CHANGE	RANK	COUNTRY	SCORE	ANNUAL CHANGE
1	Norway	91.73	⇆	19	New Zealand	85.46	↓	61	Kazakhstan	70.85	⇆
2	Denmark	91.16	⇆	20	Spain	85.40	⇆	62	Thailand	70.79	↑
3	Finland	90.83	↓	21	Korea, Republic of	85.14	⇆	63	Vietnam	70.76	⇆
4	Sweden	90.47	↓	22	Canada	85.11	↓	64	Trinidad and Tobago	70.47	⇆
5	Switzerland	90.41	⇆	23	France	85.07	⇆	65	Ukraine	70.02	↓
6	Iceland	89.55	⇆	24	Czechia	85.05	⇆	66	Bahrain	69.94	⇆
7	Luxembourg	89.11	⇆	25	Italy	84.58	⇆	67	Colombia	69.93	⇆
8	Ireland	88.71	⇆	26	Portugal	84.44	↓	68	Saudi Arabia	69.80	↑
9	Netherlands	88.24	↓	27	Malta	83.38	⇆	69	Bosnia and Herzegovina	69.56	⇆
10	Belgium	87.97	⇆	28	Lithuania	82.46	↑	70	Belarus	69.42	↓
11	Germany	87.79	↓	29	Poland	81.93	↑	71	Fiji	69.21	↑
12	Austria	87.77	⇆	30	Cyprus	81.89	⇆	72	Cuba	68.86	↓
13	Australia	87.52	⇆	31	Israel	81.82	⇆	73	China	68.82	⇆
14	Japan	87.23	⇆	32	United States	81.76	⇆	74	Jordan	68.75	⇆
15	Singapore	86.74	⇆	33	Latvia	81.03	↑	75	Mexico	68.73	⇆
16	Slovenia	86.33	⇆	34	Slovakia	80.33	↓	76	Maldives	68.62	⇆
17	Estonia	86.12	⇆	35	Greece	80.04	↓	77	Russia	68.35	↓
18	United Kingdom	85.54	⇆	36	Chile	79.50	⇆	78	Indonesia	68.11	↑
				37	Uruguay	79.33	⇆	79	Algeria	67.62	↑
				38	Croatia	79.32	⇆	80	Paraguay	67.42	⇆
				39	Costa Rica	78.85	⇆	80	Suriname	67.42	⇆
				40	Hungary	77.16	⇆	82	Peru	67.41	↓
				41	Barbados	76.06	⇆	83	Dominican Republic	67.40	↑
				42	Argentina	75.93	↓	84	Ecuador	67.30	↓
				43	Bulgaria	75.38	↓	85	Turkey	67.27	↑
				44	United Arab Emirates	74.68	⇆	86	Kyrgyzstan	67.13	↓
				45	Romania	74.49	⇆	87	Sri Lanka	66.76	↑
				46	Montenegro	74.42	⇆	87	Philippines	66.76	↑
				47	Malaysia	74.13	⇆	89	Tunisia	66.53	↓
				48	Qatar	74.12	⇆	90	Uzbekistan	66.44	↑
				49	Kuwait	74.06	↓	91	South Africa	66.25	↓
				50	Serbia	73.99	⇆	92	Bhutan	66.11	⇆
				51	Armenia	72.74	⇆	93	Mongolia	65.87	⇆
				51	Brazil	72.74	↑	94	Cabo Verde	65.79	⇆
				53	Oman	72.72	↑	95	Lebanon	65.22	↓
				54	Albania	72.47	↑	96	Guyana	64.22	⇆
				55	Panama	72.30	⇆	96	West Bank and Gaza	64.22	↓
				56	Mauritius	72.28	⇆				
				57	Moldova	72.02	⇆				
				58	Georgia	71.54	↓				
				59	Jamaica	71.35	↓				
				60	Republic of North Macedonia	71.24	↑				

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FACTS: THE JURY IS STILL OUT

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



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FACTS: THE JURY IS STILL OUT

- 2022-26 World Bank report: re-definition of extreme poverty: threshold moving from $1,90 to **$3/day**
- **10% of world population** still < poverty line (830 million), mainly in South Asia and Sub-saharan Africa (50% back in 1980!)
- Small number of countries experiencing declining inequality since 2008 (UK, Germany, Brazil, China)
- In 2021-22, the pandemic impact led to growing inequality within and between countries
- The COVID pandemic estimated to push an additional 150 million people into extreme poverty by 2025
- By 2030, the global poverty rate could be **about 7% … ?**

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FACTS: THE JURY IS STILL OUT

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

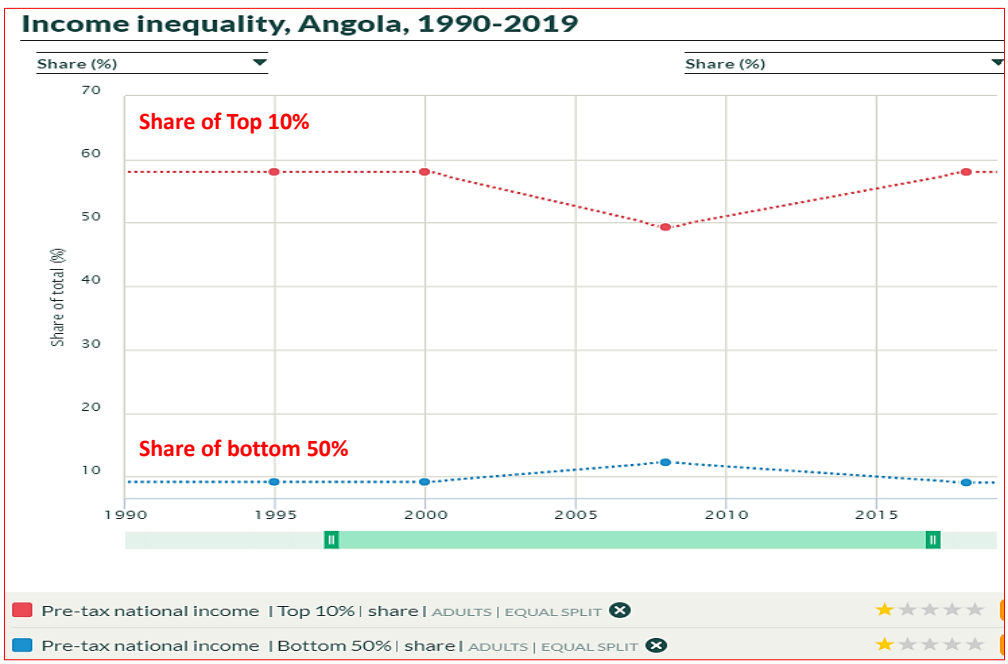
For **26 countries in sub-Saharan Africa**, the number of people living in extreme poverty **has increased** between 2010 and 2020.

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

In 2026, **66%** of the global population living in extreme poverty live in sub-Saharan Africa.

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AFRICA:
RICH COUNTRIES WITH POOR PEOPLE
(GABON, CAMEROON, ANGOLA, CONGO, MOZAMBIQUE…)



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WHAT'S THE RESOURCE CURSE?

(**RICHARD AUTY**'S 1993 BOOK "SUSTAINING DEVELOPMENT IN THE MINERAL ECONOMIES"

Paradoxical situation in which a country underperforms socio-economically, **with larger wealth gap** despite being home to valuable natural resources. Generally caused by too much of the country's capital and labor force concentrated in just a few abundant non-renewable natural resources monopolized with corruption and "crony capitalism"

- This can lead to becoming very dependent on the price of a particular commodity, making it difficult to continue developing the economy.
- Diversifying a nation's economy can help it avoid a resource curse.
- Angola and Saudi Arabia and most oil-producing countries suffer from the resource curse.
- Also called a "resource trap", it may also result from government corruption
- **Resource curse stems from threefold power concentration: economic, financial … and socio-political!.**

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

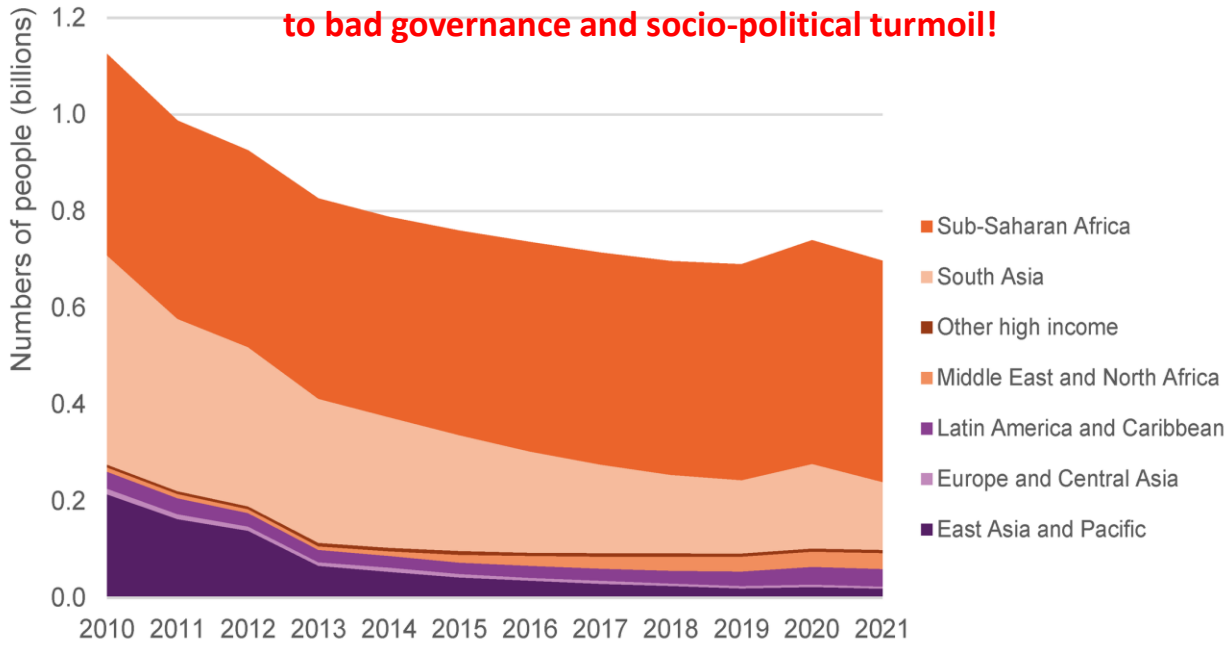
	CHILE	COSTA RICA	Turkmenistan	GABON
GDP/per capita	$15,000	$11,000	$15,000	$14,000
Life Expectancy Global Peace Index	80 38/163	81 28/163	68 103	65 83
HDI Rank	45/190	62/190	95	108



	ARMENIA	SRI LANKA	NIGERIA	ANGOLA
GDP per capita	$5000	$5000	$5000	$5500
Life expectancy Global Peace Index	75 119	77 145	54 136	60 84
HDI Rank	69	89	164	148

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In 2021-26 poverty keeps increasing in Africa due to bad governance and socio-political turmoil!



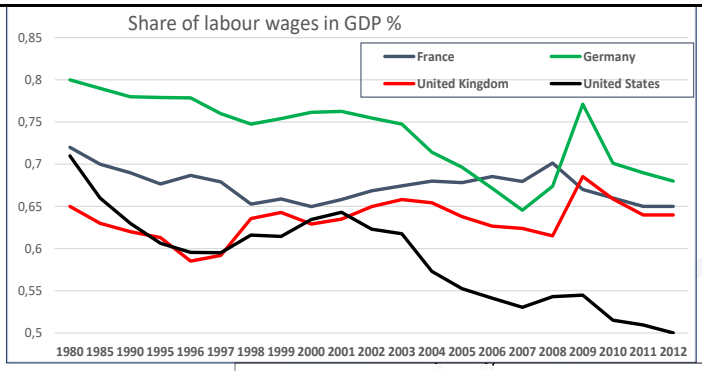
19

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

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

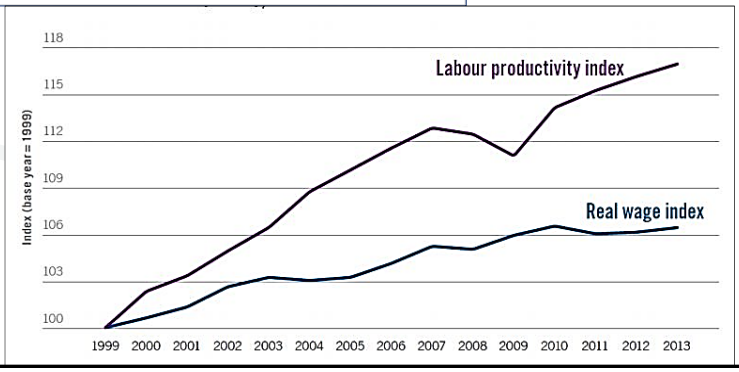
According to McKinsey, 2/3 of households in 25 advanced economies, the equivalent of 550 million people, had their wages and income flat or falling in 2015 compared with 2005.

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FALLING SHARE OF WORK SALARY IN GLOBAL VALUE ADDED 1980-2015

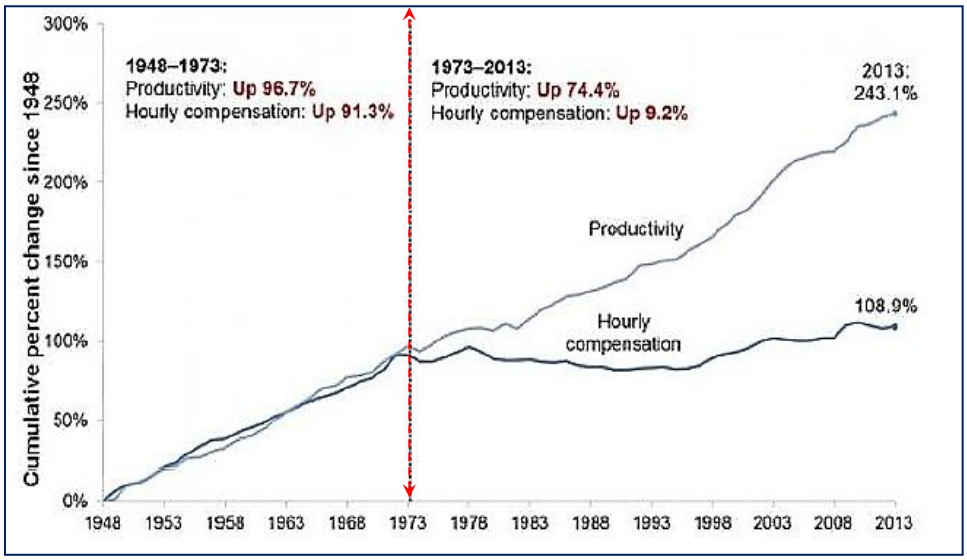
Scissor effect: gap between average wages and labour productivity in the OECD



Source: OECD data

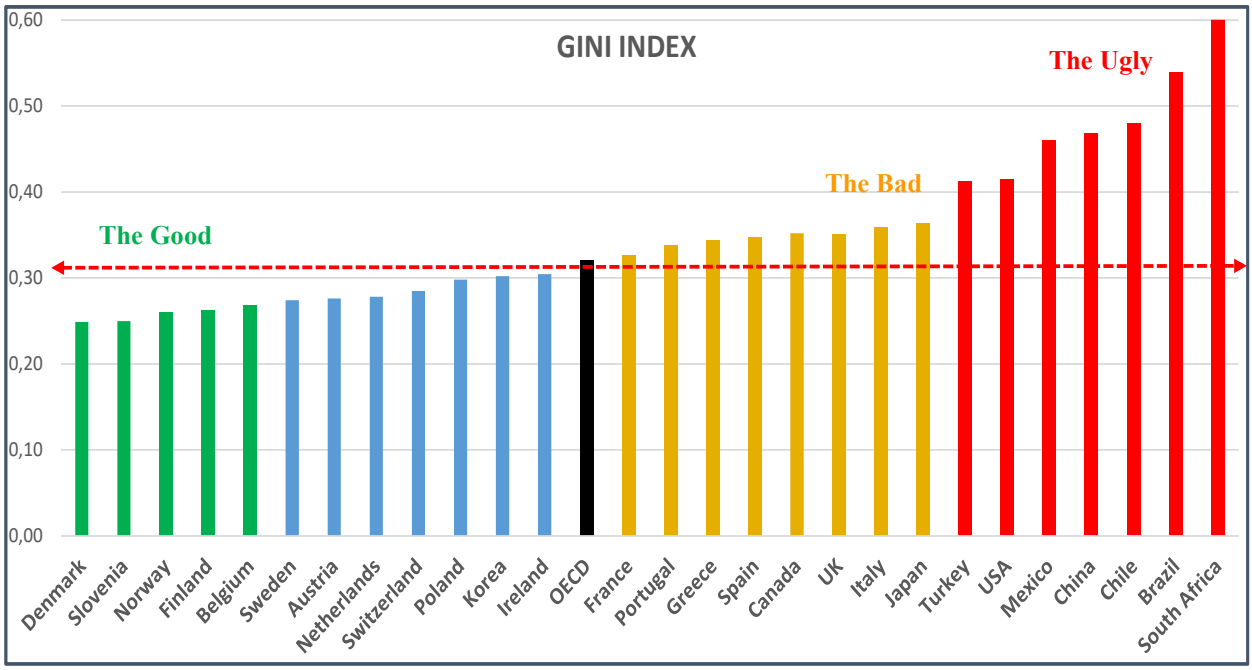
21

THE RACE BETWEEN WAGES AND PRODUCTIVITY IN THE US (AND MOST OECD COUNTRIES!)



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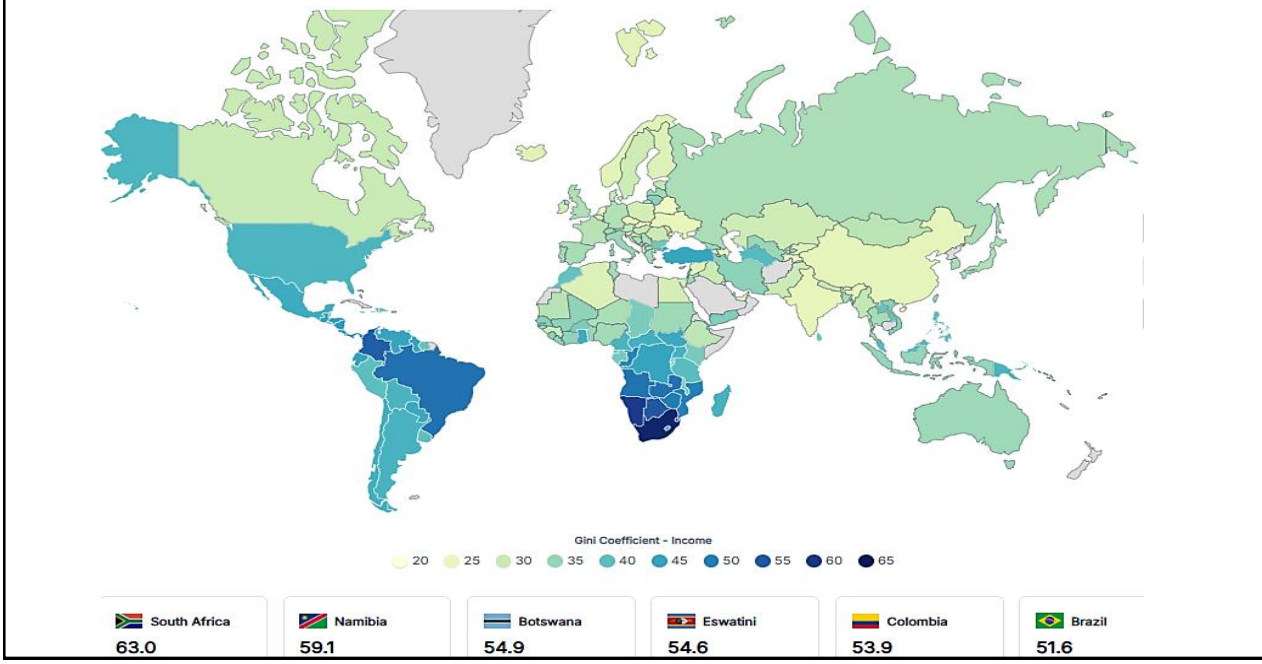


OECD , WB, FRED

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COUNTRIES RANKED BY GINI COEFFICIENT

HTTPS://WORLDPOPULATIONREVIEW.COM/COUNTRY-RANKINGS/GINI-COEFFICIENT-BY-COUNTRY



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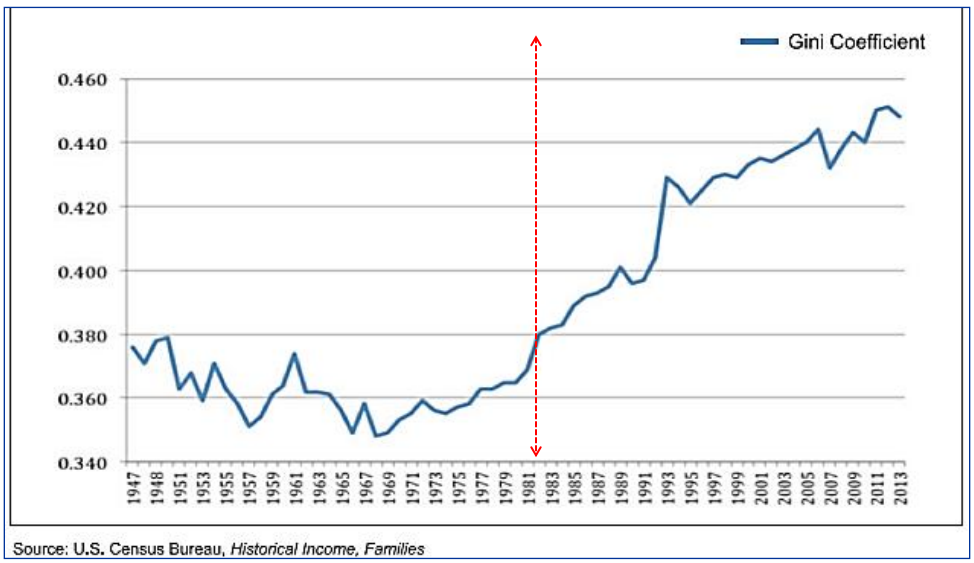
CHINA'S BREAKNECK GROWTH AND SHRINKING INCOME GAP



IMF

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

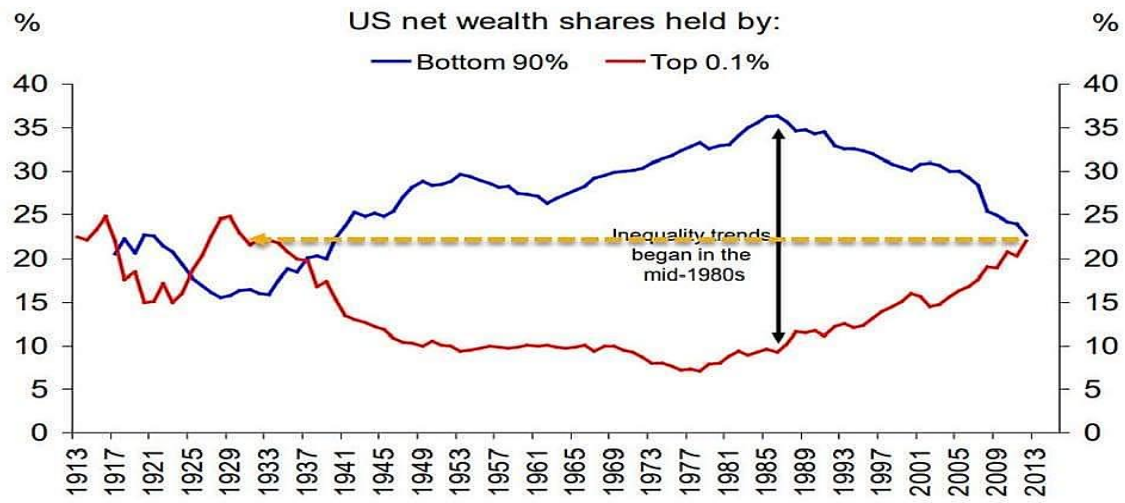


Source: U.S. Census Bureau, *Historical Income, Families*

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RISING INEQUALITY SINCE THE 1980S= DEREGULATION

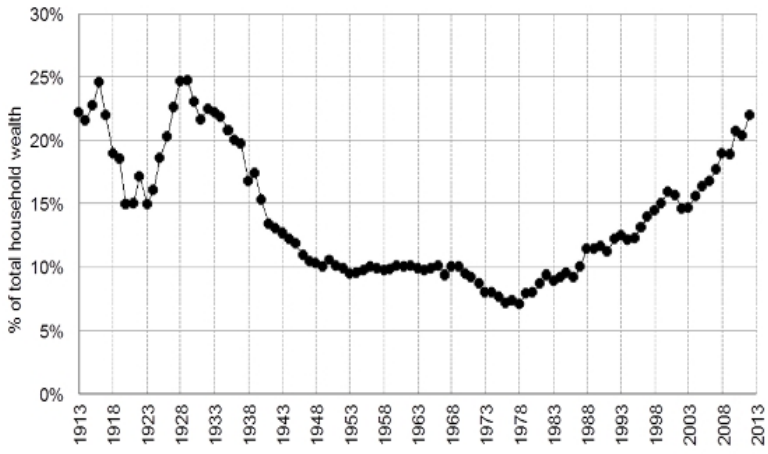
US: Top 0.1% owns as many assets as the bottom 90%



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

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US **WEALTH** ACCUMULATION: TOP 1% 1913-2013 = 22%



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

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

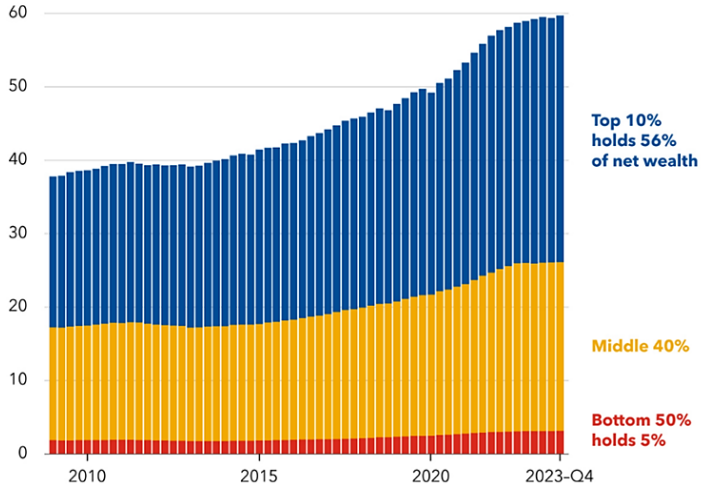
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11-2024: **DATA GAPS INITIATIVE**, A G20-LED PARTNERSHIP INVOLVING THE IMF, THE INTER-AGENCY GROUP ON ECONOMIC AND FINANCIAL STATISTICS, THE FINANCIAL STABILITY BOARD, AND STATISTICAL AUTHORITIES TO ENHANCE ECONOMIC AND FINANCIAL DATA QUALITY!

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

New euro area wealth accounts offer a clearer view of inequalities

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



Sources: European Central Bank.

IMF

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WHAT TO DO, THEN? NO SILVER BULLET SOLUTION





▶STIGLITZ

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

❖ Kuznets and Liberal school

Patience! **Trickle-down economics**

Better education, life-long learning and retraining, labour market mobility, human capital investment

▶PIKETTY

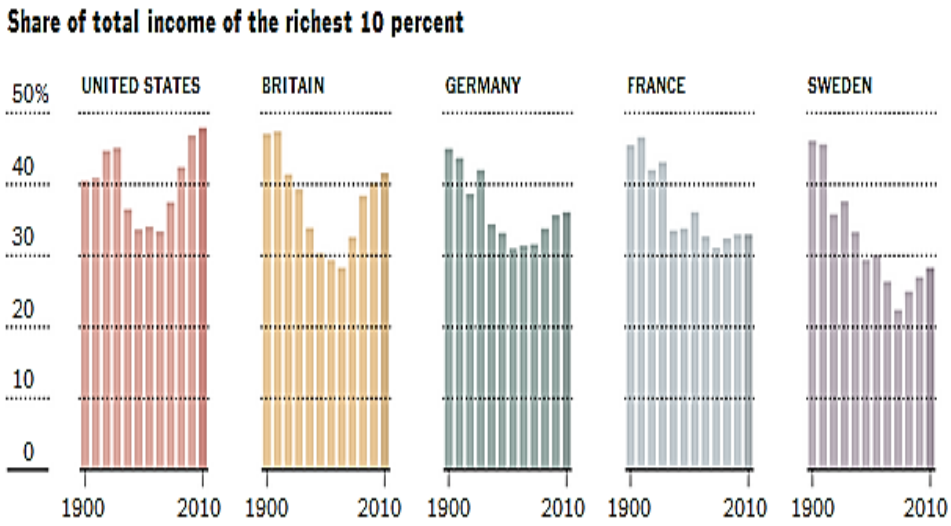
After WWII, « golden age » of capitalism, followed by **soaring inequality in 1980s**

= Global wealth tax



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



Source: T. Picketty 2014

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PIKETTY'S WEALTH GAP: RIGHT OR WRONG?

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

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

Brookings Inst., 03-2015
IMF 08-2016

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

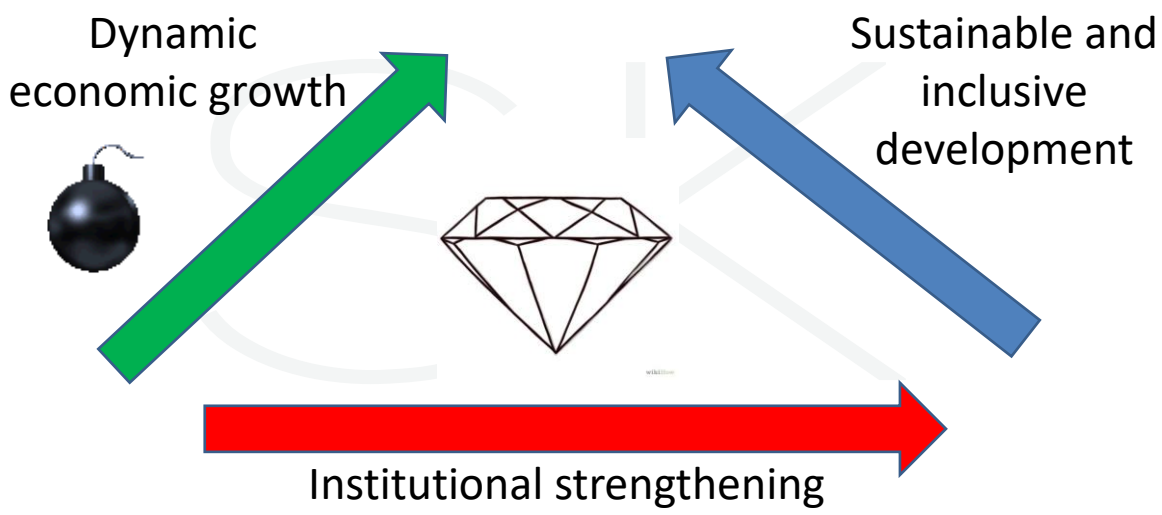
SUSTAINABLE GROWTH REQUIRES SOCIAL MOBILIZATION AND POLITICAL STABILITY WITHIN A « NATION » RATHER THAN IN A « COUNTRY »

- Development = social inclusiveness

Σ (policy choices + political choices)

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THE REQUIRED SOCIO-POLITICAL STABILITY TRIANGLE



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TRILEMMA OF GROWTH AND DEVELOPMENT?

