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Introduction

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Increases in inequality within countries and between countries is one of the most disturbing developments at the beginning of the twenty-first century. The rise of inequality runs counter to much standard economic thinking. Trade and capital flows are, after all, supposed to reduce economic differences between countries and, while they may increase earnings differentials in advanced countries, are supposed to reduce those differentials in less developed countries. The increase in educational attainment within countries should reduce inequality within countries as well. But the facts tell a different story.

This volume reports on a variety of studies covering patterns of change in income inequality around the globe and particular factors that contribute to this. The focus is on developments in parts of the world that have not received the attention given to the US and UK in analyses of rising inequality – China (Benjamin, Brandt, Glewwe and Li); Russia (Brainerd), Australia (Gregory), Latin America (Székely and Hilgert; El-Hamidi and Terrell); Italy (Manacorda) – and to ideas about inequality that go beyond arguments over the impact of technological change and globalization on inequality (Falk and Fischbacher; Bowles; and Arrow). In addition, the volume describes a new data set for examining inequality in wages by occupation around the world, the files of which are available on the web (Freeman and Oostendorp).

By selecting areas and topics that lie outside much current work on inequality, the volume makes a distinct contribution. There is new information, new data, and new ideas that help illuminate this troubling world development.