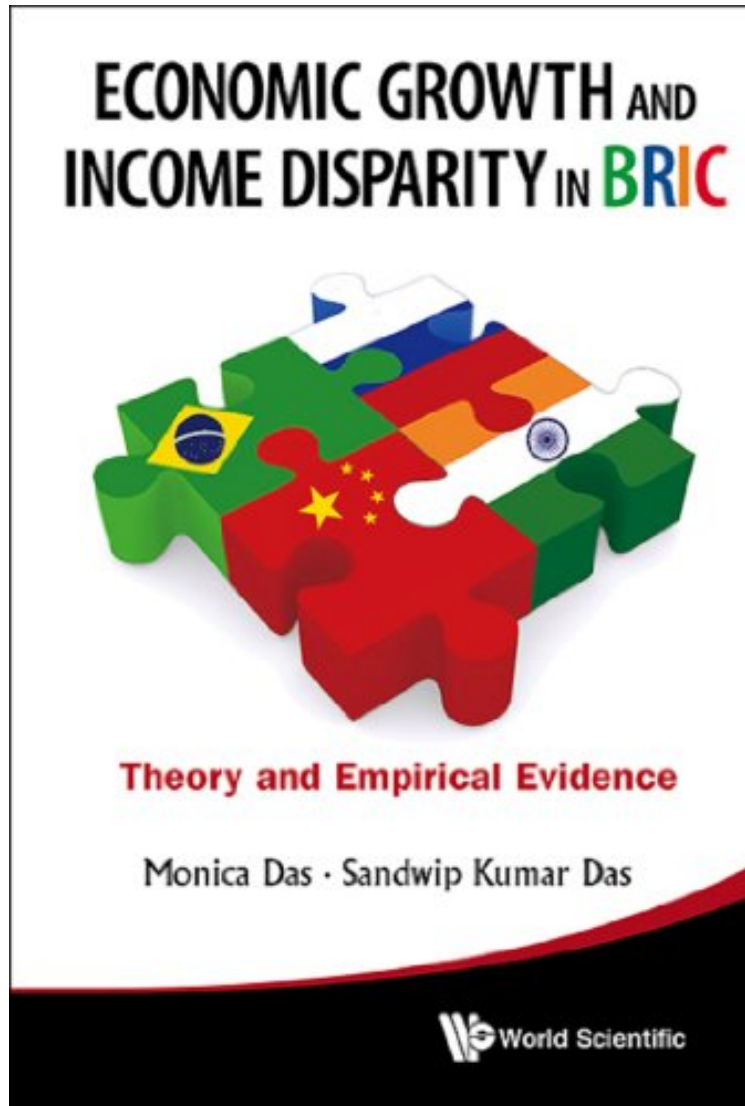


Economic Growth and Income Disparity in BRIC:Theory and Empirical Evidence

Monica Das, Sandwip Kumar Das
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The recent interest in the development processes of BRIC countries (Brazil, Russia, India and China) has been triggered by their high growth performance, but their political and social backgrounds are entirely different. This book

traces the economic history of BRIC countries to understand their economic and social institutions. The only common theme in this growth story is the high levels of income disparities and poverty that are observed even during the high growth decades. In order to understand the interaction between economic growth, income inequality and poverty, the book develops a theoretical framework that incorporates a mechanism of uniform income transfers in a growth model, where economic growth is the result of accumulation. Income transfer mechanism operates in all countries in the form of a progressive taxation system, pension funds, government's anti-poverty programs, employment guarantee schemes, land reforms, etc. It is not necessarily true that such income transfers would invariably reduce growth rates. The relationship between economic growth and income inequality depends on certain initial conditions. For instance, if the initial distribution of income is fairly unequal, growth induces greater equality. On the other hand, at high levels of per capita incomes, growth may raise inequality if the initial level of inequality is not very high. This brings a new dimension in the 'inverted-U hypothesis'. Based on econometric modeling of growth-inequality nexus, the book examines the patterns of growth and economic disparities in BRIC countries over long periods of time, including the recent high growth phase. Two inequality measures applied in this study are Gini Coefficient and Theil's entropy measures, depending on data availability. Attempts have been made to identify the sources of inequality and the role of initial conditions in determining the patterns of development. Each country's experience is unique, but the theoretical model goes a long way to explain their growth-inequality experience.

Contents: Introduction: BRIC and the World Economy
 Political and Economic History of BRIC: Brazil, Russia, India, China
 Economic Growth, Income Inequality, and Poverty
 Growth Models and Growth Inequality Relationship
 Inequality Measures
 Uniform Income Transfers
 Growth and Distribution
 Descriptive Statistics and Basic Regression Estimates for BRIC: India, China, Brazil, Russia
 Growth and Inequality in BRIC: Econometric Estimation: Estimation Method and Framework: The Varying Coefficient Model
 Framework, Data, and Results
 Case of India
 Case of China
 Case of Brazil
 Case of Russia
 Regression with Low versus High Inequality Subgroups
 Regression with Low Growth versus High Growth Subgroups
 Regression Results with Low Corruption versus High Corruption Subgroups
 Regression Results with Role of Government Spending

From the Inside Flap
 The recent interest in the development processes of BRIC countries (Brazil, Russia, India and China) has been triggered by their high growth performance. But their political and social background is entirely different. We have traced the economic history of BRIC countries to understand their economic and social institutions. The only common theme in this growth story is the high levels of income disparities and poverty that is observed even during the high growth decades. In order to understand the interaction between economic growth, income inequality and poverty, we have developed a theoretical framework that incorporates a mechanism of uniform income transfers in a growth model, where economic growth is the result of accumulation. Income transfer mechanism operates in all countries in the form of a progressive taxation system, pension funds, government's anti-poverty programs, employment guarantee schemes, land reforms, etc. It is not necessarily true that such income transfers would invariably reduce growth rates. The relationship between economic growth and income inequality depends on certain initial conditions. For instance, if the initial distribution of income is fairly unequal, growth induces greater equality. On the other hand, at high levels of per capita incomes, growth may raise inequality if the initial level of inequality is not very high. This brings a new dimension in the 'inverted-U hypothesis'. Based on econometric modeling of growth-inequality nexus, we have looked at the patterns of growth and economic disparities in BRIC countries over long periods of time, including the recent high growth phase. Two inequality measures applied in this study are Gini Coefficient and Theil's entropy measures, depending on data availability. Attempts have been made to identify the sources of inequality and the role of initial conditions in determining the patterns of development. Each country's experience is unique, but the theoretical model goes a long way to explain their growth-inequality experience.

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 Monica Das was born in 1975 in Dallas, Texas. MA (Delhi School of Economics), PhD (University of California, Riverside). Currently Associate Professor of Economics in Skidmore College, Saratoga Spring, New York. Specialization areas: Non-Parametric Econometrics, International Trade and Environmental Economics. Important paper publications in professional journals such as Contemporary Economic Policy, Environment and Development Economics, The BE Journal of Economic Analysis and Policy, Eastern Economic Journal, of European Studies, etc. Has contributed in International Encyclopedia of Social Sciences, and collaborated with the research personnel of UNCTAD's International Trade and Commodity Study Series for joint publications.

Sandwip Kumar Das was born in 1942 in Calcutta, India. MA (Calcutta University), PhD (Southern Methodist University, Dallas, Texas). Currently, Adjunct Faculty, Economics Department, State University of New York, Albany, after retiring from professorship in economics in Jawaharlal Nehru University, New Delhi in 2005. Specialization areas: trade theory, econometrics, economic development and Indian economy. Also taught as visiting professor in University of Iowa, Iowa City, Southern Methodist University, Dallas, University of British Columbia, Vancouver, Canada and University of California, Riverside. Edited one book and contributed chapters in 10 edited books. Important journal publications are in Journal of Political Economy, of Economic Studies, Indian Economic Journal, Indian Economic , Economic and Political Weekly, Keio Economic Studies, Journal of Quantitative Economics, Asian Journal of Economic and Social

Studies, Journal of Development Studies, Journal of Asian Economics, Journal of Economics and Business, Journal of International Trade and Economic Development, BE Journal of Economic Analysis Policy, Contemporary Economic Policy, Environment and Development Economics, Eastern Economic Journal, Indian Growth and Development Studies, of European Studies, etc.