



Why Inequality Matters

In a Globalizing World

2005 WIDER Annual Lecture

26 October 2005, 15:00-17:00

Marina Congress Center, Europaea Hall
Katajanokanlaituri 6, Helsinki

Inequality poses many challenges for managing globalization so that it works for the developing world. This lecture looks initially at income inequality, arguing that it matters to people in developing countries, where markets and politics are far from perfect. Inequality is likely to be destructive, reducing prospects for growth, poverty reduction, and good government. The lecture then turns to a fundamental problem of globalization – that it is asymmetric, benefitting the currently "rich" more than the currently "poor", both within and across countries. The world, in short, is not really "flat"; those on the surface of what appears to be a level playing field are overlooking others stuck in deep craters. The lecture concludes with remarks on what can be done about the resulting challenge to global security, stability, shared prosperity, and most fundamentally to global social justice. A key challenge is to reconcile the fact that we have a global economy but not an effective global polity.

Nancy Birdsall is the founding President of the Center for Global Development. Prior to launching the Center, she served for three years as Senior Associate and Director of the Economic Reform Project at the Carnegie Endowment for International Peace. From 1993 to 1998, she was Executive Vice-President of the Inter-American Development Bank. Before this, she spent 14 years in research, policy, and management positions at the World Bank. She is the author, co-author, or editor of more than a dozen books, academic articles and monographs including most recently, *Financing Development; The Power of Regionalism* (CGD, 2004) and *Delivering on Debt Relief: From IMF Gold to a New Aid Architecture* (CGD and IIE, 2002).



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