

GLOBALIZATION, INCOME DISTRIBUTION AND SUSTAINABLE DEVELOPMENT

*A theoretical and
empirical investigation*



Edited by

RAMESH CHANDRA DAS

Globalization, Income Distribution and Sustainable Development

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Globalization, Income Distribution and Sustainable Development: A Theoretical and Empirical Investigation

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INVESTOR IN PEOPLE

This book is for all of my brothers and sisters

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Foreword

The book you are now beginning to read deals with a wide range of topical issues that affect the everyday life of every inhabitant of planet earth. The worldwide expansion of interrelated economies is not a new historical phenomenon, but what characterizes today's globalization is its rapid pace and complex nature. For example, as we can see these days, the difficulties in logistics that occur in some countries have far-reaching repercussions on all the countries of the world, precisely because of the intertwining of their respective economic systems. The pervasiveness and speed of the phenomenon have strong repercussions on, among other things, income distribution and the environmental sustainability of development. In this book, an international team of researchers addresses these issues with reference to territorial realities on all continents, using both a theoretical and empirical approach. The book carefully analyzes, also in empirical terms, the sustainability and human development of countries and groups of countries, tests the theory of endogenous growth and the classic Gerschenkron hypotheses, and verifies convergence processes. Particular attention is then paid to distributional inequality, the digital divide, and the effectiveness of monetary and fiscal policies, with studies applied to very different countries or groups of countries, from a small open economy in Africa to European countries, the BRICS, and other cases. Among the conclusions that can be drawn, the dramatic relationship between poverty, inequality, and unsustainable development emerges very clearly. The common feeling that very poor communities cannot afford to go down the road of so-called "ecological transition" is confirmed by these analyses. Also political aspects, such as nationalism, populism, etc., are taken into account, looking at their negative effects on the processes of globalization; the "political economy" approach is present here, with interesting insights. Through careful scientific reflection, the possible correlation between the adverse effects of the ongoing pandemic and air pollution is also discussed. Several studies contained in the book are related to the Indian economy and society: this, given the size and complexity of this country, makes them of particular interest because, through the examination of individual realities, it is easy to understand phenomena that have a global dimension.

The editor of the volume, Dr Ramesh Chandra Das, has compiled all the studies in a sophisticated manner to exhibit the issues with the rapid globalization

process. The stakeholders are expected to reap benefits in their respective fields by following the volume.

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Acknowledgment

It is now an immense pleasure to say that the proposed book on *Globalization, Income Distribution and Sustainable Development – a theoretical and empirical investigation* has been eventually exhumed. The ultimate success of developing such a huge volume of the edited book could not be accomplished if the contributions of the concerned strings of academicians all around the world were not assembled particularly when the entire work was managed from a rural belt of the Indian subcontinent. Hence, it will be blameworthy if I do not acknowledge the contributions of the concerned academicians and other members of the society associated to the project.

First, I acknowledge the Emerald Publishing Ltd. team for approving the proposal and continuously guiding me at all stages of development of the book. Second, I am grateful to my research guides (formerly) Professor Soumyen Sikdar of Indian Institute of Management, Calcutta, India, and (formerly) Professor Sarmila Banerjee of Calcutta University, India, for persistently encouraging me to undertake such types of projects. Third, I recognize the support of Professor Riccardo Soliani, University of Genoa, Italy, in writing a well-communicative foreword for the book. Fourth, I honor all the contributing authors for their valuable chapter contributions and showing their patience for such a long-duration project coming into veracity. I must admit the values they added to the existing literature through this edited volume.

Last but not the least I am indebted to my parents, wife and daughter, and other members of the family for their continuous encouragement, support, and sacrifice in carrying out this long-lasting project. Of course, no one but me, the editor, is completely responsible for the remaining errors, if any, still appear in the book.

Ramesh Chandra Das
Editor

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Introduction

Ramesh Chandra Das

Economies of the past were mainly confined to their autarkic activities feeding just the peoples of their own territories without having any connection with the rest of the world. The results of which, as the existing literatures show, were low volumes of productions and consumptions of goods and services, and lower levels of satisfactions of the households and firms. In addition, the resources were distributed in skewed manner with the so-called developed economies of the world possessing a giant portion of the global wealth. After the territorial boundaries of the economies are removed through cross border flows of goods and services under the nomenclature of “Globalization,” there have been tremendous increases in the income levels of all the economies which resulted into decreasing trends of global inequality. Most of the countries in the world today have entered the phase of globalization under the objective of increasing growth of output and employment. The trade barriers have been abolished across the borders, flows of goods and services have been increasing besides improvements in diplomatic relations. Empirical evidence shows that the global output in general and countries’ outputs in particular have increased, and employment levels have been diverted from the traditional to the service-related activities. The economies have been trending to a global village as the income gap between the developed and less developed countries have been going down. There has been convergence among the countries in true sense with respect to income. But there are additional costs of the effects of globalization as well. However, there have been increasing inequalities within and across the economies putting a threat to the impact of globalization. On the other hand, there has been tremendous pressure upon the uses, rather extractions, of natural resources. The combined effects of these two negative effects give rise to the problem of sustainable development, although some countries are trying to reduce income inequality and invest upon conservation capital. But the overall impact of globalization on income growth and its distribution, and sustainable development is subject to further investigation with the help of new theories and latest data. The present book has aimed to address the issue of the impacts of globalization on income distribution and sustainable development of individual as well as groups of economies in the world through new theories and empirical observations. Are we eyeing for a better future? This is a big question behind the building of this idea.

Globalization, Income Distribution and Sustainable Development, 1–6

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Inspired by the optimistic moves by the publisher, *Emerald Publishing Limited*, upon my submitted proposal, I proceeded further for its culmination. After a series of editing, scrutiny, and suggestions by the review teams of the publisher, the title is finalized as *Globalization, Income Distribution and Sustainable Development-a theoretical and empirical investigation*.

Keeping in mind its broad coverage, the book has been structured in two separate sections to present 25 finalized chapters. Section I encapsulates the linkages among globalization, income distribution, and sustainable development in groups of economies. It covers the theoretical as well as empirical analysis on the said issues at the different groups of economies. Section II captures the discussions on the aspects of growth and convergence of socioeconomic and environmental indicators at country levels. There are 14 chapters in Section I and 11 chapters in Section II. The grains of the chapters are outlined below.

Section I: Linkages among Globalization, Income Distribution, and Sustainable Development in Groups of Economies

Chapter 1 is an introductory chapter that deals with the historical issues and evidences of globalization and its impacts upon income and wealth disparity across countries and groups. From the historical facts and evidence, the study finds that inequalities in income and wealth, also in wages, have widened in many developed, developing developed and developing countries. Technological change and globalization are identified as the main sources of the growing inequalities.

Chapter 2 presents growth-theoretic assessment of how nations or individual economies behave in term of whether the poorer ones get to catch up with the richer ones over time on capital stock and per capita income and educational attainment as the conditional factor during the postglobalization times. It provides evidence of convergence among developing and less developed countries on mean years of schooling over a period of 2000–2019 in absolute and conditional terms.

Chapter 3 constructs a composite indicator to rank macroeconomic performance of countries and a separate composite indicator to rank inequality using the TOPSIS methodology of Multiple Criteria Decision Making Analysis for 1990–2018 across 20 countries and shows that though highly correlated with growth, globalization may not necessarily lead to an improvement in overall macroeconomic performances of countries when one also takes into account unemployment and inflation. Economic globalization is seen here to mostly coincide with rise in income inequality.

Chapter 4 attempts to analyze the trend and possible association between the cross country per capita income differential and globalization in a long list of countries of 160 Countries for 1990–2019 and found a steady rise in global trade to GDP ratio, indicating a rising level of globalization in the assessment period. Further, it found cointegrated series for the both and the net effect of globalization on income differential is positive.

Chapter 5 attempts to find out the nature and causes of convergence in incomes among a few developed and developing economies in the last three decades starting from 1990, the phase of globalization, and results suggest that in the postglobalization era, nations have been converging both absolutely as well as conditionally in terms of FDI and life expectancy, and the variance is also diminishing, which indicates the presence of sigma convergence as well.

Chapter 6 aims to search for any connection between all sorts of globalization and income inequality in number of countries. Outcome shows some countries do not show any association between globalization and income inequalities; some do. Therefore, after doing further exercise, it reveals that factors like level of development, demographic structure, urbanization, adult and tertiary level of education and government expenditure share in higher education play important roles in explaining inequalities.

Chapter 7 attempts to determine the importance of carbon emission in terms of sustainable economic development for the production companies in Chile for the period 1990–2019 using Toda Yamamoto causality analysis. Result shows that carbon emissions are not the primary cause of sustainable economic development. In this context, governments need to focus on other issues that have a stronger causal relationship with sustainable economic development.

Chapter 8 intends to quantify the sustainable development level achieved by the Italian regions by building a composite index to measure the regional sustainable development performance. The results confirm the existence of a gap, splitting the country into two parts. The regions of the North and Center-North stand out as the most virtuous, while the Southern regions show a state of backwardness in achieving the SDGs. In addition, it finds that where the sustainable development levels are higher, there are higher levels of gross domestic product per capita and less inequality.

Chapter 9 investigates and examines the effect of rural nonfarm diversification and its implications on agricultural (tree-crop) farming sector inequalities and sustainable development in Ghana. Applying a Gini-decomposition method and/or technique within a quantitative approach, the study outcome indicates the average nonfarm income, thus increased income inequality among tree-crop smallholder rural livelihoods and households leading to concern in the sustainability in economic as well as environmental fronts.

Chapter 10 analyzes the dynamic relations among human development, the natural environment, and economic growth. Using simultaneous equation econometric models for 1990–2019 in a cross section of 110 countries, it observes that economic growth in terms of growth of per capita national income is important for both human development as well as for environmental conservation and protection. For environmental sustainability, it is both the growth policy and direct environmental policies relating to protecting human health and health of the ecosystem that would be of prime importance.

Chapter 11, in order to analyze sustainable urbanization in the BRICS nations, investigates the relationship between urbanization, energy consumption, and CO₂ emissions over the period 1992–2014, using a panel data model. The results indicate that per capita CO₂ emissions are characterized by conspicuous regional

imbalances during the study period. Nations are found to present a long run bidirectional positive relationship, the importance of which is found to vary between the respective regions of the countries.

Chapter 12 focuses on the sustainable development and globalization from the income distribution and labor aspects. It observes that globalization has affected all pillars of sustainability in all industries locally and globally. Globalization has influence on social sustainability mainly due to its effects on income distribution as well as labor share and profile at the local and global levels.

Chapter 13 attempts to understand the regional state of depletion of natural capital stock based on the World Bank's recent data on natural resource depletion by following comparative growth analysis using growth accounting method and exploratory econometric approach across the regions and the results show that the two major regions of low-income countries do exhibit depletion of natural capital stock such as agricultural land, forests, and subsoil assets in per capita terms.

Chapter 14 sheds light in a different topic containing the determinants of economic deglobalization processes and regionalism in Mexico. Following existing literatures and applying different qualitative and quantitative methodologies, it arrives at the conclusion that the nationalism and populism are the driving forces of economic deglobalization processes and regionalism of the country.

Section II: Aspects of Growth and Convergence of Socioeconomic and Environmental Indicators at Country Levels

Chapter 15 seeks to assess if there is any evidence that overseas development assistance, through its influence upon the climate-resilient grants and development grants, has impacted Fiji's developmental goals and climate resilience as a Small Island Development State. The results are: first, ODA did not play any role in reducing underdevelopment in Fiji. Second, ODA played an important role in increasing sustainability, or resilience, in Fiji and finally, oil price hikes compromised Fiji's resilience or sustainability.

Chapter 16 examines the relationships among per capita CO₂ emissions as the proxy for exploitation of the environment with international trade and per capita GDP in India. Using cointegration and short-run causal relationships between the variables for the period of 1979–2018, the study finds that the carbon emissions are an outcome of economic growth and more and more trade with the foreign countries.

Chapter 17 seeks to investigate the ways of achieving postcarbon transition and environmental justice through enhanced sustainability performance and reduced environmental footprint of the supply-side in the globalization and postglobalization phases focusing on the bioeconomy and construction biotechnology as well as on their roles in the postcarbon transition.

Chapter 18 focuses on utility of nano technology and its beneficiary in creating a sustainable environment in economic world using appropriate research methods such as simple statistical, econometric tools and mathematical tools. However, as

major findings of the results, developed countries have been successful in maintaining a sustainable human development, in spite of having higher per capita income (PCI) growth as compared to the role of developing countries with lower PCI in this global world.

Chapter 19 analyzes the presence of convergence or divergence of incomes of the states in India using the concepts of Sigma convergence, Beta convergence, and stochastic convergence for the postreform period of 1993–1994 to 2014–2015. Further the study uses panel unit root test and relevant dynamic processes to test for conditional β and stochastic convergences. It reveals the evidence of divergence in income across the states.

Chapter 20 addresses the issue of digital gap in Italian regions by the construction of a statistical index on the five digital development dimensions of the Digital Economy and Society Index (DESI), i.e. connectivity, human capital, use of Internet services, integration of digital technologies and digital public services. The findings show Italy's extreme backwardness within the European rankings.

Chapter 21 seeks to bring to light whether manufacturing is acting as an “engine of growth” at interstate level in India or not and the cross section result indicates that potency of manufacturing growth and agricultural growth is gradually slowing down as a conforming part of economic growth and service sector is taking leading position in accelerating engine of growth in India.

Chapter 22 studies the impact of globalization on economic development of India through the maritime trade growth at Major Ports, being the sustainable transport mode, during the period (1980–2020). Using econometric and statistical tools, it observes that Major ports have played a significant role in growth of sustainable transport and trade development within India, since the colonial times till date.

Chapter 23 examines a set of objectives, first, how far the state Tripura has developed toward to achieving its SDGs, second, the impact of globalization on its sustainable development and, third, the possibility of development in different sectors of the economy toward fulfilling the SDGs through globalization. It observes that the state is in the take-off stage; it needs to go long way to make it developed.

Chapter 24 computes the magnitudes of financial inclusion and its associated income link across the 18 districts of the state of West Bengal in India, with the help of the four banking indicators or dimensions for the period 1997–2018. It finds that except Kolkata, all the other districts have low IFI values. Kolkata is at the top. Mostly the districts from the North Bengal region are having very low magnitudes whereas the districts from the South Bengal region are having relative high magnitude of financial inclusion. The ultimate effects of these levels of financial inclusion have led to very low level of net domestic products of the districts.

Amit Majumdar envisages the state of affairs relating to the gender diversity and corporate governance practices of selected major listed companies in India. However, it is really premature to reveal any statistically significant difference in their corporate governance disclosure practices based on the gender diversity.

The essence of the studies are many folds. It is observed that globalization has still widened the income gaps of the major countries; however, there has been convergence among the economies in terms of the leading variables such as foreign direct investment and life expectancy. Further, rapid globalization process has hampered the sustainable uses of natural resources. Huge pressure has fallen upon extraction of underground resources and surface ecology in terms of massive deforestation to accommodate millions of the urban-minded people. In addition, it is observed that carbon emissions are an outcome of economic growth and more and more trade with the foreign countries. As the time demands for more globalizations to feed up the global people in terms of varieties as well as to satisfy the motives of the producers, we cannot retard the pace of globalization; rather, we can think of fair distributions of income and wealth across the countries and across the groups in the society. Further, to protect the environment to ensure sustainable development, the governments and private entrepreneurs should come forward to invent conservation capital at par the pace of globalization and income growth. The new and better world for the newer generations will then be a matter of time without further concern.

As the proposed book covers the issues of globalization, income distribution, and sustainable development, the main readers/beneficiaries will be from the postgraduate economics, social sciences, and administrative sciences since they have their own curriculums covering these issues. Further, the diplomats and practitioners will be benefitted by means of different issues related to globalization, WTO, laws, patents, customs, etc.

Section I
Linkages among Globalization, Income
Distribution, and Sustainable Development
in Groups of Economies

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