

Globalization, world inequality and Asian growth,
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The lecture critically considers the impact of economic liberalization and globalization on inequality and poverty in a forthcoming volume, *Flat World, Big Gaps* (2007). Economic growth and economic inequities have been poorer in the last quarter-century compared to the 1960s and 1970s. Higher global inequality means that a very small share of economic growth - - which often exacerbates living conditions for the poor -- actually trickles down to the US\$2/day poor, who make up almost half the world's population. During the 1990s, only 0.6 per cent of additional global income per capita contributed to reducing poverty below the \$1-a-day line, down from 2.2 per cent during 1981-1990. This casts serious doubt on the dominant view that global growth should be the primary means of poverty reduction.

There is no simple answer to the question of whether or not the world is becoming more unequal. If a variety of methods are employed and compared, a complex answer emerges, as inequality is both declining in some ways and increasing in others. However, there has clearly been an enormous, recent increase in the gap between the very rich and the very poor. While growth of the world economy has slowed since the 1980s, and within-country inequalities have worsened, the distribution of world income among individuals and households may have improved a little for certain periods, mainly due to the exceptional economic performances of East Asia, especially China, and India. Except for about 20 countries, the slowdown in world growth has been more dramatic, the distribution of world income has unequivocally worsened, and poverty rates have remained largely unchanged.

Rapid growth and structural change have reduced poverty in East Asian economies. Income inequality has been low in Korea and Taiwan, but may have risen in recent years with economic liberalization. In India, Malaysia and Indonesia, poverty has declined, while income inequality trends have varied in Asia, rising most clearly in China and Thailand. Hence, the claim of egalitarian growth in East Asia may be less true since the 1990s.

References

Berry and Serieux

Sutcliffe

Woodward and Simms