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## GLOBAL ECONOMIC CHANGE AND INEQUALITY

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# GLOBAL ECONOMIC CHANGE AND INEQUALITY

## Definition

Global economic change includes economic restructuring, globalisation, technological changes, changes in labour market institutions, and spread of World culture and ideas. Though, the term inequality is very subjective, here inequality indicates the state of not being equal, regarding in rights, in status, as well as in opportunities which stands very much at the core of different social justice theories. Moreover, in their research many authors have distinguished “economic inequality”, mostly meaning as “income inequality”, “monetary inequality” or, “inequality in living conditions”. Additionally, economic inequality varies among societies, among different historical periods, among diverse economic structures as well as systems. This chapter discusses global economic change in terms of globalisation.

## Introduction

In recent decades, processes of post industrialization, economic restructuring, and globalization have been transforming the landscape of social and economic inequalities in general (Wade, 2003), and in urban settings in particular (Baum, 1997; Fainstein, 1990; Sassen, 1990, 1991, 1998; Waldinger, 1996). The role of cities as strategic sites in the globalization process and as arenas of economic transformation is central in the literature of globalization and economic restructuring (Fainstein, 2001; Sassen, 1988, 1998). Globalization, poverty and inequality are all so omnipresent and often ambiguous that they need to be defined.

## Globalisation, Inequality, and Poverty

Capital literature flows from the rich to the poor countries in the periphery, otherwise known as globalization, from before the end of the nineteenth century. The narrow definition of "globalization" means a greater integration of national economies into the global economy (Bordo et al., 2007). It comprises both processes and results. Processes are economic changes-liberalization of trade and capital markets and technological transition, such as cheaper and improved telecommunications and IT (Schjolden, 1999).

Globalization is the mechanism by which commerce and cultural exchange become gradually interconnected with the world (Leidner, 2010). Globalization has increased goods and services demand. The largest corporations in many countries are no longer domestic businesses, they are multinationals with subsidiaries (BBC, 2020). The near effects represent lower barriers to international flows of goods, capital, labour, technology, and ideas which ultimately increase international trade, which means that the local, regional and national economies are more integrated into the global market. Local economies are more vulnerable to global economic forces and are more impacted by them (O'Brien & Leichenko, 2000). A wider one that refers to the growing position of domestic and foreign market forces to assess goods and services distribution, expenditure and output and specific socio-economic outcomes. This expanded concept encompasses changes to domestic policy such as privatization and deregulation. For several reasons, globalization has become an important policy issue. As a process, it has been significantly accelerated since the 1980s, especially, for developing countries, driven mainly by trade (current account) and the liberalization of capital accounts (Dollar, 2001). Globalization has profoundly influenced so many areas, as shown in Figure 1.



Figure 1: Digital Image of Globalisation (Radhakrishnan, 2009)

Figure 1 shows that globalization has profoundly influenced the world and our day-to-day lives. The main cause of globalization is an increase in competition between companies. There are several factors leading to this problem (Weebly, n.d).

1. Countries that didn't have advanced manufacturing industries rapidly evolved in particular China and countries that used to import many of the goods they needed. They are now developing their own manufacturing sectors, which allows them to export more and import less than ever before. As a result, global rivalry is intensifying.
2. There were no handsets, smartphones or laptops 20 years ago. Most importantly, people were not provided with the internet. There was also very little contact among the people, that is why globalization was not always the case in the past. But now, with technological advances and internet access, connectivity in any part of the world is no longer a challenge for the people of modern times. It has made it easier for the world to compare prices and products not only globally, but internationally.
3. The security of industry has been reduced because of FTAs and economic unions. Consumers are thus able to purchase goods and access services without any import restrictions from other countries.

It is important to address the range of inequalities regimes, the nature of major institutional areas and the relationship between inequality or difference when dealing with multiple social inequalities in an analysis of the global process (Walby, 2009). Every series of social inequality relation is best understood as a system of inequality regime. Economics, crime, politics and civil society are also relevant while the primary institutional domain is regarded in terms of global inequalities (Kaldor, 2013).

In the international community of development there is increasing consensus that inequality and poverty must be regarded as multifaceted, including not only wealth but health, education and even civil and political freedoms as well. Increased inequality has caused many major problems affecting every country and its citizens. As capital is overwhelmingly concentrated in the hands of a limited number of individuals, global wealth inequalities are increased (Gottfredson, 2004). Furthermore, these issues lead to multiple problems between different ethnic groups and population divisions, not just in developing countries but also in the richest countries of the world. These papers sometimes include other indicators of well-

being, but largely for reasons of brevity, generally use the more narrow income definitions of poverty, \$1 or \$2 per day per person, the measures now embedded in international targets of halving income poverty by 2015 (Gentilini & Sumner, 2013). Income inequality is usually measured with Gini coefficients, upper to lower quartile/quintile/decile ratios and other statistical measures to summarise inequality within an entire population with a single number (Richard, 2003).

Globalisation in certain countries can be both a threat and a benefit to some businesses. In reality, many people's living standards are boosted. At the same time, though, people are still being drawn deeper into poverty. Not everybody who suffers from poverty is getting worse due to globalization. As globalization rising, market rivalry is growing. A business needs to be expanded to enhance its production output. To order to do so, they need more employment and that gives poor families a chance to live (Mayer, 1997; DeLuca et al., 2019). Some businesses, particularly small enterprises and third world countries, got worse as a result of globalisation. A failure to improve an invention leads to lower production profits than other firms (Vandenberg & Creation, 2006). As a result, the businesses benefiting from the globalization are not able to keep up. The workers then lose their jobs, which affects their everyday lives.

### **Dimensions of Globalisation**

Globalization is a dominant element of the modern world economy and one of the most important powers to decide the future direction of the world. In the course of the years, globalisation has been given various meanings, which have reached the point at which the verb "to globalize" was introduced for the first time in 1944 (Teubner, 2004). Previously only "global" and "globalization" concepts existed. Globally, the extension of the various links between cities is understood, creating a new phenomenon, but a special attribute as well. The conceptions of the "World Space" or the definition of the "World Geographical Space" are introduced, which remove the misleading effects of distances between cities and connect to each other (Entrikin, 1991). Globalization has been driven by the implementation of global technology in the field of geography that has contributed both to the physical expansion of new resources and to an rise in global sources and in the effect of global forces on local lives. In the context of globalisation, the big moments and powers of globalization mark the transition and the reference points. It has manifold dimensions: economic, political, security, environmental, health, social, cultural, and others. The dimensions of globalisation are shown in figure 2.

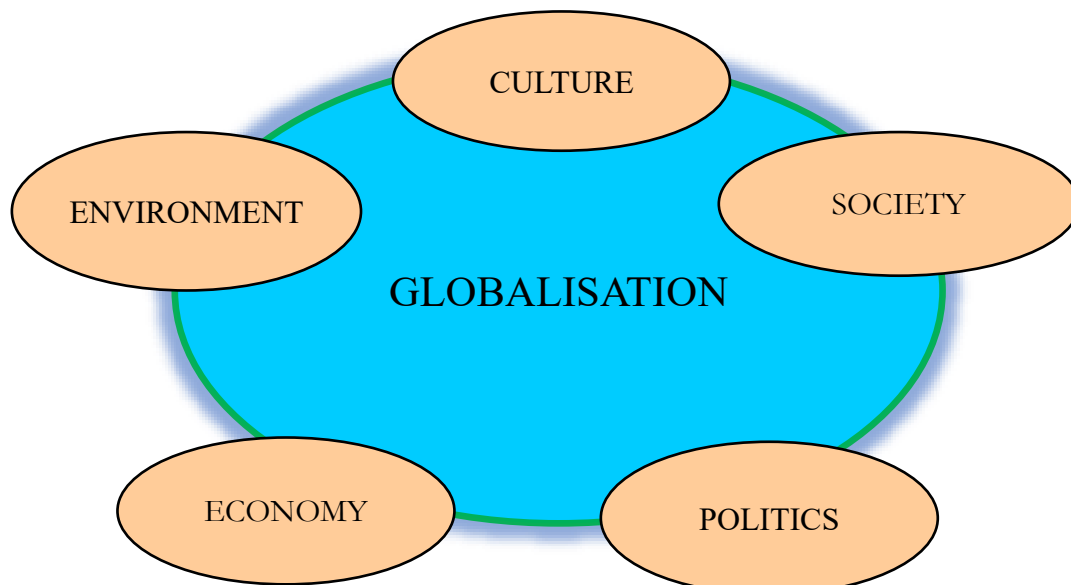


Figure 2: Dimensions of Globalisation (Mazilu, 2010)

Globalization seeks to improve the efficiency of markets around the world, increase competition, reducing military conflicts and distribute resources in a more equitable manner. There are both positive and negative aspects to globalization that are due to its competitive impact and that a number of negative aspects that can potentially lead to conflict could be offset by international or global cooperation through policy agreements or the development of new international institutions. A globalization can lead to foreign conflicts, it also can lead to its control by beneficial competitive effects and the ability of global collaboration to resolve the planet's economic and other challenges (Intriligator, 2004).

Intriligator (2004) summarized some of the gains associated with globalization in his paper "Globalization of the World Economy," outlining some specific challenges that should be discussed by governments and investors. Some of the benefits of globalisation including Foreign Direct Investment (FDI), Technological Innovation, Economies of Scale etc. FDI tends to grow at a much higher rate than growth in global trading, helping to boost technology transfer, industrial restructuring, and growth for global companies. Increased global competition helps stimulate the creation of new technologies, particularly with FDI growth, which contributes to improving economic performance by making processes more efficient. Globalization allows major businesses to achieve cost- and price control economies of scale, which in turn promote more economic development. This will, however, affect several small businesses that seek to compete at domestically.

On the other hand, interdependence between nations, national sovereignty, equity distribution are the some negative issues of globalisation. Interdependency between countries can lead to regional or global instability if local economic fluctuations eventually impact many countries that rely on them. Many see the emergence of nation-states, multinationals and global companies as a challenge to sovereignty. In the end, some leaders may become nationalistic or xenophobic. The advantages of globalisation, thereby generating greater economic inequalities, are overwhelmingly biased against rich countries or individuals. Writing in the Milken Institute's quarterly analysis by the end of 2017, Rodrik (2017) concluded that globalization needs to be rebalanced in order to regain more jobs and its employment and earnings stability needs and focus internationally on where economic progress can be made.

Globalisation has facets that also contribute to challenges and cause for concern alongside the benefits and progressive changes that carry to the nation-state level. Some of the world's problems like atmospheric warming, the ozone layer hole and cutting of rainforests show the globalization phenomenon in the most impressive way, because the global problems require a global approach. Naturally there are national and local problems in the field of the environment (Sadekin & Muhibbullah, 2020), but they have an over-border aspect, such as river pollution. There are other conditions not related to the concepts of time and space. For example, it depends on the actions of the world's population, particularly of developing countries, that is, the survival of very small island countries forming the organization AOSIS that have been severely under threat of continued growth on sea level. This also applies to people who rely heavily on the environment such as livelihood fishing (Sadekin et al., 2018a; 2018b; 2018c).

As to the social aspect of globalisation, the planet has become a 'global village,' creative communication networks that connect to the traditional communities (through chat, e-mails etc.) like families or neighbourhoods at great distances. Still, these traditional communication fields cannot be replaced, to name just one example within the social dimension.

There are big issues with the political aspect. Globalization and competition at local level limits national politics, many problems cannot be properly solved, but can be solved internationally and globally. New types and new political contexts must therefore be sought.

European integration is seen as a successful response to all the globalization challenges. At regional and national level, politics has endured, and still has, the unregulated and dematerialised economy practiced increasingly, domestically and globally. This fundamental imbalance also threatens capitalism, which is a factor of social status. However, not everything related to globalization is true. Politicians also use globalization as a form of scapegoat and as a justification mechanism with different uses. This is particularly clear if we consider examples from the political sphere that do not cross globalization at any point.

### **Globalisation and Economic Growth**

The impact of globalisation on economic output is a concern of economists and researchers from developed countries as well as from developing ones.

Globalisation, including its components, affects economic growth in well-developed countries (OECD countries) differently: in the short term the influence is weak, while in the longer term the connections from general, financial and social globalization to economic growth are established (Chang & Lee , 2010). According to Polasek and Sellner (2011) globalization had a positive effect on regional growth in the European Union (EU-27) countries. The rates of economic growth in these countries are increasing as globalization grows in Malaysia, Thailand, India and the Philippines too (Rao et al., 2011).

Globalisation is clearly relevant to economic growth in terms of economic, social and political indices. In these perspectives, a study by Ying et al. (2014) found that economic globalization has a positive impact on economic growth in the 10 ASEAN Member States, whereas social and political globalization has negative effects. This result strongly supported by Olimpia and Stela (2017) for economic globalisation and social globalisation but opposite results for political globalisation for Romania. Economic growth in well-developed countries (OECD countries) is distinct, including its elements, from globalization. The effect is low in the short term, while in the long term there is a correlation from general, cultural and social globalization to economic growth (Chang & Lee 2010). Globalization has greatly impacted regional development in the European Union (EU-27), according to Polasek and Sellner (2011). When globalization rises in Malaysia, Thailand, India and the Philippines, these countries are also growing economic growth rates (Rao et al., 2011). Some other studies found positive relationship between globalisation and political governance on economic growth through financial development and FDI (Fuinhas et al., 2019; Sadekin et al., 2015; Shittu et al., 2020). However, globalisation can impact a country's economic growth through various channels of which some are positive and some are negative. For instance, through technological innovation, FDI, economies of scale can impact economic growth positively which are shown in yellow colour in figure 3. Moreover, channels like inequitable distribution, interdependency, and threat to sovereignty can impact economic growth negatively. These are shown as pink in figure 3.

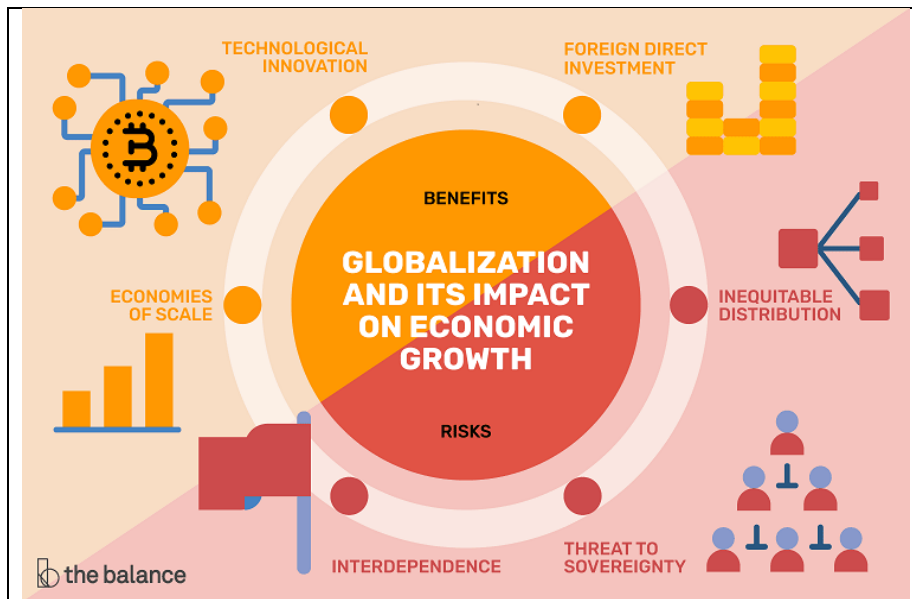


Figure 3: Globalisation and it's impact on economic growth (Kuepper, 2020)

### Winners vs Losers

Economic theory and empirical analysis are generally accepted on the optimistic net welfare impact of international economic integration. Nevertheless, globalization causes competition between winners and losers. Economic studies have so far centered on the impact of increasing foreign trade on the labour market (David et al. 2013, Dauth et al. 2014, Pierce and Schott 2016). While these studies found that exposure to trade with low-wage countries creates labour market instability in high-wage countries, they also show that the positive effects of trade on the labour market outweigh the negative. However, in economic analysis the political implications of this growth have been largely overlooked.

Recently, research articles have begun researching the political implications of growing foreign trade, motivated by the emergence of right-wing populism across Europe and by the rising polarization of US policy. Most work centres on the United States and explores the reactions of elected officials to the increasing resistance to globalisation by citizens (Feigenbaum and Hall, 2015; Jensen et al., 2016; Che et al., 2016; Dorn et al., 2016). The results indicate that politicians adjust their positions in favour of less liberal policies, especially protectionist policies. In a recent article, we use German data to analyse who takes the vote against globalisation (Dippel et al., 2015). This enables us to also clarify why voters are increasingly demanding populist policies. These issues were listed in Table 1.

Table 1: Winners vs Losers of Globalisation

Winners	Losers
➤ Economies with low-labor market and manufacturing services to export.	➤ The manufacturing industry in countries with high costs of labour.
➤ New middle class in developing and growing economies.	➤ The regions e.g. 'rust belt,' which has been seen a decrease in jobs.
➤ Economic benefit for exporters.	➤ Structural unemployment with previous manual laborers.
➤ Employees that are working in the export industries.	➤ Poorest 5% that had declining wages.
➤ Trained and professional employees have the opportunity to increase wages.	➤ Environmental impact of better productivity, trade and development.

➤ Global companies that profit from tax avoidance and externalization.	➤ Countries that are land-locked unable to grow export industries.
➤ Workers worthy of switching to higher-income economies.	➤ Economic and social burdens from migration.

## Dimensions of Inequality

The gap between rich and poor is widening rather than narrowing. According to a Pew Global survey, 77 per cent of Malaysians agreed that it's a major challenge of being the gap between the rich and poor (CompareHero, 2018). A global median of 60% says that the difference between rich and poor in their nation is a very large issue. There is much greater concern in developed economies and emerging markets (median 60% in each) but also in advanced economies (56%) (Pew Research Centre, 2014). Rich individuals and households from business, politics and celebrity culture live in a comfortable and prestigious elite world of pleasure and power. While millions of children are hungry, tens of thousands of women are subjected to domestic violence and poorly paid survivors. There are powerful institutions, customs, and ideologies behind these strong interpersonal contrasts, each strongly implicit in inequality structures. This circumstance creates pain and suffering, societal criticism and confrontation, and for others a deeper sense of religious outrage. One crucial argument to illustrate at the outset is that inequality is both global and regional. We often consider inequality to be a characteristic of individual countries.

A new report from published by Oxfam, shows the increasing rate of the disparity between rich and poor which is shown in Figure 4 (Oxfam, 2018). For instance, the wealthiest 26 individuals in the world today have the same wealth as the poorest half of humanity. During 2018, the combined fortunes of billionaires worldwide increased by an average of \$2.5 billion daily. In the meanwhile, almost half of humanity spends less than \$5.50 a day on wages or the relation of local purchasing strength. Racial and class differences are interwoven in.

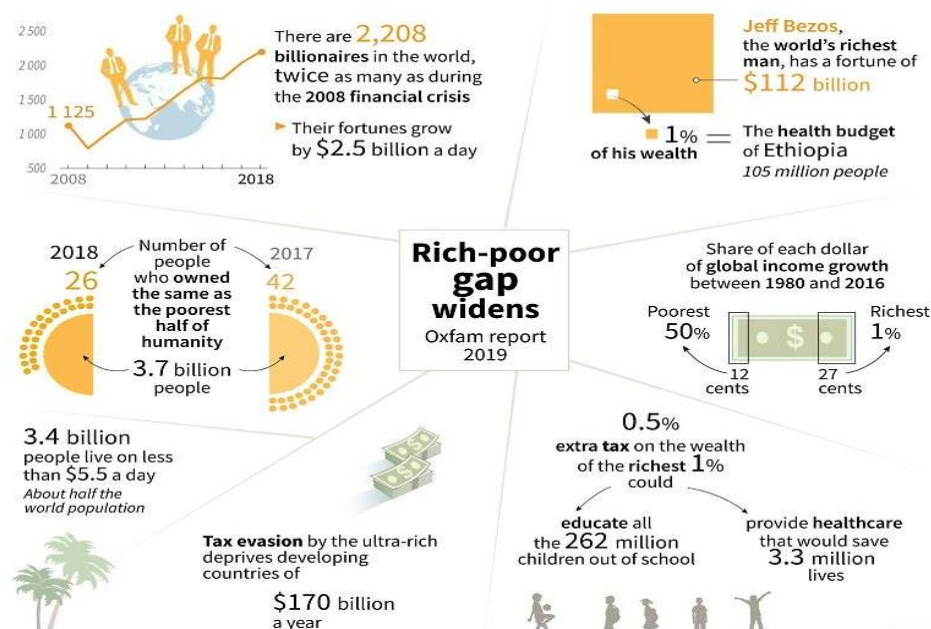


Figure 4: Inequality between rich and poor by Oxfam (Stilwell, 2019)

There is further division in developing markets. Pluralities in nine of the 25 countries surveyed by the Pew Research Center (2014) have blamed their government for inequality in their country, with roughly four out of ten or more in Ukraine (45%), India (45%), Lebanon

(43%), China (43%), Tunisia (43%), Turkey (42%) and Nigeria (39%). In the meantime, pluralities in another six countries, claim that workers' salaries are the primary scapegoat. Latin Americans – including Brazilians (44%), Chileans (39%) and Colombians (39%) are more likely to blame inadequate take-home pay for the gap between the rich and poor.

Citizens in developing economies are often torn by accusing the government for the income disparities and the workers' incomes being criticised. In Kenya (36%), Ghana (29%), and Tanzania (29%), inequality is a fault of their government, and Salvadorans (32%) tend to blame the amount paid to employees. Almost equal percentage in the Palestinian territories, also Bangladesh, Senegal and Uganda point out that the government and wages are the culprits for the inequality. Nicaragua is the country with the highest percentage (31%) that says there is a shortage of hard work (Pew Research Centre, 2014).

Nevertheless, there are significant differences within and across countries in terms of employment, education, health and social involvement. Many assume that social disparities are indeed partly the product of globalization. It suggests that the levels of global inequality will worsen unless globalization is radically reformed or countered by certain alternative social institutions. In fact, it is becoming increasingly clear that the magnitude of global disparity threatens the credibility of the financial system and its organisation by foreign economies, businesses, and systems of government. It was discussed at the World Economic Forum in Davos in January 2014. A variety of influential people have expressed social conflict and increasing pressure to control global business through governments (Kennedy and Martinuzzi, 2014).

Then global inequality is an extreme issue. The notion of extreme inequality is one way of summing up this, proposed by Pogge (2002, 2007). It requires the following five elements: (i) in absolute terms, the deterioration is very severe, evident in bad health and susceptibility to food insecurity; (ii) in relative terms, too, as the gap between rich and poor is widening; (iii) it is impossible for very poor citizens to change their position; (iv) Inequalities are multidimensional, and impact not only the income but all facets of life; and (v) inequality is avoidable because it could potentially be easier for the poor to be moved.

The American economist Simon Kuznets (1955) has over time established an inverted U-shaped hypothesis of inequality progression. Kuznets claims that early periods of industrialization saw comparatively small income inequality in pre-industrial society with the majority disadvantaged, but intensified again in the 20th century with expanded education and state allocation of wealth. It has been a significant intellectual frame of reference in the subsequent discussions. As other economists, Kuznets stresses sales as the cornerstone to recognizing inequality. That is because income is an essential tool for access to a variety of support services, including health and education, food, clothes and shelter. It can also be measured, at least for societies that carry out statistics and can afford to collect them. Economic openness to exchange, deregulated economies and competitive financial services are seen as a gateway to growing incentives and revenue worldwide. The key issue is the overwhelming evidence that rising income inequality is that both across countries and over several countries over the long term.

Although there is an economic case for injustice, it is not socially desirable. Under the rule of law, if we encourage capitalism to go on, injustice will create significant cultural, social and political issues. With increasing inequality, the rest would be dissatisfied with the sum relative to the top 10 per cent, as taxes are mostly cantered on the most efficient (or privileged) portion of the community (Holton, 2014). Milanovic (2011) calculates that the top 10 percent receive 56 percent of the world's income while the bottom 10 percent receive 0.7 percent. When allowances are made between rich and poor countries for different price levels, the relative share of the top group will expand and contracts will be made further in the bottom group, which will worsen the ration in the process.

## **Economic Growth and Inequality**

Inequality of income is a core feature of contemporary society, a central subject of social stratification and labour market study, a major cause of political tension in many countries and the target of a lot of intellectual debate and prescriptive reasoning (e.g. Blau & Duncan, 1967; Franklin et al., 2009, Rawls, 1971; Sen, 1973).

Galbraith (2011) explains since 1963 the emergence of inequalities in the global economy and the connection between wealth, growth, democratic regimes and efficient income distribution. Since 1971, the migration of inequality between countries has shown a consistent popular trend across countries, indicating that shifts in the intersectoral terms of trade and world interest rates were important. Commodity prices and global monetary policy effects therefore appear critical to changing global inequality. Galbraith (2011) has noted that democratic systems matter: forms of equitable systems have lower disparity measurements after accounting for economic factors, areas and adjustments over time.

A significant subject in macroeconomics is the relation between aggregate production and income distribution (Galor, 2011). The position played by income disparity in economic development has also lately attracted substantial coverage in political circles and in the mainstream. For example, the World Bank Organization has listed eradicating severe poverty and raising wages from the bottom 40 per cent of developing countries as a core global target for growth. The IMF has weighed in with the debate on the position and the impact of economic growth of income distribution (see for example Ostry et al. 2014). Lederman (2015) began his analysis on the grounds that changes in income inequality may differ between rich and poor countries per capita for GDP. This premise is based on theory of economics. In a main intervention, Galor and Zeira (1993) presented a model that demonstrated credit system imperfections and expenditure indivisibility to prove that discrimination has short-term and long-term consequences for GDP per capita. The Galor and Zeira models predict that the effect of increasing inequality on GDP per capita is negative in relatively rich nations but positive in poor nations. Lederman (2015) has found that, on average, an increase of 1 percent point of the Gini coefficient reduces GDP per capita by around 1.1% over five years; the long-term (cumulative) effect is higher and is about -4.5%.

A monograph by Borland et al. (2001) is an analysis on the regional phenomenon, which reflects on unemployment and wages and on the growing disparity in the labour market in Australia. They found that over the past 10 years, average real incomes over Australia have increased and land and capital prices have boomed. However, there have also been decreased incomes and increased dependence on the social support program among certain people and communities.

Living standards are somewhat different across various locations in today's world. Yet over time they have evolved too: working environments improved drastically in certain areas, slower in others. In the midst of these major global changes and inequalities, our individual stories largely decide how healthy, wealthy and educated each of us is in our own lives. These factors influence us. It's all about our own hard work and life choices. Yet as the evidence indicates, they are far less relevant than the one aspect we do not have any power over: where and when we are raised. This single, absolutely arbitrary aspect defines essentially the circumstances under which we live our lives.

Today's global inequality of opportunity means that good or bad luck in your place of birth is what matters most in your living conditions. The inequality between countries focused by Roser (2013) that it is not the only aspect to be considered. In countries and cultures, disparities - ethnic variations, racial gaps, class differences and inequality in various

dimensions - are often high and these are outside the reach of each person and unfair in the same way.

Concluding remarks stated by Roser (2013) in his writing on “Global Economic Inequality” are as follows:

- a) As Atkinson (2015) has noted, "We ought to look at the inequalities of result today because we are worried about equity of opportunities tomorrow."
- b) The growing imbalance in opportunities in today's society is the product in structural disparities of wellness, income, employment and many other factors of our lives.
- c) Your conditions are determined far more by what is beyond your control – the place and time in which you are born – than by your own efforts, your dedication and your life's choices.
- d) This is not appropriate whether the randomness of a child's conception dictates the prospects of life, employment or surviving without deprivation. We must stop this injustice so that children with the best living conditions are born as likely as in Europe or North America, in Sub-Saharan Africa.
- e) The inequality we see today in the world is the result of unfair progress. Our generation has a chance – and I believe its responsibility – to enable every part of the world to develop and become a place where health, access to education and prosperity are a reality.
- f) The achievements in the past and the tremendous disparity of the world today reflect what is feasible for the future. The quotation from William Gibson "the future is already here, it's just unevenly spread," is valid for the human development cycle and a clear roadmap for what is likely in any region of the future.
- g) We focus at Our World in Data on "data and research to advance against the biggest world problems" (this is our mission), and one of them is global inequality.
- h) Once we are aware of what is possible, we can not surely accept today's brutal reality that it is the place where a child is born which defines its chance of survival. In our new series on child mortality, the research shows how this is possible.
- i) It was right for Mahatma Gandhi that he said, "The difference between what we do and what we can do is enough to solve most of the world's problems."

## **Global Economic Inequality**

While spatial inequalities are integral to global social divisions, there are comparatively few accounts which link past inequalities to those of the present. Much public commentary on global inequality reaches straight for the latest evidence or stories about inequality attributing current problems and crises simply to contemporary institutions and activities. This has the merit of being relevant and topical. Yet it forecloses on some very important questions about long-term rather than short-term patterns and explanations of inequality.

Understanding the causes of economic inequality is critical for achieving equitable economic development. To investigate the recent evolution of economic inequality, many researchers conducted their study for different country and regions for different aspects.

Researchers found many causes to vary the global economic inequality. Deffenbaugh and Burke (2019) identified that global warming has increased the global economic inequality. They found that global warming has very likely exacerbated global economic inequality.

According to them, over the past half century between-country inequality in population-weight has been increased almost 25%. This increase results from the impact of warming on annual economic growth, which has accumulated robust declines in economic output in hotter, poorer countries. Thus, the global warming caused by fossil fuel use has likely exacerbated the economic inequality associated with historical disparities in energy consumption.

Development may take place with increasing inequality (Gagliani, 1987). Today's developed (Western) countries were supposedly mainly influenced by a tight labour market, education expansion and democracy. All this materialized as the share of farm labour had decreased significantly. On LDCs, neither of them can be pushed. Similarly, Chiswick (1971) investigated the impact of the degree of economic growth and the pace of economic development on income disparities in the consumer economy. A human capital model is used, which assumes that proportional wage disparity rises with economic growth, *ceteris paribus*.

Sumner (2017) discussed a distributive conflict in their article, which they described as the 'developer's dilemma'. In fact, the problem or challenge is that developed nations follow two possibly incompatible growth targets. i.e (i) Economic development by structural transformation and efficiency growth centred on the reallocation of economic activities within and across the sectors, and (ii) Inclusive growth usually described as strong economic growth that is especially advantageous to the poorer in society. Where the first criteria 'structural transformation' was planned to expand inequalities. Although the above means equitable development that stable or even declining inequality is important to distribute development gains broadly. The 'developer's dilemma' is thus a distribution conflict that forms the nucleus of economic development.

The Lewis economic development model was chosen by Sumner (2017) because it is based on structural transformation for the economic development and therefore ideally fits in with the structural transformation study and how inclusive growth interacts with structural transformation. The original rise in disparity was expected by Lindert and Williamson (2003). In this context, although Lewis and Kuznets envisaged a downswing, Lindert and Williamson (2003) suggested that inequality tends to develop due to expanded wealth in rural areas in the industrial sector as agriculture transitions towards business focus.

## **The way forward**

Income inequality is a core characteristic of modern society, a primary research subject in social stratification and labour economics, an important cause of political conflict in many nations and a major theme for philosophical study and prescriptive argument (e.g. Aristotle, 1985; Franklin et al., 1992; Sen, 1973). Recently, under the headings "social justice," "equity" or "legitimation of inequality" the thriving tradition of empirical study into the roots and evolution of human norms on income distribution has emerged (Alwin, 1987; Gijsberts, 1999; Kelley & Evans, 1993; Kluegel & Smith, 1986; Zagorski, 1994). Achieving equitable economic growth is also essential to understand the causes of economic inequality. Diffenbaugh and Burke (2019) have found that anthropic climate forcing increases economic inequality among countries. According to Mills (2014) the large cities will experience additional warming due to the urban heat island effect, that is, the change of local climate patterns caused by urbanization. Several large cities are taking climate change into account in long-term strategies for which the inequality also been increased. According to Yeung (2002), exposure to social actors," who not only build up globalisation, but experience major changes in their social life, are the missing problem in the globalisation agenda. These actors will link the seemingly non-human mechanisms of economic globalisation with their manifestations in different kinds of human activities, behaviours and fighting to minimise economic inequality by means of globalisation.

## Synonyms

*Internationalisation, Mundialisation, Proliferation, Global Economy, Inequality*

## Cross-References

Inequality Within Nations; Measurement of inequality; Economic thoughts on inequality; Local and global environmental sustainability; Economic measures of inequality; Political inequality; Economic Policy to Reduce Inequality

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