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## **CAN CATCH UP REDUCE INEQUALITY ?**

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### *Abstract*

The past quarter century has witnessed an increase in the share of developing countries not only in world population and world income but also in industrialization and engagement with the world economy. This process of catch up, driven by economic growth, is characterized by uneven development and emerging divergences. There is an exclusion of regions, of countries within regions, of regions within countries, and of people, from the process. The outcome is rising inequality and persistent poverty. This essay seeks to analyze whether catch up can reduce inequality and if so how? In doing so, it formulates two interlinked hypotheses. Catch up, through economic growth, is necessary for reducing inequality, even if outcomes in the recent past have been mixed. But the catch up process itself, driven by rapid economic growth, is not sustainable in the future, unless it creates inclusive societies that do not exclude people and regions from the process. The conclusion is simple. Catch up can reduce inequality. If it does not, there will be no catch up.