

# *Migration and Global Inequality*

**Wilfried Altzinger**

**Research Institute 'Economics of Inequality' (INEQ)  
Vienna University of Economics and Business (WU)**

**Fundamental Rights Forum**

**Vienna, 23 June 2016**

# *Migration and Global Inequality*

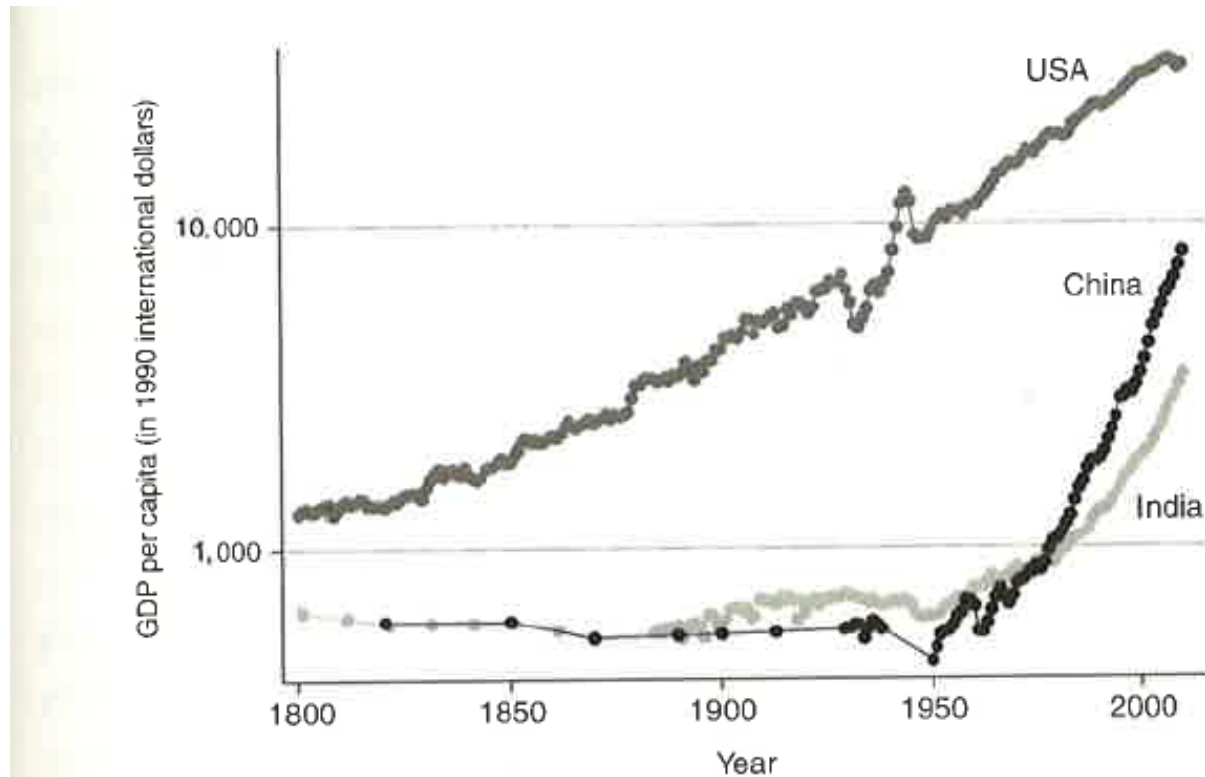
## **Migration: Pull- and push factors**

- Economic factors
- Political and military conflicts
- Ecological factors

## **Economic factors:**

- stage of economic development **between** nations
- distribution of income and wealth **within** nations

# Global inequality (between inequality)



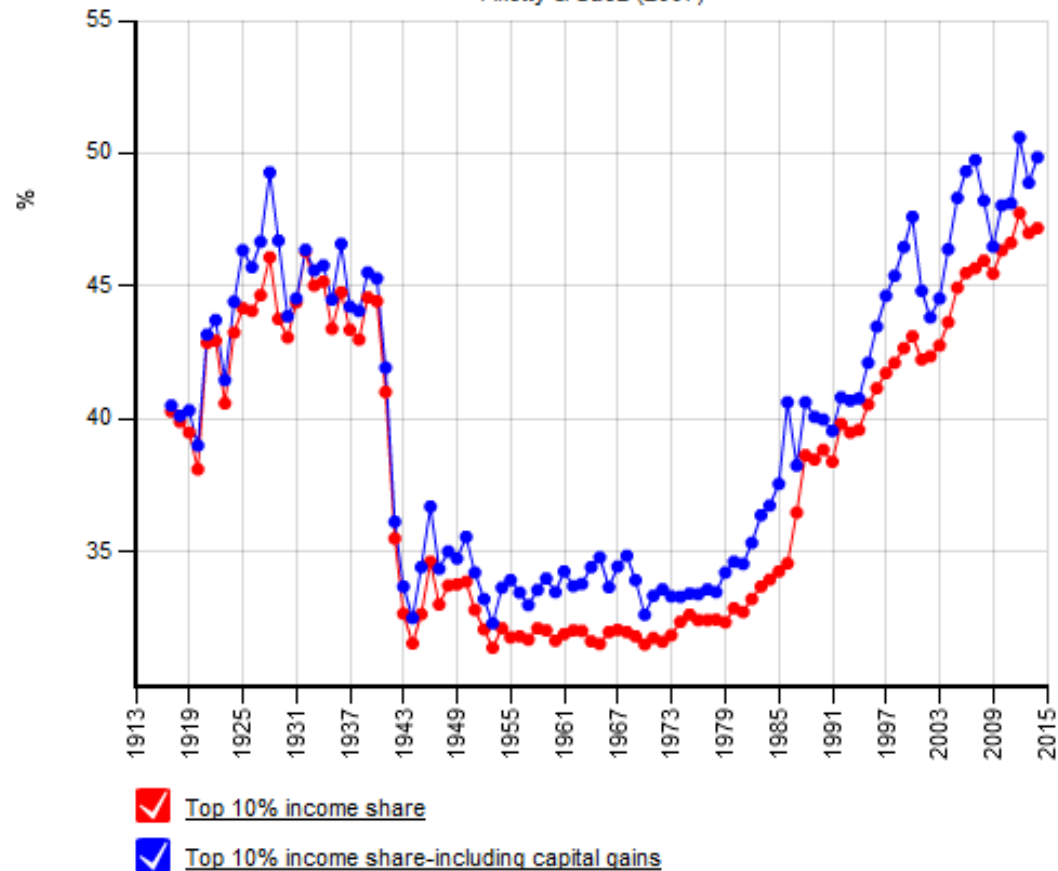
**FIGURE 3.4.** GDP per capita in the United States, China, and India, 1820–2010

This graph shows the long-run evolution of American, Chinese, and Indian real GDP per capita (measured in 1990 international dollars). Vertical axis is in logs. Real GDPs per capita are comparable across time for the same country as well as across countries. Data source: Calculated from Maddison Project (2013).

# World Top Incomes Database (WTID) (**within** inequality in the US)

Top income shares. United States. 1913-2014

Sources: The World Top Incomes Database. <http://topincomes.g-mond.parisschoolofeconomics.eu/>  
Piketty & Saez (2007)



# The 1 percent

Table 1. Real Income Growth by Groups

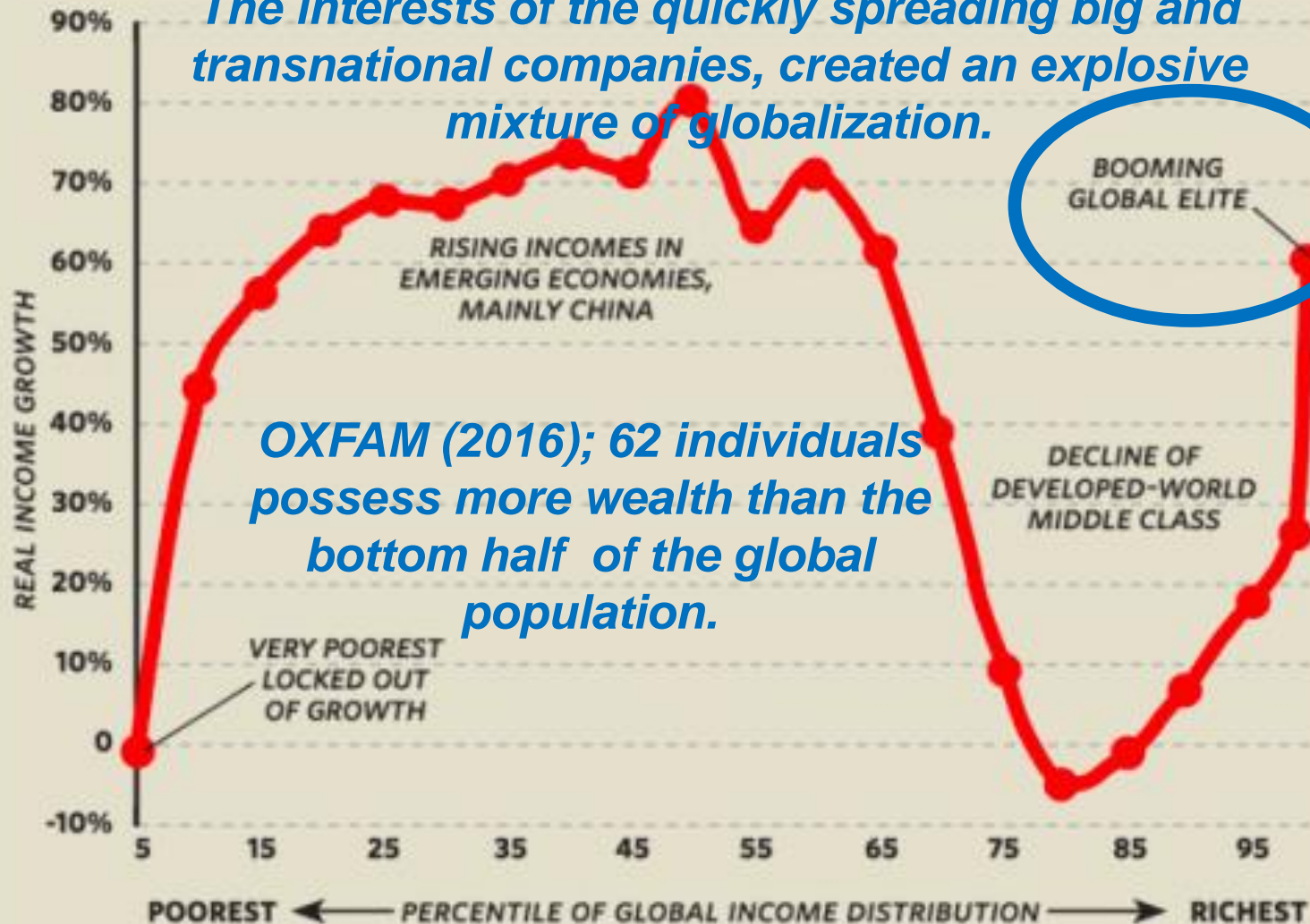
	Average Income Real Growth (1)	Top 1% Incomes Real Growth (2)	Bottom 99% Incomes Real Growth (3)	Fraction of total growth (or loss) captured by top 1% (4)
<b>Full period 1993-2014</b>	20.6%	80.0%	10.8%	55%
Clinton Expansion 1993-2000	31.5%	98.7%	20.3%	45%
2001 Recession 2000-2002	-11.7%	-30.8%	-6.5%	57%
Bush Expansion 2002-2007	16.1%	61.8%	6.8%	65%
Great Recession 2007- 2009	-17.4%	-36.3%	-11.6%	49%
Recovery 2009-2014	8.4%	27.1%	4.3%	58%

# Two different trends

- Between inequality: equalizing forces at the global level (but mainly due to China and India)
- Within inequality: disruptive forces (in nearly all nations around the globe; US, China, etc.)

## GLOBAL INCOME GROWTH, 1988–2008

*The interests of the quickly spreading big and transnational companies, created an explosive mixture of globalization.*



*OXFAM (2016); 62 individuals possess more wealth than the bottom half of the global population.*

Milanovic, Branko (2016); *Global Inequality: A New Approach for the Age of Globalization*, Harvard University Press.

# OECD (2014); Top Incomes and Taxation

- **Abolishing a wide range of those tax deductions, credits and exemptions which benefit high income recipients disproportionately;**
- Taxing as ordinary income all remuneration, including fringe benefits, carried interest arrangements and stock options;
- Considering shifting the tax mix towards a greater reliance on recurrent taxes on immovable property;
- Reviewing other forms of wealth taxes such as inheritance taxes;
- Examining ways to harmonise capital and labour income taxation;
- **Increasing transparency and international cooperation on tax rules to minimise “treaty shopping”** (when high-income individuals and companies structure their finances to take account of favourable tax provisions in different countries) and tax optimisation;
- Broadening the tax base of the income tax, so as to reduce avoidance opportunities and thereby the elasticity of taxable income;

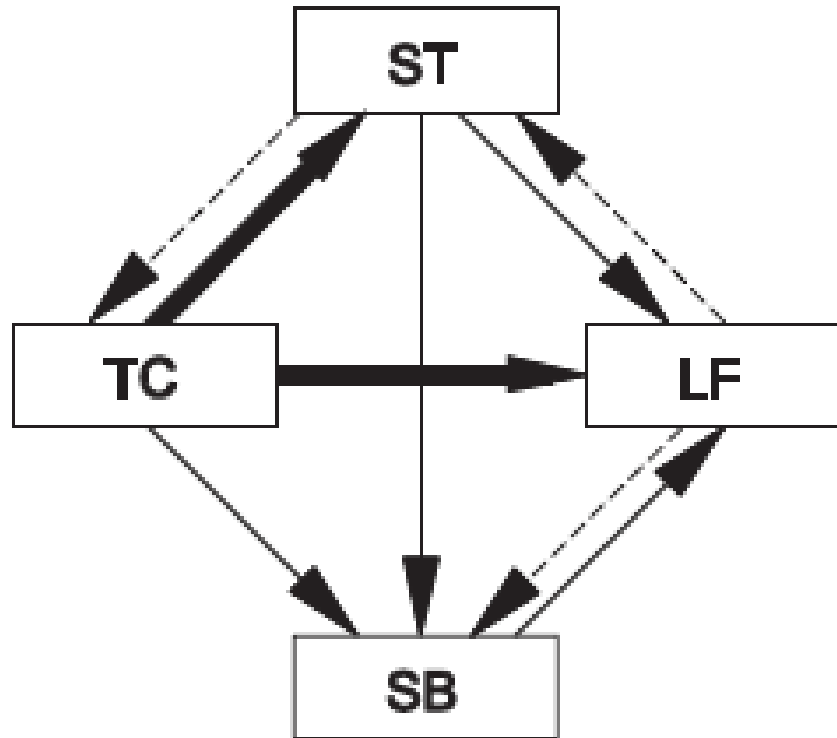
Source: OECD (2014): [Top Incomes and Taxation in OECD Countries: Was the crisis a game changer?](#)

- **Developing policies to improve transparency and tax compliance**, including continued support of the international



Figure 2

ST = State; TC = Transnational Companies; SB = Small Businesses; LF = Labor Force



- = very strong influence
- = strong influence
- - -** = weak influence

# The actual global economic framework

- liberalization, deregulation, and privatization
  - firm-sizes, mergers, and acquisitions
  - Transnational companies (TC):
    - ‘voice’ opportunities
    - ‘exit’ strategy
  - *„The old basis of circular dependence and of a social consensus about the state-business-labor triangle (with all its conflicts) is disappearing.“*
- => „the interests of the quickly spreading big and transnational companies, **created the explosive mixture of globalization.**“*