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Rising Inequality in the New Global Economy

by Nancy Birdsall

Matti Remes

Rising Inequality: the Development challenge of the 21st Century

The world is becoming 'flat' says Thomas Friedman, a New York Times columnist, in his new bestseller *The World Is Flat: A Brief History of the Twenty-first Century*. A globophile (an enthusiast of globalization), Friedman is urging the US to take note of China and India's ability to compete on a new, Web-enabled global playing field. The US needs to adjust to the new, flat world, one in which its longstanding technological and economic dominance is ending.

True: In the new global economy, the US may no longer easily dominate. But the world is not, in fact, flat. Some entire countries and many people in many countries are stuck in deep craters that mar the global landscape. Those of us on the top, with the right education and in the right countries, can easily overlook the injustice and the frustrations they endure, and the problems they pose for the endurance and prosperity of the 'flat' world.

The craters are real and deep. Global inequality across countries is high and rising. The US, Europe and Japan are now 100 times richer on average than Ethiopia, Haiti and Nepal, basically because the former have been growing for the last 100 years and the latter have not. That difference across countries was about 9 to 1 at the dawn of the 20th century. Rapid growth in India and China, two of the world's biggest and poorest countries, means inequality across the world's people is beginning to decline. But the decline is from astonishingly high leels. Differences in personal income (comparing the richest 10 per cent of Americans to the poorest 10 per cent of Ethiopians for example) are well above 10,000 to 1, not 100 to 1.

Why Inequality Matters

Consider why high inequality matters, both within and across countries. It matters especially within developing countries, where people are more likely (and justifiably) to see in it signs of injustice, insider privilege, and unequal opportunity. They are often right. In developing countries inequality is usually economically destructive; it interacts with underdeveloped markets and ineffective government programs to slow growth – which in turn slows progress in reducing poverty. Economic theory suggests why: weak credit markets and inadequate public education mean only the rich can exploit investment opportunities. Middle income and poor households cannot borrow and miss out on potentially high returns on their own farms and small business ventures for example – often higher returns than the rich are getting on their capital. The most able children of the less rich miss out on the education and skills that would maximize their own economic prospects and their countries' own growth.

Latin America is an unfortunate example – where historic high concentration of land and the concentration of income associated with exploiting mineral wealth have left a legacy of limited educational opportunities, a small and state-dependent middle class and a large majority of poor and near-poor households. East Asia, in comparison, had the good luck to inherit after the Second World War an equal distribution of land and the political impulse (for lack of natural resources, perhaps, and for fear of Communist movements in neighbouring countries) to invest heavily in education and health – producing a growing middle class based on increasing productivity in smallholder agriculture and technology-savvy job-intensive manufacturing.

In settings where inequality has taken hold (much of sub-Saharan Africa, Eastern Europe and China in the last decade), there is also the risk that the institutions of government will, in a vicious circle, fail to respond to citizens' basic needs. It is the middle class in Western democracies that demands and commands accountable government. Most developing countries have very few households that could be called middle class – and the more unequal their income distributions the smaller their middle class. (In Brazil the 20 per cent of households in the middle of the income distribution capture less than 10 per cent of Brazil's total income, and at about $1700 per capita per year are well short of 'middle class'. In Sweden their comfortably well-off counterparts are about 15 times richer and capture 18 per cent of total income.) Without a solid middle class, even the most responsible government leaders are caught between the temptations of populism and protectionism on the one hand – using inflationary financing to quell the insecurities and frustrations of the insecure majority – and the reluctance of the rich to finance the tax burden associated with long-term productive investments in education and infrastructure. One result: In countries where inequality is high – Brazil and Nigeria – recent progress in increasing educational opportunities still leaves the children of the poor with just three to five years of education, while their rich counterparts have 10 and more years. Income and wealth inequality in one generation can too easily undermine the best governments' political capacity to guarantee more equal opportunity in the next.

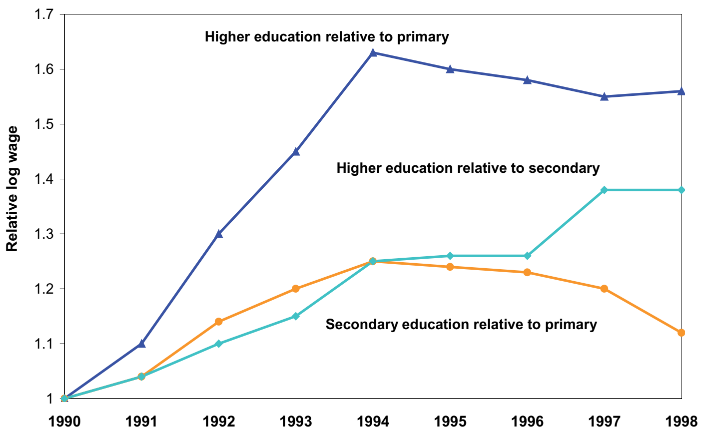

Figure 1 Relative returns to different levels of education in Latin America Source: Behrman, Birdsall and Szekely (2003). 'Economic Policy and Wage Differentials in Latin America.'

Globalization and Inequality

A fundamental challenge posed by the increasing reach of global markets ('globalization') is that global markets are inherently dis-equalizing, making rising inequality in developing countries more rather than less likely. There are at least three reasons.

First, the tremendous economic gains associated with deeper and more efficient global markets are not equally shared. Markets, after all, reward those who have the right assets – financial capital, human capital, entrepreneurial skills. In fact in the global economy, it turns out that the 'right' asset for individuals is higher education. The returns to higher education have been rising all over the world, especially since the early 1990s – increasing rapidly the salary premium enjoyed by university graduates.

Figure 1 shows the average relative rate of return to education for 18 Latin American countries – with returns to higher education growing much faster than the returns to lower levels of education. More integrated trade markets, capital flows, and global technology, including the internet, are increasing the worldwide demand for skills more rapidly than the supply (despite increasing enrollments). That increases inequality within countries – China and India are good examples. It can also increase inequality across countries by encouraging emigration of highly skilled citizens, who naturally are most likely to leave the poorest countries where they are least able to deploy their skills productively.

As with individuals, some countries too entered the era of globalization with the wrong asset. Countries such as Mali, Uganda and Venezuela are highly dependent on primary commodity exports – whether oil, coffee, or cotton. They have not resisted globalization – indeed their trade ratios (exports plus imports over their GDP) were higher two decades ago than those of the today's most successful 'globalizer', China, and remain comparable or higher than those of China and India today. They have also reduced their tariffs against imports to rates comparable to their developing country counterparts. But the world price of their exports has declined dramatically relative to manufacturing prices, and they have lost out, failing to grow. Without the political and economic institutions (nor the middle class) necessary to generate stable and credible policy, they have been unable to attract private investment that would have enabled them to diversify. As education is the 'right' asset for individuals in the global economy, sound and stable institutions can be said to be the right asset for countries.

A second reason why globalization is dis-equalizing is that global markets are far from perfect. They fail in many domains. The classic example of a market failure is that of pollution, where the polluter captures the benefits of polluting without paying the full costs. At the global level, high greenhouse gas emissions of the US are imposing costs on poor countries. Similarly with global financial crises; the financial crises of the 1990s that affected Mexico, Thailand, Korea, Russian, Brazil and Argentina were in part due to policy errors in those countries. But a healthy portion can be blamed on the panic that periodically plagues all financial markets. The result tends to be dis-equalizing over the long run within countries. In Korea, Mexico and Thailand, financial crises reduced the income shares of the bottom 80 per cent of households compared to the top 20 per cent. In Mexico, the accompanying recession in 1995 led the poor to take their children out of school – and many never returned. In developing countries, the bank bailouts that follow crises generate high public debt (amounting to 10 to 40 per cent of annual GDP compared to 2-3 per cent on average in advanced economies). High public debt keeps domestic interest rates high, stifling investment, growth and job creation – all bad for the poor – and increases the pressure on emerging market economies to generate primary fiscal surpluses, in the long run reducing their ability to finance sound broad-based investments in health and education – and their ability to spend more on the unemployment and other safety net programs that protect the poor in bad times.

Finally, global markets tend to be dis-equalizing because trade, migration, and intellectual property regimes at the global level naturally reflect the greater market power of the rich. Today's battle to reduce rich country agricultural subsidies and tariffs that discriminate against poor countries is a good example. The problem arises not because of any conspiracy but because domestic politics in Europe, the US and Japan, as perverse as they are, matter more at the negotiating table than unequal market opportunities for cotton farmers in West Africa. What is true of the design of multilateral rules is also true of implementation. Developing countries recently won the right to issue compulsory licenses to produce locally cheap medicines. But some have hesitated to invoke their right because of implicit pressure from the US to limit their access to the US market in other ways.

A Global Polity

What can be done about the resulting challenge to global security, stability, shared prosperity, and most fundamentally to global social justice? Because global markets work better for the already rich (be it with education or for countries with stable and sound institutions), we need something closer to a global social contract to address unequal endowments – to increase educational opportunities for the poor and vulnerable, and to help countries build sound institutions. That is what the Millennium Development Goals are of course about. Because global markets are imperfect, we need global regulatory arrangements and rules to manage the global environment (Kyoto and beyond), help emerging markets cope with global financial risks (the IMF and beyond), and ways to discourage corruption and other anti-competitive processes (a global anti-trust agency for example). And because global rules tend to reflect the interests of the rich, we need to strengthen the disciplines that multilateralism brings, and be more creative about increasing the representation of poor countries and poor people in global fora – the IMF, the World Bank, the UN Security Council, the Basel Committee on Banking Regulation, the G-8, and so on. We need renewed efforts to complete the Doha multilateral trade round as indeed a 'development' round and a willingness to contemplate new global institutions to manage new global challenges – for example a UN-based International Migration Authority.

We need, in short, creative thinking about the reality that we have a vibrant and potentially powerful instrument to increase wealth and welfare: the global economy. But to complement and support that economy we have an inadequate and fragile global polity. A major challenge of the 21st century will be to strengthen and reform the institutions, rules and customs by which nations and peoples manage the fundamentally political challenge of complementing the benefits of the global market with collective management of the problems, including persistent and unjust inequality that global markets alone will not resolve.


Samuli Siirala

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Global Inequality in Historical Perspective

by Richard Jolly

During the 18th and 19th centuries, political economists wrote about inequality as a central issue of their time, important as a mechanism of development and for its links with poverty and social harmony. Adam Smith declared

'Wherever there is great property, there is great inequality. For one very rich man there must be at least five hundred poor, and the affluence of the few supposes the indigence of the many.'

Smith emphasized the way such inequality led on to the need for government to maintain law and order.

'The affluence of the rich excites the indignation of the poor, who are often both driven by want, and prompted by envy, to invade his possessions. It is only under the shelter of the civil magistrate that the owner of that valuable property… can sleep at night in security… The acquisition of valuable and extensive property, therefore, necessarily requires the establishment of civil government.'

Smith though blunt, was measured. Thomas Paine writing two decades later presented his analysis with pre-Marxian vitriol. He focused on land as the source of inequality.

'It is very well known that in England (and the same will be found in other countries) the great landed estates, now held in descent, were plundered from the quiet inhabitants at the conquest. The possibility did not exist of acquiring such estates honestly… That they were not acquired by trade, by commerce, by manufactures, by agriculture or by any reputable employment is cetain. How then were they acquired? Blush, aristocracy, to hear your origin, for your progenitors were Thieves…When they had committed the robbery, they endeavoured to lose the disgrace of it, by sinking their real names under fictious ones, which they called Titles. It is ever the practice of Felons to act in this manner.'

By the mid 19th century, industrialization had advanced and poverty had deepened, especially in the towns in the United Kingdom. The statistics suggest that in terms of income distribution little had changed. The average income of the richest five per cent was still some 80 times estimated income per head. By this time, John Stuart Mill and Marx had taken up the cudgels. Mill, though considering the acquisition of individual property through one's own labour as just, wrote damning indictments of the origins of the actual distribution of property in Europe at the time.

'The social arrangements of modern Europe commenced from a distribution of property which was the result... of conquest and violence: …the system still retains many and large traces of its origins. The laws of property have never yet conformed to the principles on which the justification of private property rests. They have made property of things which never ought to be property, and absolute property where only a qualified property ought to exist. They have not held the balance fairly between human beings, but have heaped impediments upon some, to give advantage to others; they have purposely fostered inequalities, and prevented all from starting fair in the race.'

Mill analyzed the role of law in this process, which seems to have its own parallels today.

'…if the tendency of legislation had been to favour the diffusion, instead of the concentration of wealth – to encourage the sub-division of the large masses instead of striving to keep them together; the principle of individual property would have been found to have no necessary connexion with the physical and social evils which almost all Socialist writers assume to be inseparable from it.'

We need to jump ahead to the time of the United Nations to recover some of the blunt and colourful language of the early and mid 19th century economists. The 1951 UN report on *Measures for the Economic Development of Underdeveloped Countries* made much of the need for land reform – and re-introduced some of the early outspokenness. The UN expert committee (including two subsequent Nobel prize-winning economists, Arthur Lewis and T.W. Schultz) shifted the emphasis from how the land was acquired to how it was owned and how it was used – with the focus on landlord- peasant relationships.

'In many under-developed countries, the cultivators of the soil are exploited mercilessly by a landlord class, which perform no useful social function. This class strives to secure itself the major part of any increase in agricultural yields, and is thus a millstone around the necks of the peasants, discouraging them from making improvements in agriculture and, in any case, leaving them too little income from which they might save to invest in the land. In such countries, land reform abolishing the landlord class is an urgent pre-requisite of agricultural progress.'

In the 1970s, income distribution emerged again in the context of the ILO's World Employment Programme. The ILO country mission to Columbia in 1970 made inequality of income distribution the centre of its analysis. Within two years, redistribution from growth became the integrating core of the ILO mission to Kenya which in 1974 led to the IDS/World Bank Study on *Redistribution with Growth*, generalizing strategies for linking growth with redistribution and providing case studies of experience in India, Cuba, Tanzania, Sri Lanka, South Korea and Taiwan.

It is noteworthy that until the last few years, the World Bank gave little attention to income distribution, as shown in its history, *The World Bank: its first half century*. The major exception was during the Presidency of Robert McNamara, from 1968-81. McNamara highlighted ‘Latin America’s scandalous income and wealth disparities’ in a major speech in 1972. But after this, the emphasis was shifted away from equity and towards ‘the absolute poor’. Thus the work of the Bank on income distribution over the last ten years is noteworthy as is its latest *World Development Report, 2006* on Equity and Development.

In the first few years, the UN’s own work on national income raised concerns among delegates about income distribution, within and between countries. In 1951 in ECOSOC, for instance, the Indian delegate noted that ‘65 per cent of the world’s population which lived in Africa, Asia and Latin America received only about 15 per cent of the world’s income’.

This led to some surprising reactions. The delegate of the USSR made a strong attack on internal income distribution within the United States. This was followed by the American delegate about the need to tackle global inequalities.

‘Everyone would agree’ he said, ‘that it was desirable to reduce and in due course to eliminate the existence of such large discrepancies...’. He entirely agreed with the representatives of those countries that national and international action must be taken to secure a greater equality in living standards in the world. It was believed in the United States that the existing disparities in national income must be reduced by an expansion of the world’s total income, an increasing share of that expanding income going to underdeveloped areas. The problem must be viewed dynamically in terms of increasing the world’s volume of goods and services and in raising general well-being’.

The Brazilian delegate put the point with fewer qualifications:

‘The problems was not to restore the old balance, but rather to create a new equilibrium by which the disparities of income and wealth throughout the world would be eliminated…’.

Concerns with global income distribution returned in the 1970s with the North South debate on the need for a New International Economic Order. This need had been brought into sharp relief by the massive increases in oil prices, which had shifted the equivalent of about 2 per cent of global income in favour of the oil producing countries. But debate on NIEO met with strong opposition from the industrial countries and was effectively terminated by the end of the 1970s. It took until 1988 before the General Assembly again came out strongly on global inequality.

‘Mindful that the existing inequalities and imbalances between the international economic system are widening the gap between developed and developing countries and thereby constitute of major obstacle to the development of the developing countries and adversely international relations and the promotion of world peace and security.’

All references are in the paper prepared for the WIDER Jubilee conference.

Conclusions

Some of the greatest economists and philosophers of one or two centuries ago were bold and outspoken about the injustices of extreme inequalities then existing nationally and internationally. Their words stand in sharp contrast to the more measured descriptions of analysts today. Yet by almost every standard, global income inequalities have grown substantially since that period – just as national inequality has grown and appears to be growing over the last two or three decades. There is a case today for more outspokenness, both about the situation, the underlying causes, the links with development and what can be done to mitigate the extremes. There is also a case for giving more attention to the way today’s inequalities reflect and embody some of the extreme international injustices of the past.

Zeynep Turan

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Personal Assets from a Global Perspective

by Jim Davies

Much attention has recently been focused on estimates of the world distribution of income by World Bank researchers and others. The global distribution of income is very unequal and the inequality has not been falling over time. In some regions poverty and inequality have become much worse. WIDER researchers have long been interested in the picture for related measures of economic status or well-being. One of the most important of these measures is household wealth, the value of personal assets net of debts.

Wealth is important since it confers stability, independence, and a kind of self-insurance against negative income, financial and other shocks. It often also confers social and economic influence or power. Across countries and regions, and across age groups, genders and other groups, wealth varies independently of income. Old people sometimes have very low incomes but significant wealth, and poor people often lag further behind in assets than they do in income or expenditure. This means that to get an accurate idea of economic status or well-being it is very important to take into account assets as well as income.

Lehtikuva / AP / Vincent Yu

Booming stock markets are one reason that personal assets have risen quickly in China and other emerging market countries in recent years.

The development of wealth data has historically lagged behind that of income data. However, the quality of wealth data has now reached the point where one can reasonably ask questions like 'What is the world distribution of household wealth?' and 'How does wealth inequality compare with income inequality?'. The largest and most prosperous OECD countries all have good wealth data based on household surveys, tax data and national balance sheets. Household wealth surveys are also now available in the largest developing countries – China, India and Indonesia. Household income and expenditure surveys in a large number of other developing and transition countries provide partial information on assets in the form of housing and other durables, and make possible some inferences about holdings of financial assets. At the top end, *Forbes* magazine enumerates the world's US$ billionaires and their holdings. More detailed lists are provided regionally by other publications, and financial companies like Merrill-Lynch estimate the number and holdings of US$ millionaires. In short, there is now a surprising amount of information on household wealth holdings available. WIDER has concluded that the time has therefore come to estimate the world distribution of wealth.

An idea of what we may learn from this project can be gained by looking at some preliminary numbers. So far we have collected estimates of the mean level and composition of household net worth in the year 2000 from 21 countries. Amounts have been converted to US dollars, using PPP exchange rates. We see large differences in wealth. The US is the richest country, with mean wealth estimated at $148,675 per person in 2000, followed closely by the UK at $124,415. At the opposite extreme we have India, Indonesia and South Africa, with mean wealth of just $6,248, $8,061 and $9,627 respectively. Some developed countries that one would expect to rank very high in the distribution, like New Zealand and Sweden appear to have less than half the household wealth per capita of the US In such cases careful investigation of how the data are constructed is required, to ensure that the apparent differences are real. On the other hand, there is strong clustering of about ten OECD countries in the $80,000-$120,000 range, in line with their fairly similar living standards.

Turning to the distribution of wealth, we have so far studied data from 12 countries clustered in the period 1998-2002. In general levels of concentration are high. The median value for the Gini coefficient is 0.70, for example, which is much higher than typical levels of the Gini for income, which are in the range of about 0.35-0.45. The mid value for the share of the top 10 per cent of wealth-holders is 52 per cent, again much higher than comparable numbers for income. Near the top end of the scale is the US with a Gini of 0.83. At the opposite extreme is China, where although wealth inequality has been rising for the last 15 years, the estimated Gini stood at just 0.55 in 2002. That this is not representative for developing countries is suggested by a Gini of 0.76 for Indonesia. Western European countries tend to be in the middle between these extremes, with Germany and the UK, at 0.68 and 0.71 respectively, very close to the average Gini for our sample.

Wealth is important since it confers stability, independence, and a kind of self-insurance against negative income, financial and other shocks

One contribution of our project will be to provide a first estimate of the world distribution of wealth. In order to generate this estimate we need suitable numbers on the level of household wealth in a large sample of developing, transition, and developed countries. We also need estimates of wealth inequality within a range of different types of countries. While good data is available for many developed countries and for the largest developing countries, it will be necessary to make imputations for others. This is being done on the basis of careful analysis of the determinants of wealth levels and inequality in the countries where data are available.

An enormous amount of work remains to be done. The data we have generated so far give us a tantalizing glimpse of where we are headed, but the bulk of the work lies ahead. WIDER's project on Personal Assets from a Global Perspective involves the efforts of a team of about 20 researchers from around the globe. A core group is assembling data on national balance sheets and official estimates of wealth distribution. Meanwhile a number of researchers are focusing their efforts on important categories of assets – housing, financial assets, and informal sector wealth – while other are examining gender aspects of wealth-holding and the historical evolution of wealth distributions. Still others are doing in-depth regional studies – for Eastern Europe, China, India, Africa, and Latin America. The researchers will meet at a conference in Helsinki 4–6 May 2006, and their efforts will be recorded in research volumes to be published later in 2006.

In addition to documenting the degree of wealth inequality this project will focus on important structural issues such as the age and gender profiles of wealth holding in countries at different stages of development and in different regions. It will also study differences household portfolio structure, examining to what extent the less developed countries, for example, fall short in financial assets and borrowing. Researchers will analyze the problems that hold back the growth of household financial assets in developing and transition countries – ranging from factors like lagging development of financial institutions through insecure property rights and corruption. Prospects for the growth of personal financial assets in developing and transition countries will be assessed. This is very important both because growth of financial assets in these countries can be expected to go hand-in-hand with faster economic growth, and because it will lead to a rise in wealth-income ratios that may allow well-being to rise in these countries more quickly than GDP or other measures of aggregate income.

A final important contribution of this project will be to provide guideposts and suggestions for developing better data on personal asset-holding around the globe. The importance of introducing household wealth surveys in the many countries where they are currently lacking, raising response rates and reporting accuracy, and developing national balance sheets as part of the activities of statistical agencies and central banks, will all be highlighted. The technical problems and other challenges in developing this essential database on a global scale will be carefully examined, in the hope that this project will provide but the first of many productive examinations of the global distribution and composition of wealth.

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The International Mobility of Talent: Determinants and Development Impact

by Andrés Solimano

There is a growing recognition of the importance for economic growth and development of 'intangibles' such as technology, ideas, creativity and innovation. Behind these intangibles there is 'human talent', say an inner capacity of individuals to develop ideas and objects, some of them with a high economic value. Clearly, the 'human factor' (paraphrasing the title of the famous Graham Greene's novel) is critical for adding value to goods, services and other activities. The topic of the international mobility of talent is reviving now after being largely dormant for a few decades. In the 1960s and 1970s there was an interesting polemics among economists between the 'nationalists' (represented by Don Patinkin) and the 'internationalists' (represented by Harry Johnson) that also affected the views of policy makers at the time. The internationalist view stressed that the mobility of talent was the result of better economic and professional opportunities found abroad than in the home country and that this mobility leads to clear gains for those who move and also for the world economy as human resources went from places with lower productivity to places with higher productivity, thereby rising world income and global welfare. The nationalist school, in turn, questioned the practical meaning of the concept of 'world welfare' and pointed out the asymmetric distribution of gains and costs of that mobility between receiving (core) and sending (periphery) countries. At the start of the 21st century, the problem of brain drain certainly exists although we now tend to also underscore the process of 'brain circulation'. The story now is of bright Indian and Chinese nationals that after graduating in the US became successful entrepreneurs in both the host country and in the home country. These are people who are uniquely positioned to serve as bridges between Asian and American markets given their contacts, access to technology, capital and knowledge on how to operate successfully in both societies. In the Latin American context, Chilean, Mexican, Bolivian entrepreneurs and others are making successful inroads in biotechnology and cellular phones companies in North America; they are also starting to bring 'return investment' to their home nations. This phenomenon is not only restricted to the business sector. International celebrities in the world of literature and painting such as Isabel Allende, Mario Vargas Llosa, Fernando Botero and others are succeeding in America and Europe, likewise famous soccer players from Africa. However, not all talent mobility is as glamorous as these examples could suggest. A dramatic case is the massive and persistent emigration of medical doctors, nurses and other workers in the health sector from poor nations in sub-Saharan African countries to the UK, US, Canada or Australia. The exodus of health professionals is weakening of the health sector in the source countries. This is particularly serious in the case Africa already suffering AIDS epidemics, malaria and other diseases that impair their development potential and causes many losses of human lives. Moreover, the Caribbean is also a region with a high proportion of health professionals abroad.

Types of Talent and Motives to Move

The WIDER-ECLAC project on international mobility of talent identified three broad types of talent mobility with similarities and differences in their motivation and development impact:

(i) The mobility of entrepreneurs, technical talent, technology innovators and business creators.

(ii) The mobility of scientific and academic talent and international students.

(iii) The mobility of health professionals and cultural workers.

The literature on the economic determinants of talent mobility stresses the importance of international differences in wage levels and earning opportunities in driving people from one country/ region to another. This is particularly relevant for entrepreneurs, for liberal professions and others. Still our research shows that pay differentials may not be the only prime motivation to move internationally for all types of talent. A scientist may have also an over-riding interest in the quality of the research centers and universities at home and abroad, their research facilities and budgets and the quality of peer interaction. Engineers and innovators living in technologically advanced economies derive high personal satisfaction from contributing to the technological development of their home country and, in passing, internalizing the corresponding monetary rewards associated with that transfer. In the political realm, the case of former Prime Minister of Israel, Golda Meier is telling. As described in one of the chapters of this project, when interviewed long ago on her motivations to move, stated that she could not miss what was going on in Israel, even at the cost of leaving behind the comfort and security of their home to engage in a tumultuous process of nation-building abroad. An apparently opposite case, in terms of motivation to emigrate is the case of health professionals leaving their home countries at the time of serious shortages of medical personnel or downright health crises in their home nations.

Main Findings

The main findings of our project can be briefly summarized as follows:

(i) Large differences in per capita income and living standards across countries besides economic globalization, lower transport and communication costs, have lead, in recent years, to an increase in the mobility of qualified human resources across countries.

(ii) There is a considerable concentration of the world stock of qualified human resources measured as people with tertiary education, in a few high per capita income countries, chiefly the US followed by the UK, Australia, Canada and other OECD nations. Many of this talent come from developing and former socialist countries such as IT experts, health professionals, scientists, students and others.

(iii) An interesting phenomenon is the emergence of north-south (reverse) mobility of 'technology entrepreneurs' in which successful expatriate entrepreneurs in the north (the typical case being entrepreneurs in Silicon Valley but there are more) expand their business reach to their home countries (typically China and India and also Latin America) bringing along with them capital, technology and market knowledge.

(iv) Increasingly, informal organizations such as search networks, open migration chains and professional, scientific and entrepreneurial Diasporas serve as useful mechanisms for transmitting information about opportunities in the home countries. Source country governments are starting dialogues to connect with their Diaspora communities to mobilize talent abroad for economic development at home.

(v) The export of health professionals such as medical doctors and nurses from poor and low- middle income countries often have the effect of weakening the human resource base in the health sector of the source countries. Public policies in source countries are faced with a serious problem in which the private interests of health professionals collide with the social interests of the health sector.

(vi) The USA and Canada are the larger recipients of international students, scientists and other professionals. However, the evidence shows large cross country variation in the return rates to their home countries for PhDs graduated in the USA, high for countries such as Indonesia, Korea, Brazil and Chile and low for Chinese and Indian PhDs who tend to stay in the USA after graduation.

(vii) Cultural workers are a segment of significant international mobility. This is a heterogeneous group that ranges from high-pay, winners-takes- all artists from developing countries to artisans, hand-crafters and other lower earnings cultural workers.

Policy Issues

Currently, the benefits of mobility of qualified human resources are often biased in favor of destination countries given the high concentration of world talent in developed countries, a trend that can aggravate global inequalities. Policies that promote return mobility of 'technology entrepreneurs' and other innovators can have a high pay off for national development. Talent, to be economically and developmentally effective, comes in packages; usually along with technology, capital, contacts and market connections. Countries interested in attracting and retaining entrepreneurial talent should ensure good physical infrastructure and appropriate institutions that cut bureaucracy and promote wealth creation to channel productively that type of talent. Nations that seek to attract and retain scientific talent and outstanding students should revise the salary structures in university and research centers and the career possibilities for scientists at home. This must be a political priority. Moreover, the creation of financially sustainable 'Centers of Excellence' for the advancement of science and technology in the source countries can be a worthy initiative in this direction. Some experiences of this nature exist in Latin America (e.g in Chile) in which top-class scientists have been attracted and retained after these centers were created; other examples exist in other developing countries as well. Similar initiatives could be developed also for cultural talent.

Nowhere policies are most urgent than in tackling the exodus of health professionals from poor countries with de-capitalized health sectors. Ethical standards for recruitment in receiving countries and compensation schemes are possible tools to deal with this phenomenon. Also wage structures, and career possibilities in the health sector in the home countries must be reviewed and adjusted. Interestingly, some developing countries with a high proportion of medical doctors to the home population (i.e. Cuba) send medical doctors to other developing countries to counteract this deficit. A main challenge of this era of globalization is how to align the greater mobility of qualified human resources seeking better incomes and more opportunities in rich countries with the needs of equitable international and national development at home.

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Rising Inequality in Post Reform China

by Guanghua Wan

Introduction

Inequality in income and consumption has been increasing dramatically in China since mid-1980s. In particular, China's regional inequality has attracted considerable attention. In the past 20 years or so, the costal areas have experienced phenomenal growth while the inland has lagged behind. Meanwhile, the urban biases that existed before the reform era seem to have become more serious. Policymakers are increasingly concerned about the regional divide and the rural-urban gap, which could undermine social security and political stability, and adversely affect long run economic growth in China.

A considerable literature exists focusing on China's regional inequality. Earlier attempts were mostly focused on measurement of regional inequality. This is followed by inequality decompositions, aiming at gauging the broad compositions of regional inequality. More recently, efforts are being devoted to identifying fundamental sources of regional inequality. These research efforts certainly help enrich our understanding of the increasing trend in regional inequality in China. However, many unknowns still remain. In what follows, we will summarize major findings from the WIDER project on Poverty and Inequality in China.

Regional Inequality on the Rise since mid-1980s

It is widely accepted that regional inequality declined in the early years of economic reform and has been increasing since mid-1980s. As shown in the first diagram, the rise is quite significant. Although the Theil index is used here, other inequality indicators such as the Gini coefficient would produce a similar picture.

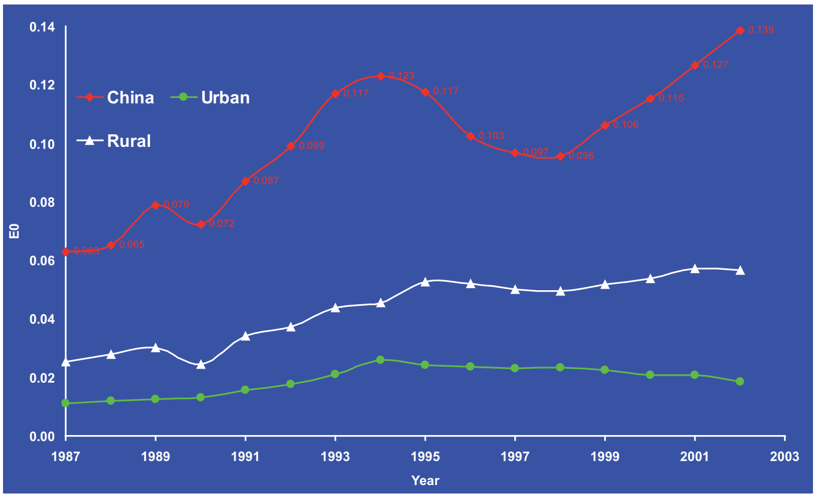
The diagram also shows that inequality among rural regions is always higher than that among the urban regions, reflecting the egalitarian nature of wage setting in pre-reform urban China. Income and consumption of rural residents were and are still largely dependent on local resources, which explain the high inter-region inequality. What is interesting is the faster growth of rural inter-region inequality than the urban counterpart, possibly attributable to the transfer payments which tend to equalize living standard among the urban households. The transfer payments are not relevant and the welfare system is absent in rural China.

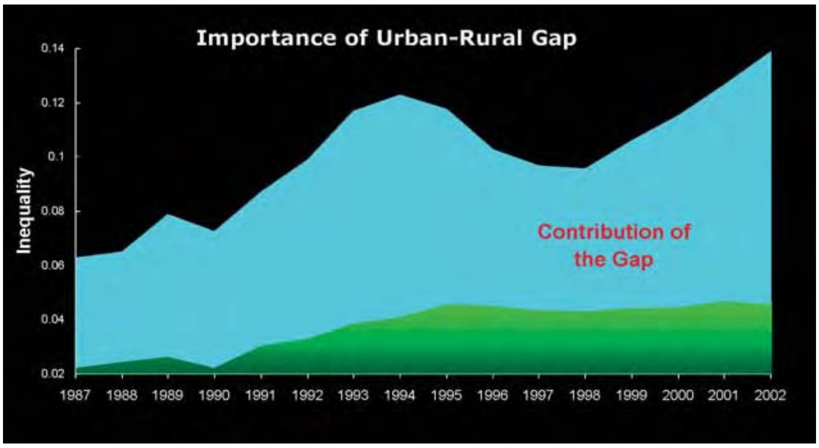
Decomposition of Regional Inequality

To identify causes of regional inequality, we can decompose the Theil-index along two dimensions. The first is to assess the contribution of urban-rural divide to the overall regional inequality. This decomposition is presented in the second diagram on the next page. Clearly, the urban-rural segregation contributes a very large proportion to the overall inequality. Some 70-80 per cent of total inequality is explained by the rural-urban gap while only about twenty per cent of the total is explainable by inequalities within the rural and within the urban regions.

We can also decompose the Theil-index along the east-central-west dimension. The decomposition results are presented in the third diagram on the next page.

It is worth noting that the east-central-west disparity has received much more attention than the urban-rural gaps. This is best demonstrated by the historical launch of the 'Western Development Program' in 1999. However, a contrast of the above two diagrams reveals that the latter is much more important than the former. To be more precise, China's regional inequality will drop by 20-30 per cent if the east-central-west disparities are eliminated. On the other hand, eliminating the rural-urban gap will lead to a drop of 70-80 per cent of China's regional inequality. Viewing from this contrast, we believe it is more





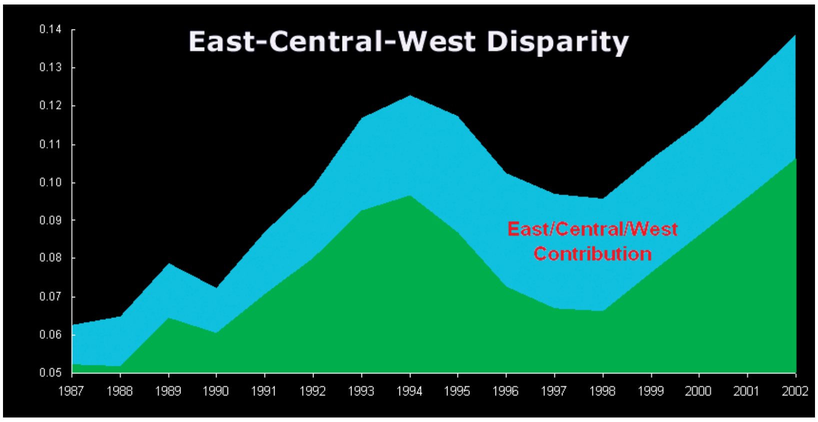
effective to target the rural areas in the poor western and central China.

Factor Contributions to the Regional Inequality

For policymakers, it is vital to estimate how much fundamental variables contribute to the regional inequality although the rural-urban and east-central-west breakdowns are useful. Such estimates could not be obtained until the emergence of the regression-based decomposition framework. Applying this new technique to China produced a number of interesting findings. First, globalization as represented by FDI and trade constitutes a positive and substantial share of China's regional inequality and the share rises over time. Second, capital is one of the largest and increasingly important contributors to regional inequality. Third, economic reform characterized by privatization exerts a significant impact on regional inequality. Finally, the relative contributions of education, location, urbanization and dependency ratio to regional inequality have been declining.

Policy Measures to Contain the Rising Regional Inequality

A number of policy implications are readily derivable from the WIDER project. Further globalization will lead to higher regional inequality in China unless concerted efforts are devoted to promote trade in and FDI flows to west and central China. Policy biases which prompted trade and FDI but are gradually phasing out in coastal China should be implemented in other parts of China. Market potential and location



consideration place the poor regions in a disadvantageous position in attracting FDI and promoting trade. However, a converging trend in FDI and trade is encouraging. More important is the domestic capital; equalization of which across regions will cut regional inequality by 20 per cent. To narrow down gaps in capital possession, it is necessary though difficult to break the vicious circle existing in capital formation. This calls for development of financial market in China, especially in poor rural areas. Again, policy support for investment in the poor regions is needed in terms of tax concession and bank lending. In particular, continued financial reforms are necessary in order to eliminate discriminations against small farmers and rural activities. Finally, changes are needed in the collection and allocation of fiscal resources which so far have favoured the developed regions. An equalization in fiscal support would lead to an almost 15 per cent drop in regional inequality and a progressive fiscal scheme would result in a much larger impact. Adding together, these three variables contribute over half of the total regional inequality in China.

Gwanghua Wan is a Senior Research Fellow at WIDER and Co-Director of the project on Rising Income Inequality in Asia.

Managing Globalization: Development Questions and Challenges for Africa

by Amelia U. Santos-Paulino

Trade and financial liberalisation have been a feature of the world economy in recent decades. Multilateral tariffs reductions under the auspices of the General Agreement on Tariffs and Trade, and since 1995 the World Trade Organization (WTO), are at the heart of these developments. But International Monetary Fund (IMF) and World Bank conditionality and Structural Adjustment Programmes (SAPs) have also played a prominent role in this process. The outcome from this drive to more open trade regimes is encouraging: world trade has grown nearly five times faster than world output, and the GDP of most countries has been remarkable by historical standards.

The resulting greater economic integration, generally known as globalization, mostly arises from innovation and technological progress. Importantly, this process affects the movement of people and knowledge across the world. In this context, cultural, political, and environmental concerns forcefully come into play.

At least in theory, globalization entails benefits for all countries. Accessing world markets should allow countries to fully benefit from their comparative advantages. Likewise, trade openness implies more options in terms of low-cost inputs, access to final consumption goods, or better technologies.

However, globalization also implies substantial adjustment costs for individuals, communities, and societies as a whole. And this process can have important distributional impacts within and between countries. This is one of many issues that are critical in WTO-sponsored multilateral trade negotiations, and trade liberalisation under structural adjustment programmes.

But the WTO's credentials in addressing development-related problems have been condemned. That is why the future of the globalization effort largely depends on the WTO and its member countries successfully confronting its critics. In this regard, the state of market access in manufacturing and agriculture, subsidy reform in the OECD members, preferential trading arrangements, and export-promotion in developing countries are some of the most pressing concerns. These issues are discussed in WIDER's volume The WTO, Developing Countries and the Doha Development Agenda: Prospects and Challenges for Trade-led Growth, Edited by Basudeb Guha-Khasnobis (Palgrave McMillan, 2004).

International trade is also vital for poverty reduction. But the links between trade expansion and poverty reduction are neither straightforward nor automatic. A major policy challenge is addressing the disparity between the strong role which international trade can play in poverty reduction on the one hand, and the ambiguous or depleting trade effects which are occurring in too many poor countries on the other hand.

The central policy issue facing the developing world and their advanced partners is how to promote poverty reduction in national economies. Therefore, in order to be an effective development tool trade should be mainstreamed into the poverty reduction strategies. The main areas discussed in several multilateral economic forums include: the design of better national development policies that integrate trade objectives as a central constituent; improvements in the trade regime to reduce international constraints on development; and increases in the volume of resources for building production and trade capacities.

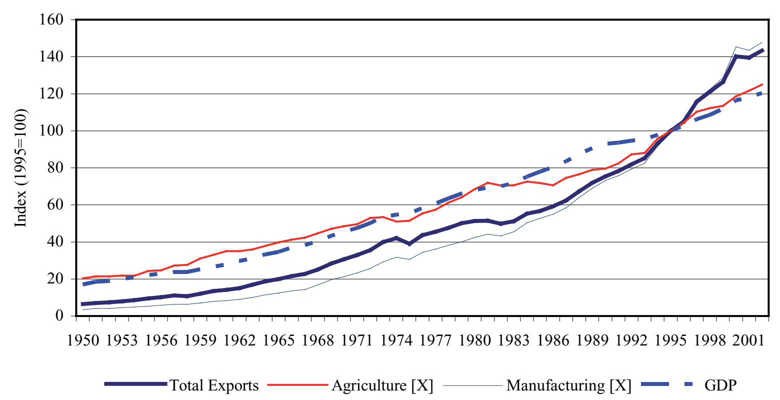
Globalization in Africa

African economies have engaged in serious policy reforming. This has been so in spite of problems of implementation and disruptions. As a result, from the early 1990s many countries in the region have displayed profound changes in their national policy environment. And these policy changes have translated into many African countries being classified as possessing low-to-moderate trade policy regimes, according to their tariff and non-tariff barriers.

Likewise, government's participation in the economy has been enhanced across Africa. This has been achieved by restructuring and privatising state enterprises, and by undertaking fiscal reforms. Also, public spending has been improved and reoriented towards public investment and spending on vital social services, specially health and public education.

Regional integration is a further important indicator of the globalization efforts in the continent. African countries are taking concrete steps towards integrating their economies by building regional communities and increasing intra-regional trade. There are now 14 regional economic entities, regarded as the building blocks of the African Economic Community. Particularly important is the New Partnership for Africa's Development, a strategic framework of the African Union designed to

Box 1: Global Trade Trends in Output and Production



meet its development objectives. Moreover, several protocols have been signed to foster transportation and telecommunications links, and for allowing the free movement of workers and capital between countries.

Special international support measures are also important if trade is to serve as a more effective mechanism for poverty reduction. Nevertheless, current special measures, including both market access preferences and special and differential treatment for the least developed countries written into WTO provisions have various limitations. So, there is considerable scope for strengthening these schemes.

Private sector development is another critical issue in managing globalization. Limited access to financial resources continues to impede the diversification of African economies and their fight against poverty. To tackle this problem, several innovative proposals to increase private flows and to improve access to finance for small and medium enterprises have been put on the table.

Aid

Although developing and least developed countries, mostly African ones, have shown important commitments towards economic reforms, the poorer countries still need to be supported by adequate concessional financing. A larger volume of external finance is widely seen as vital for African development, in general, and in achieving the Millennium Development Goals (MDGs), in particular.

To this end several proposals have been put forward, such as the United Kingdom's International Finance Facility (IFF). Alternative suggestions include a development-oriented allocation of the IMF's Special Drawing Rights, a currency transactions tax, global environment taxes such as carbon tax, a global lottery, and facilitating remittances by migrants. These alternative sources of external finance are explored in WIDER's study *New Sources of Development Finance*, edited by Anthony Atkinson, Oxford University Press (2004).

Increased and effective international assistance for building productive capacity and reducing supply constraints at the national level will contribute to trade expansion and poverty reduction. This should help to improve the trade–poverty linkage, and contribute to competitiveness. Trade capacity building is central to these processes.

What is the Way Forward?

Developing countries, including African ones, have made a considerable effort in restructuring their economies and opening up to world trade. Yet there are further challenges to be tackled. The full impact of economic liberalisation cannot be assessed without considering the adjustment implications for specific factors or groups. Crucial issues related to globalization include the changes in wages and profits; international labour and capital mobility and related changes in global markets and power structures; the nature of technical progress resulting from more openness to trade; and the connotations for human capital.

Amelia U. Santos-Paulino is a Research Fellow at WIDER. She has been a consultant for the World Bank and UNCTAD on trade and development Issues.

Development Agendas and Insights

20 Years of UNU-WIDER Research

The United Nations University (UNU) is 'an international community of scholars, engaged in research, post-graduate training and dissemination of knowledge in furtherance of the purposes and principles of the Charter of the United Nations'. The World Institute for Development Economics Research (WIDER) was the first research and training centre to be established by UNU, and as an integral part of the University enjoys considerable autonomy and academic freedom within the overall framework of UNU activities.

WIDER's creation was prompted by increasing concern about the state of the global economy and about the limitations of existing economic and social perspectives on global problems. Following consultation with prominent public figures and scholars, UNU convened a special meeting of 24 world experts at the London School of Economics and Political Science (LSE) in 1982 to consider the proposal to set up WIDER. The meeting, chaired by the Director of LSE, Professor Ralf Dahrendorf, strongly endorsed the importance and global need for such an Institute.

In November 1983 the government of Finland offered to host WIDER, providing premises for the Institute and an endowment fund of US$25 million. This offer was accepted by the Council of UNU in December 1983, and the Host Country Agreement and Memorandum of Understanding were signed on 4 February 1984 by the Foreign Minister of Finland, Paavo Väyrynen, and the Rector of UNU, Soedjatmoko. Following approval by the Finnish parliament, the Agreement came into force on 20 June 1984. WIDER's inaugural director Lal Jayawardena was appointed on 1 March 1985, and the institute was established in Helsinki.

Speaking at the signing ceremony, Foreign Minister Väyrynen said that 'a research institute of this kind can play a catalytic role … . It can provide the international community with impartial facts and unbiased advice on the options governments have when they try to solve pressing economic problems.'

The unique status and position of WIDER has become evident in the two decades since it began its activities in Helsinki in 1985. During that time, WIDER has established a reputation as one of the world's leading research institutes on development economics. As Eric Hobsbawm wrote in his *Age of Extremes* (1994: x), 'reading the papers, listening to the discussions and generally keeping my ears open during the conferences organized on various macro-economic problems at UNU-WIDER in Helsinki [as] it was transformed into a major international centre of research and discussion under the direction of Dr Lal Jayawardena … the summers I was able to spend at that admirable institution as a McDonnell Douglas visiting scholar were invaluable to me'.

Research at WIDER has particular interest in:

• providing original analysis of emerging topics and policy advice aimed at the sustainable economic and social development of the poorest nations

• helping to identify and meet the need for policy-orientated socio-economic research on pressing global and development problems, common domestic problems, and their interaction

• analyzing the problems of the world economy, including structural issues, and assisting in producing new responses to existing and future problems

• providing a forum for professional interaction and for the advocacy of policies for robust, equitable, gender-balanced, and environmentally sustainable growth

• supporting basic analytical research on underlying theories, concepts, and measurement

• promoting capacity building and training for scholars and policymakers in economic and social development, and encouraging the search for new modes of international economic co-operation and management.

In attempting to meet these goals, WIDER benefits greatly from UNU's strategic position at the intersection of the academic community and the United Nations system. It is consequently well-placed to address the need of policymakers for new and original insights into the economic and social development of the poorest nations. WIDER also benefits from having considerable autonomy and academic freedom, secured in part by the distinguished academics and other members of the governing bodies who provide advice on a range of issues.

The research programme at WIDER is planned and managed by a small team of Helsinki-based staff: about 10 full-time researchers, including the Director and Deputy Director, assisted by 13 support staff. This team is complemented annually by about 20 visiting fellows and PhD interns, and an external network of over 300 researchers worldwide. The network includes scholars working in universities and research institutes togeter with specialists from the United Nations, World

Bank, International Monetary Fund, and other international organizations, who conduct research and participate in the programme activities. Over the past twenty years, seven winners of the Nobel Prize in Economics have contributed to the work of WIDER: Joseph Stiglitz, awarded the prize in 2001, Amartya Sen 1998, James Mirrlees 1996, John Harsanyi 1994, Robert Fogel and Douglass North 1993, and Robert Solow 1987.

Topics in the research programme are chosen with several criteria in mind. The projects should relate to themes emerging from current debate and address issues of central importance to the work of the UN. Preference is also given to topics in which WIDER has traditionally had a research interest. Finally, whenever possible, WIDER projects should provide opportunities to involve researchers from developing and transition countries.

Specific proposals for projects typically evolve in-house through consultation with the various constituencies with which WIDER has close contact, including sister organizations in the UNU, UN partners, and policymakers from both the North and the South. Subsequently, advice and evaluation is provided by the WIDER Board which comprises economists, social scientists, and policymakers from different regions of the world. Guidance is also provided by the UNU Council, which annually evaluates the research programme and other activities of WIDER, and in addition determines the overall principles and policies of the United Nations University.

Reviewing twenty years of WIDER research into economic development, many of the issues—such as poverty, finance and conflict—are as relevant today as they were two decades ago. Through its analysis and insights, WIDER has profoundly influenced the way in which these issues are now considered. Through its future research, WIDER hopes to continue this tradition.

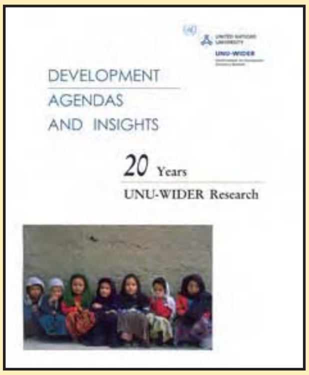
WIDER Thinking Ahead

The twenty years since the World Institute for Development Economics Research (UNU-WIDER) began work in 1985 have seen major changes in the world economy with profound implications for the developing world and for development economics. In June 2005, leading researchers and policymakers met in Helsinki to mark WIDER's jubilee anniversary, to reflect upon current thinking in development economics and what the next two decades might hold. The conference sought to highlight new and emerging issues in development, how research can best address these questions, and the promising methodologies that can push the frontiers of research and practice forward.

The world as we know it—and have known it for long—is one in which there is a great deal of deprivation, disparity, and strife. Globalization has shrunk distances among the countries of the world, but sometimes at the cost of deepening unequal trade and power relations. The ability of the poorer countries to cope with and benefit from globalization has been impeded by dwindling international aid flows, volatile private capital movements, a lack of attention to the causes of conflict and to human security, as well as the social costs of market liberalization. The deep poverty that is still widespread, especially in Africa, is a stark reminder that all is not well with the world even if parts of it have witnessed continuing improvements to their level of prosperity.

Pessimism, resignation, indifference, or recourse to looking the other way, are all possible responses to the state of the global order. But engagement is also on the menu, and it is this option which WIDER, in furtherance of its stated mandate, has chosen to pursue. By drawing on the expertise and commitment of a truly international profile of research effort, WIDER has endeavoured to come to grips with the reality of the world's problems, to understand the nature of processes at work, to describe and evaluate the vicissitudes of global development, to provide sound empirical and conceptual bases to assessment and redress, and to hold out informed hope for improvement and mitigation in respect of problems which it might have been tempting to regard as fundamentally intractable. It would be legitimate to hold that, in the process, WIDER has presided over a body of research of which some part at least has been of a genuinely seminal, 'ahead of the curve', and path-breaking character.

The first twenty years of WIDER's existence give cause for satisfaction regarding the goals it set out for itself and the degree to which these goals have been achieved. It is hoped that the next twenty years will see a continuation of both the vision and the success of WIDER.



Development Agendas and Insights – 20 Years of UNU-WIDER Research is copublished by UNU-WIDER, United Nations Publications (ISBN 92-1-101108-6), and ADECO–Van Dierman Editions (ISBN 2-88283-420-9).

WIDER Special Events and Book Launches

Nanna Saarhelo

President of Finland Ms Tarja Halonen visited WIDER on 26 August 2005. Professor Tony Shorrocks, Director of WIDER welcomes the president and her staff at WIDER's premises.

Nanna Saarhelo

Former President of Finland Mr Martti Ahtisaari gave the opening speech at the WIDER 20th Anniversary Jubilee Conference 17-18 June 2005 in Helsinki with Professor Deepak Nayyar, keynote speaker of the conference, Chairperson, Centre for Economic Studies and Planning, School of Social Sciences, Jawaharlal Nehru University, and Chairperson of the WIDER Board.

A new WIDER study on Rising Spatial Disparities was presented on 3 October 2005 at DFID in London by Professors Ravi Kanbur and Tony Venables. Professor Tony Shorrocks chaired the session and Professor Alan Winters was discussant. The event was attended by over 80 participants from DFID and a wider local development community. A co-author of the WIDER Spatial Disparities project, Dr Guanghua Wan also participated at the launch.

WIDER Conference on Aid:

Principles, Policies and Performance

Aid is one of the most challenging development issues facing the international community. There is now a pressing need to evaluate performance to date, and the future for aid in light of recent events such as the post-Monterrey consensus to substantially increase aid to meet the Millennium Development Goals, recent initiatives from donors, and an ongoing focus on Africa. The conference aims to bring together policymakers and academics from both the donor and recipient communities to review the progress achieved so far, identify the challenges ahead, and discuss the emerging new policy agenda in development aid.

Conference topics will include:

- aid and poverty reduction
- aid and growth/aid effectiveness
- aid and the public sector
- linking aid effectiveness and aid allocation together
- new sources of finance and development aid
- aid to Africa (NEPAD; Commission for Africa)
- new regionalism and development aid
- aid to countries emerging from conflict
- aid modalities and aid heterogeneity
- funding disaster recovery
- increasing aid: absorptive capacity issues, Dutch-disease effects
- aid volatility and aid predictability
- coordinating development aid
- aid architecture and global economic governance
- aid, governance and fragility

Helsinki, Finland, 16 - 17 June 2006
Marina Congress Center
Katajanokanlaituri 6

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Rising Spatial Disparities and Development
Ravi Kanbur and
Anthony J. Venables
UNU Policy Brief No. 3, 2005

What can the European Central Bank learn from Africa?
David Fielding
UNU Policy Brief No. 4, 2005

Zone franc : l'expérience africaine peut-elle inspirer la Banque centrale européenne ?
David Fielding
UNU Note d'orientation
No. 1, 2005

Journals

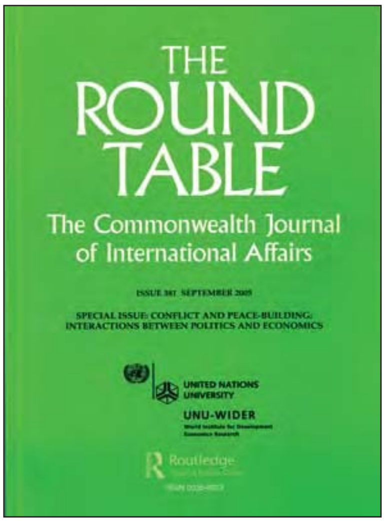
The Review of Income and Wealth

Series 51, Number 2 (June 2005)
Special Issue: Inequality and Multidimentional Well-being
Guest Editors: Mark McGillivray and Anthony Shorrocks

World Economic Papers

Number 3, Issue 166 (June 2005)
Special Issue to mark
UNU-WIDER's 20th Anniversary
(in Chinese) China Center for Economic Studies, Fudan University

The Round Table



The Commonwealth Journal of International Affairs Issue 381
(September 2005)
Special Issue: Conflict and Peace-building: Interactions between Politics and Economics
Guest Editor: Tony Addison

Journal of International Development

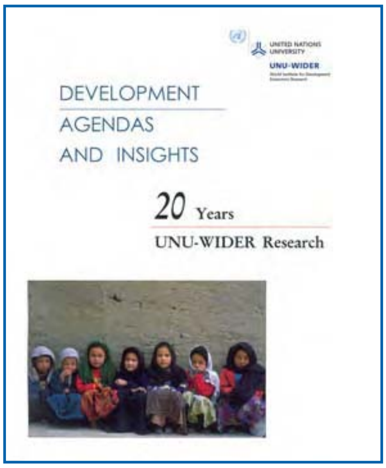
Volume 17 Number 8
(November 2005)
Special issue on Aid to Africa
Edited by Tony Addison, George Mavrotas and Mark McGillivray

The World Economy

Volume 29, Number 1
(January 2006)
Special Issue: FDI to Developing Countries
Edited by Tony Addison, Basudeb Guha-Khasnobis and George Mavrotas

Books

Development Agendas and Insights: 20 Years of UNU-WIDER Research



UNU-WIDER December 2005
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Wider Perspectives on Global Development

UNU-WIDER
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September 2005
Studies in Development Economics and Policy
Palgrave Macmillan

Addressing core issues in global development—governance and institutions, trade and globalization, inequality, conflict, growth and employment—this volume offers insights into the role of economic, political and social factors and outlines the design of effective structures and institutions to improve the well-being of the world's poor.

Macroeconomic Policy in the Franc Zone

Edited by David Fielding
(hardback 1403949522)
September 2005
Studies in Development Economics and Policy
Palgrave Macmillan

'a good start for a critical examination of the theoretical and empirical underpinnings of monetary policies in the Franc Zone and areas of their complementarities with fiscal policies. The rigorous scrutiny of UEMOA's and BCEAO's policymaking is a healthy endeavour that should concern more local academicians and professional economists.'

—Jacques Pégatiénan Hiey, Direction Générale de l'Economie, Ministère d'Etat, Ministère de l'Economie et des Finances, Côte d'Ivoire

New in paperback

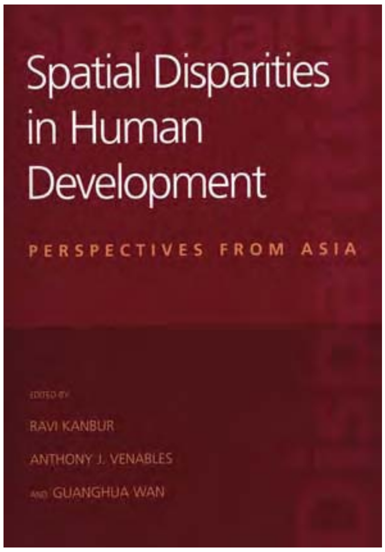
Inequality, Growth and Poverty in an Era of Liberalization and Globalization

Edited by Giovanni Andrea Cornia
(paperback 0-19-928410-5)
July 2005
UNU-WIDER Studies in Development Economics
Oxford University Press

'…a timely and valuable contribution to current thinking on development issues, since it underscores both the complexity of the challenges that lie ahead as well as the opportunities created by the process of globalization.'

—Enrique V. Iglesias, President, Inter-American Development Bank, Washington DC

Spatial Disparities in Human Development: Perspectives from Asia



Edited by Ravi Kanbur,
Anthony J. Venables,
and Guanghua Wan
(paperback 92-808-1122-3)
January 2006
United Nations University Press

'make[s] an important contribution … that discusses not only methodological issues in measuring regional disparities but also empirical evidence from small and large countries of Asia. Of interest are the varied explanations of what causes these inequalities that will no doubt be useful for policymakers and practitioners dealing with development issues.

—Brinda Viswanathan, Associate Professor, Institute for Social and Economic Change, Bangalore, India

Forthcoming books

Inequality, Poverty and Well-being
Edited by Mark McGillivray (hardback 1403987521) July 2006
Studies in Development Economics and Policy, Palgrave Macmillan

A mix of conceptual and empirical analyses that constitute new and innovative contributions to the research literature

Human Well-being Concept and Measurement
Edited by Mark McGillivray (hardback 0230004989) September 2006
Studies in Development Economics and Policy, Palgrave Macmillan

Important insights into how human well-being might be better conceptualized and measured.

Linking the Formal and Informal Economy: Concepts and Policies
Edited by Basudeb Guha-Khasnobis, Ravi Kanbur, and Elinor Ostrom (hardback 9780199204762) September 2006
UNU-WIDER Studies in Development Economics
Oxford University Press

Informal Labour Markets and Development
Edited by Basudeb Guha-Khasnobis and Ravi Kanbur (hardback 1403987556) Studies in Development Economics and Policy, Palgrave Macmillan

While highlighting the role of informal labour markets in facilitating globalization in developing countries these books also raise some key difficulties associated with the expansion of such markets and economies.

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World Institute for Development Economics Research

WIDER was established by UNU as its first research and training centre and started work in Helsinki, Finland, in 1985. Through its research and related activities, WIDER seeks to raise unconventional and frontier issues and to provide insights and policy advice aimed at improving the economic and social development of the poorest nations.

WIDER *Angle* is the newsletter of UNU-WIDER. Published twice a year, the newsletter focuses on the Institute's research activities. It is distributed free of charge. The newsletter is also available on our Web site at: www.wider.unu.edu.

Editorial contents, design and layout by Ara Kazandjian (e-mail: ara@wider.unu.edu),and Basudeb Guha-Khasnobis (e-mail: basudeb@wider.unu.edu).

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