of the anti-globalization argument. In favour of globalisation, it has increased equality and decreased poverty.

The way to a more equitable society is to reduce inequality, which also takes care of people's welfare concerns. There is no guarantee that the poorest members of society would gain if the pie rises but their portion decreases. Since the poor are unable to take advantage of the possibilities presented by economic globalisation, inequality reduces the productive capacity of economies, limiting their ability to expand. Developing the policy measures that improve the economy's capacity to profit from economic globalisation requires a thorough understanding of the factors that contribute to inequality.

Economic globalisation is a multifaceted term that has been defined and assessed in a number of different ways throughout the years. In 2002, the ETH Zurich unveiled the KOF International Ratio. On the basis of the first index of economic globalisation, trade openness, FDI, and ICT are used to measure globalisation. The process of building networks of linkages between players throughout several continents, mediated by different flows, such as those of individuals, information, ideas, money, and commodities, is defined as globalisation by the KOF index. The three components of the KOF index are, more particularly, productive development, political globalisation, and social globalisation. Economic globalisation essentially has two facets. The first index includes information on actual economic flows, including trade, FDI, and portfolio investment. Through the use of mean tariff rates, covert import barriers, taxes on international commerce (as a proportion of current income), and an index of capital restrictions, the second index addresses trade and capital limitations.

Drawing insightful policy findings for income distribution and poverty reduction may be aided by evaluating the influence of globalisation on income disparity. Two dimensions are evaluated in the article. The first stage is to examine the empirical association for a sample of countries representing a range of economic development levels between economic globalisation indexes and income inequality. The second involves running policy simulations to assess the effects on income inequality in a cross-country as well as a country-specific framework, notably for India.

Literature Review

In completing the numeric writings evaluation on how income disparity is impacted by globalisation, this part focuses on two factors that are crucial. First, addressing the definition and measurement of the notion of financial internationalization. Second, providing a succinct summary of key hypothetical reasons that suggest how globalisation may affect income disparity.

Measurement and Definition of Globalisation

The analysis in this paper is restricted to the financial aspects of internationalisation, including commerce and monetary access. Paying attention to "financial internationalisation," but to keep things simple, they'll just call it "globalisation." Economic globalisation, according to Hickel et al. (2022), is "the increase of worldwide economic interchange and the name given to the current

and financial globalisation separately in this section since they might not have the same effects on income disparity. Afterward, the meta-analysis considers a number of facets of economic globalisation.

According to the study of Heimberger (2020), economic globalisation will result in a reduction in income gaps in developing countries. The standard Heimberger (2020) trade model makes use of this as a pivotal finding. The more abundant production element of a country will profit from trade openness since trade specialisation typically advantages industries that depend largely on the plentiful component. With regard to the comparatively abundant portion of unskilled labour, developing countries frequently have an advantage over the rest of the world. Heimberger (2020)'s theory predicts that as global trade expands, in growing nations, the demand for unskilled labour will increase, increasing real wages and reducing income inequality. By raising the real return on abundant skilled labour and lowering the real rate of return on comparatively abundant unskilled labour, trade openness is predicted to reduce income inequality in developed countries. The premises upon which these theoretical predictions are based can only be considered as being quite restrictive, despite the fact that the theorem has been expanded by a number of authors beyond the fundamental premises upon which it was formed. When discussing the consequences of globalisation, the literature has surely covered a wider range of subjects. For example, offshore has been added into models of the Heckscher-Ohlin-Samuelson type, and these additional assumptions can modify the predictions given by the models. However, the original Heimberger (2020) theorem's predictions have offered essential advice for structuring hypothesis testing in a sizable portion of the econometric globalization-inequality literature for wealthy and developing nations.

It is widely believed that, from the perspective of trade globalisation to the perspective of financial globalisation, more financial openness would result in better resource allocation. Releasing these limits will disproportionately increase the wages of poorer people because credit restrictions brought on by the protection of the domestic banking system have a negative impact on their finances. This theory contends that the lure of foreign capital helps nations to spend more than they produce and invest more than they save, all of which support economic growth, increased incomes for the poor, and a narrowing of the income gap, particularly in rising nations. On the other hand, other theoretical models place emphasis on the possibility that the level of economic growth may influence how financial openness impacts distribution. Only households at higher income levels have access to and may benefit from financial openness in the early phases of development. At higher economic development levels, where a greater number of families have access to financial markets, a broader spectrum of society gains directly from financial openness. It has also been emphasised that the effectiveness of increased financial transparency in reducing income inequality may rely on how strong democratic institutions are. However, the general viewpoint has mostly emphasised the potential for financial openness to lessen inequality. The premise that greater financial openness will support economic development and increase incomes for lower-income households was frequently cited by international institutions in their promotion of capital account liberalisation in a significant portion of the global economy.

Discussion

This section briefly discusses several common measures of inequality and measurement issues associated with them. The discussion draws heavily on a substantially longer discussion of these issues. The top share of income inequality measures provide information on the share of a country's total income held by individuals positioned at the top of a country's income distribution. For example, the measure commonly referred to as the "top 1 per cent of income" captures the share of total income held by individuals positioned in the top 1 per cent of a country's income distribution. This measure of inequality has recently received substantial attention in the academic and policy circles in response to studies. These studies constructed the top share of income inequality series for about 22 countries at annual frequencies over long time horizons. The computation of top income share usually relies on historic tax records. Published tax records tabulate information for several income brackets, and for each income bracket report the number of taxpayers, their total income and tax liability. The researchers combine this information with the information on a country's total population, total personal income, and some assumptions on taxpayer filing behaviour and the underlying shape of income distribution to compute the top 1 per cent inequality measure (Santoro et al. 2020).

Conclusion

Theoretically, globalisation would increase a developing nation's abundant low-wage unskilled labour force's wages, promoting greater equality. The information however, points to advanced economies as the winners and low-income regions as the losers.

A panel data technique is utilised for the years 1993 to 2012 for 115 economies to examine how economic globalisation has affected income inequality. After that, decomposition exercises and policy simulations are used to assess how economic globalisation has affected income disparity.

Using a trustworthy data set, it is suggested that the primary cause of the rise in income inequality across the different development categories is economic globalisation. While trade has exacerbated income disparity in the HIC and LIC, FDI has continued to lessen it.

According to the decomposition exercises, economic globalisation has the worst effects on income inequality in low-income economies. Other than low income economies, our findings imply that all other economies are partially benefiting from globalisation. Even while the impact of FDI on lowering income inequality is fairly minor in low-income nations, it has broad-reaching benefits across all categories. In industrialised nations with the appropriate degree of human capital and the ability to absorb technology, FDI contributes more. The results of the policy simulations show that globalisation has worsened income inequality and that India, which belongs to the low-income group of economies, can do better if it emulates the policies of advanced economies.

Conflict of Interests

The authors declare that they have no conflict of interests.

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