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Mannheim, 7. May 2024

Press Release

The Top 10 Percent Are the Main Beneficiaries of Globalization

The income of many people around the world has considerably increased due to the economic globalization of the last 50 years. However, these income gains are unevenly distributed. A study of Dr. Valentin Lang, junior professor of Political Economy at the University of Mannheim, and his co-author Marina M. Tavares of the International Monetary Fund shows that the top ten percent of the national income distributions, in particular, have benefited from this development.

In their study, the researchers tried to answer the question if and how the globalization of the last 50 years has affected inequalities between people worldwide. The result: Globalization has led to greater income inequalities *within* many countries. The gap between rich and poor has widened particularly in countries that have become more integrated into the global economy, such as China, Russia, and some Eastern European countries. At the same time, globalization has reduced inequality *between* countries. The differences between countries therefore play an increasingly minor role in the global inequality rate.

“The influence of globalization on income inequalities worldwide was greater than we had expected,” summarizes Valentin Lang, junior professor of International Political Economy at the University of Mannheim and author of the study. “We were particularly surprised that these differences were mainly due to the gains of the richest and that the lower income groups benefited little or not at all,” the researcher continued.

Increasing skepticism towards globalization

The study also shows that globalization in its early and middle stages led to considerable income increases in the individual countries but that the growth effects diminish as the degree of globalization increases. “The benefits of globalization become smaller during the integration process, while the costs of distribution become higher. This matches the increasing skepticism towards globalization which can be observed in countries with a high level of economic integration,” Lang concludes.

For analyzing economic globalization, the authors used a new empirical approach: They combined data on trade, financial flows and regulation from the past 50 years and related these to the different speeds and regional concentrations of economic liberalization measures in the individual countries.

Lang, V., Tavares, M. *The Global Distribution of Gains from Globalization*. The Journal of Economic Inequality. <https://doi.org/10.1007/s10888-023-09593-7>

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