Globalization and Inequality among World Citizens.

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The precise figures and statistics regarding globalization and its related aspects sheds a lot of light on how the world, including countries and continents, is progressing economically and socially. The inequalities between world citizens seems to have accelerated because of globalization, as the more developed and advanced countries gain opportunities that the developing and undeveloped countries cannot share, due to numerous reasons. However, the 'fear of globalization', in so far as inequalities are concerned, may be a little exaggerated.

On the contrary, globalization has actually reduced inequalities, on a variety of domains, and thispaper aims to highlight this fact.

This line of thought, that globalization in fact leads to a reduction in inequality, goes against the common belief. The definition of globalization lays stress on the aspect of 'open economies,' that is, countries become more open, with regards to trade, goods, services, capital, labour, and technology. The citizens of a nation gain more opportunities, in a number of spheres- especially travel and tourism. There is outsourcing of jobs, thus ensuring a wider employment market, as well as a reduction in the cost of labour.

To analyse the actual effects of globalization, one has to take two interrelated perspectives- the national perspective, as well as the wider global scenario. There are several statistics related to globalization, based on a timeline of the years 1960 to 2014. The timeline depicted the evolution of the share of the Gross Domestic Product (GDP) of countries, which has been generated by exports. This phenomenon was a good indicator of the opening of the world economies.

In the beginning of the 1960's, a little above 10% to 12% of the world's GDP was generated by the total exports. Currently, this figure has reached almost 30%, with the exception of the 2008 financial crisis. After 2008, the trends in globalization saw a break in their continuity. However, from an economic perspective, economies have been becoming more and more open, and there has also been a rise in migrants and the rates of migration between nations.

Between the years 1960 to 2014, the total stock of migrants increased significantly, but this can also be attributed to the rise in the world's population. If we consider the ratio of the migrants to the overall population, then the picture presents a different perspective. One can see a stagnation of the growth in migrants, up to the beginning of the 1980's, and a relatively huge increase in the ratio of migrants to the overall population, up to the 2008 crisis period. Since the crisis period, this ratio is gradually declining.

Another indicator of globalization is the growth in the yearly number of tourists. From 1980 onwards to 2016, the growth of tourists shows an absolute trend, i.e., a significant increase. The increase in travel is also quite impressive. Contrary to other indicators, this sphere has not been much affected by the 2008 economic crisis.

These broad indicators of globalization project similar trends, which seem to have produced positive outcomes. Globalization has resulted in improved connectivity between people and nations, along with an increase in the availability of goods and services; in addition, the imposition of a uniform culture is also one of its outcomes.

Now, having understood the definition and outcomes of globalization, the focus shifts to understanding whether globalization has created a wider gap between people in terms of equal opportunities, or not. Inequality is a complex notion; what does it basically come down to? There are inequalities arising out of differences in the consumption expenditure. Consumption expenditure refers to the amount of income that is spent on the consumption of goods and services, estimated on an annual basis.

This figure is different for different countries, due to the value of the currency used in each country. Hence, after estimating the annual average consumption expenditure of a nation, the resulting figure has to be converted into a common estimate, so that it can be compared across economies. Thus, the estimates of consumption expenditure are converted into the US Dollar by using a method known as Purchasing Power Parity (PPP). PPP helps to determine the real exchange rate of different currencies, so that a comparison between them might be effected. This comparison uses a 'basket of goods' approach to compare currencies- i.e., it measures how much a basket of common goods is priced across different countries, in order to determine the exchange rates.

While determining what constitutes the basis for inequality, many scholars talk about inequality of income, or wealth. However, income is not an easy variable to measure, especially while making international comparisons. On the other hand, it is relatively easy to measure consumption expenditure- one method is by using sample surveys. In India, there is the National Sample Survey Organization, that conducts detailed surveys on consumption expenditure, and these surveys are more or less the same in many countries.

The question to be raised is,'What does it mean for a distribution of income, or consumption, or wealth, to be more or less equal for different individuals, groups of people, or countries as a whole?' Very often, most scholars focus only on the top key incomes, i.e, the incomes of the highest section of the population- the top 1% or 2% of the population. They state that equality goes down, when the fraction of income held by this top 1% goes down. In other words, inequality goes up when the share of the total income held by the top 1% of the population goes up.

A more robust, inclusive approach using the Lawrence Curveexplains the distribution of the share of the total income held by the poorest individuals. This approach, however, focuses only the aspect of inequality with regards to income, and not on efficiency, which tends to impact this domain.

The distribution of incomes of similar people around the world can be used to determine inequality among world regions, by using the Purchasing Power Parity and the price index. The result is that globalization has actually led to a reduction in inequality, of world citizens. The data source of these statistics has been derived from the Global Consumption and Income Project. This project has been undertaken by three Indian scholars, using a compilation of data from several National Sample Surveys in India, and several others, from more than 50 countries. These surveys span the timeline of 1960 to 2014.

The Lawrence Curve shows the distribution of population from the poorest to the richest, and the share of the total consumption held by these people. The beginning of the period is the year 1984, which shows the unequal distribution of consumption. The poorest sections of the population hold a very small share of the total global incomes, whereas the extremely rich hold a major portion of the total global incomes. In 1994, the Lawrence Curve showed an increase in inequality; however, after this period, inequality among global citizens declined, and in 2014, it declined even further. That is, in the year 2014, almost all major sections of the population hold a higher share of the total global income. The gap between the key richest and the poorest sections of the global population was smaller, as compared to earlier decades. This phenomena points towards an indisputable reduction in inequality.

CONCLUSION:

In the immediate years following globalization, inequality among world citizens was higher. However, after the year 1994, inequality is at a decline, at least in the global economic scenario. The share of consumption expenditure and incomes held by the poorer sections of the global population is actually increasing, which is a good sign. The question therefore arises: Why are people so concerned about globalization and its presumed impact on equality? The answer is that people look at this situation from a within-country perspective. The national perspective of globalization and inequality presents a very different picture, as compared to the overall global perspective.