Global Inequality: Levels and Trends, 1993-2005
How sensitive are these to the choice of PPPs and Real Income measures?

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Increasing global interaction between economies over the last few decades has lead to growing interest on the implications of globalization. Of particular interest has been the distributional impact of globalization and whether this has been equity enhancing. Chotikapanich et al (2011) estimated global and regional inequalities for 1993 and 2000. The main objective of this paper is to update their results to be based on the purchasing power parity data in the latest 2005 ICP round. A related aim is to examine the sensitivity of the inequality results to the use of alternative sets of real incomes derived using different sets of purchasing power parity data to convert income data into a common currency unit. The main finding of the paper is that the populist view that globalisation has increased inequality does not hold when inequality is measured at the global level. Between 1993 and 2005, inequality has consistently declined as measured both by the Gini coefficient and the Theil index. This decline in global inequality was the result of declines in inequality between countries. Thus, claims that globalisation is increasing inequality at an international level also lack support. The estimates do suggest that there is an upward trend in inequality within countries overall, as measured by the contribution to global inequality by within country inequality, which does add support for protestors against globalisation as it may be worsening within country inequality. While the levels of global inequality vary greatly the downward trend in global inequality is evident with different choices of PPP's and real incomes.