The main reason for this break in the previous trend is what also underlies the decrease in Concept 2 inequality: fast growth of relatively poor and very populous countries, most notably China and India. Their growth, reflected in the rising real incomes of their populations, has not only curbed the rise in global inequality, but pushed it slightly down. China's and India's roles stand in marked contrast to the two other factors that influence global inequality and which have both been clearly pro-inequality. The first is the divergence of countries' mean incomes which lasted from around 1980 to 2000; the second were rising within-national inequalities in many countries. The catching-up of poor and large countries has been the sole factor offsetting these upward pressures. But it has been such a strong factor that it has either kept global inequality from rising or, more recently with the acceleration of Indian growth, reduced it.

What can we say about the level of global inequality? What does the Gini of about 70, which is the value of global inequality (see Figure 23.2), mean? One way to look at it is to take the whole income of the world and divide it into two halves: the richest 8% will take one-half and the other 92% of the population will take another half. So, it is a 92-8 world. Applying the same type of division to the US income, the numbers are 78 and 22. Or using Germany, the numbers are 71 and 29. Another way to look at it is to compare what percentage of world population, ranked from the poorest to the richest, is needed to get to the cumulative one-fifths of global income. Three-quarters of (the poorer) world population are needed to get to the first one-fifth of total income, but only 1.7% of those at the top suffice to get to the last one-fifth.

Global inequality is much greater than inequality within any individual country.

[...]