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Global economy growing, but poor not feeling impact – Report

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By Siaka Momoh

Worldwatch Institute's Mark Konold and Climate and Jacqueline Espinal want the introduction of alternative measures for gauging progress in the economy since, according to them, the Gross Domestic Product (GDP) has outlived its usefulness.

According to them, national progress is often measured almost exclusively by growth in the gross domestic product, or GDP; yet as the global economy inches upward, actual social and environmental well-being lags.

For them, therefore, alternative measures for gauging progress are needed to determine true prosperity. Their argument is contained in the Institute's latest Vital

Signs analysis. They argue: “The global economy grew moderately (at 4.49 percent) in 2013, resulting in a total combined GDP of \$87 trillion for all countries in the world. Emerging markets accounted for a large part of the growth (representing 50 percent of the total), as an affluent middle class formed and young workers migrated into cities, encouraging business investment in developing countries.

“Even as the global economy picks up, however, social challenges continue to mount. According to the United Nations Development Programme, average household income inequality in recent decades has risen in both industrial and developing countries. One billion out of seven billion people live below poverty levels and experience most acutely the dark side of development, such as global climate change, water depletion, food shortages, and biodiversity destruction.”

They argue that there has also continued to be labour shortages, increased globalisation, and mismatches between current skill levels and job requirements. “Developing countries were faced with a growing pool of willing workers in 2013, but limited access to credit for many small enterprises contributed to a lack of investment and job creation in these markets. In 2013, nearly 202 million people worldwide were unemployed, a 6 percent unemployment rate.”

They express their fear about growing world population and its associated negative impact. According to them, “World population is expected to reach 9.6 billion people by 2050, with much of that expansion happening in developing countries. As the world’s population continues to grow, there is legitimate concern about depleting Earth’s resources faster than they can be replenished. The Global Footprint Network, an agency that tracks humanity’s ecological footprint and nature’s capacity to replenish its resources, estimates that the world is consuming resources at the rate of 1.5 planets per year.

“Some studies have argued that the world must replace its growth economy with a steady-state economy, in which production is only replaced, not increased, while the economy continues to develop by improving and renewing its existing resources.”

Studies, according to them, suggest that although people’s level of happiness increases significantly when societies develop, high levels of uncertainty and social and economic inequality may run counter to this development. “Measures such as the Genuine Progress Indicator account for the social, educational, economic, and environmental activities that contribute to economic growth but that go unnoticed in current national accounting frameworks.’