Globalization and Income Inequalities Between Mediterranean and European Countries

Rúdi Gualter de Oliveira*

Global Studies, Universidade Aberta, Portugal

Abstract

Technological development has propelled globalization into a new era. Nations have increased not only their level of international integration, but also their dependence on international investments and companies. Despite the opportunities presented by globalization, what has also been seen is a widening of income inequality. The present investigation seeks to present inequalities, focusing mainly on a comparison between so-called Mediterranean countries and those in northern and central Europe, exposing the influence of globalization on income inequality in Mediterranean countries versus countries in central and Nordic Europe. The selection biases of publications available in the globalization-inequality nexus were also examined. A systematic literature review was adopted as a research methodology, selecting, and analyzing relevant texts on globalization processes, income inequality and social development in different European and Mediterranean countries. The analysis of the selected texts demonstrated a wide range of disparate theories. However, when comparing the per capita income level in the Mediterranean countries and in central and northern Europe, the member states, developed countries and developing member countries that participate in international trade do not have a balanced GDP and economic status due to the income distribution unbalanced. However, other factors promoted by globalization that fuel income disparity have been identified, including trade, technology, and financial globalization. The authors analyzed provided a wide variety of theories, both disparate and complementary. It was possible to identify some negative effects of globalization on income distribution and Mediterranean countries, but it was also pointed out that globalization is not the only cause of these inequalities.

Keywords: Europe; globalization; income; inequalities; Mediterranean; social.

1. Introduction

Globalization is a term that denotes the interdependence of various global cultures, demographics and economics [1].
In the context of this document, globalization results from cross-border trade in activities involving technology, goods, investments, information, services, and the labor market. In recent decades, nations have increased their level of economic, political and social activities, which has increased global integration [2]. According to Candelon and his colleagues [3] globalization has resulted in global equity, developing countries closing the gap with richer countries, a result of cheaper international communications and faster transportation. However, in many developing countries, especially Mediterranean countries, the situation is reversed, with large income discrepancies.

The economic literature hotly debates the link between globalization and market inequalities. One side argues that globalization encourages steady economic progress and welfare programs, improving third world nations to keep up with the globalized economy [4]. The other side argues that globalization has been accused of widening socio-economic disparities and causing environmental damage [5].

In the 21st century, globalization has reached new heights. Many people have benefited from technological advancement, but the rewards have not been equitably distributed, often fueling discontent. While global poverty and inequality have declined in recent decades, globalization and/or technical progress has resulted in the polarization of work and increased inequality within many nations – advanced, emerging and developing [6]. Furthermore, economists are paying more attention to the relationship between globalization and technological advancement, on the one hand, and high or rising inequality – of outcomes and opportunities – on the other [6]. According to the study by Leipziger and Dodev [7] the increase in global integration can result in an increase in national inequality.

Globalization is often linked to growing global economic inequalities. The total wealth of the 26 richest people in the world exceeds that of 3.8 billion underprivileged people [8]. As a result, it is critical to understand the concept of economic imbalance and the links between it and globalization.

Anti-globalist and pro-globalist thinkers discussed the topic of globalization. According to Nesvisky [9], globalization and poverty have numerous implications. According to him, this sphere includes barriers to exports from developing countries, which results in significant poverty.

Among the two outstanding characteristics of the globalization movement is the great growth in the trade of intermediate goods and in the mobility of capital experienced in the last 25 years. Prior to the 1990s, trade in final goods had the highest global export value, while international capital mobility was limited. After the 1990s, trade in intermediate commodities increased. Further, there has been the evolution of global supply chains, a phenomenon dubbed the 'New Globalization'. In addition, gross and net international capital flows increased significantly [10]. According to some scholars, globalization is responsible for increasing inequality and job losses in industrialized countries [11]. However, no theoretical study of the long-term effects of separation of production on inequality between and within countries has been carried out.

From 2009, leading to the global financial crisis, the real disposable income of families in OECD - Organization for Economic Cooperation and Development, countries, increased by about 1.7% each year [12]. Currently, the
average wages of the richest 10% of the total population in OECD countries are almost nine times the lowest 10%, corresponding to a ratio of 9:1. On the other hand, there are significant variations in the proportion between different countries. Which is the case in central and Nordic European countries. Still, the UK and Italy are close to 10 to 1, and roughly 14 to 1 in Turkey and Israel. In the mid-1980s, the Gini index, a common measure of the wage gap that ranged from zero - when everyone has the same earnings - to one - when all earnings go to one individual, was 0.29 in OECD. But at the end of 2000, it rose about 10% to 0.316. It further increased by more than four percentage points in 17 of the 22 OECD countries [13].

Over time, several trends in income disparity have emerged across OECD countries. The increase in economic disparity has grown more and more in recent years. Developments in the 2000s revealed an expanding wealth divide between existing high-inequality nations and historically low-gap countries such as Denmark, Sweden and Germany - and other countries on the Mediterranean coast, where the gap grew faster than elsewhere in the decade. On the other hand, Hungary, Greece, and Turkey significantly reduced the wealth gap. Therefore, indications of possible integration of disparity levels between OECD countries towards a shared and increased average rate [13].

According to Atkinson [14], differences in the distribution of wages and earnings, which account for 75 percent of household incomes for individuals in the labor bracket, have actually been one of the main contributors to the increase in household income disparity. With only a few exclusions (Spain and France), the wages of the richest 10% of total wage earners increased faster than the wages of the poorest 10%.

In the mid-1980s and 2000s, the disparity in distributions of market earnings – gross wages, capital gains, self-employment earnings and savings rewards – grew for most OECD countries, according to the OECD’s Growing Inequality report of 2008 [15]. Furthermore, in the early 2000s and late 1990s, cash transfers and income taxes were less helpful in closing the high level of market earnings gap in 50% of OECD countries [16].

Globalization has been widely criticized as the main source of the growing income gap [17]. Protectionist views were driven by the perception that the upside of productivity advances over the previous two decades went mainly – and in some cases exclusively – to highly skilled and educated professionals in OECD countries, abandoning people with less idle skills. According to traditional global trade theory, enhanced economic integration is related to high relative earnings of a skilled workforce in wealthier nations, leading to growing disparity in these nations [18]. However, the facts about globalization's contribution to increasing income disparity are ambiguous. Jaumotte and his colleagues [19] suggest that increased importation of goods from third world countries is linked to lower income disparity than developed countries. Some of the leading experts in trade economics, such as Krugman [20] according Jäkel and Smolka [21], have recently changed their minds about the impacts of trade on inequality, now believing that globalization has had a more significant influence on income distribution through trade, as well as other intermediaries such as offshore activities and foreign direct investment.

1.1. Enunciation and justification of the problem
As of 2019, European market incomes continued to be unevenly distributed with a Gini coefficient of approximately 58% against a European disposable income of less than 25% of the Gini coefficient [22]. In the aftermath of the impact of the economic crisis, several studies [23-25] have focused on inequality and poverty in Europe with respect to economies in the developed world. Work in this area initially emphasized the interrelationship between modes of labor activation and employment. The recent increase in studies [26, 27] has explored the connection between poverty and income inequality in underpinning the macroeconomic variables that define globalization. In the last two decades, income inequality has attracted an increase in many developed economies [24]. However, some countries in Central and Nordic Europe and the Mediterranean reported modest growth in inequality. Compared to other countries [28]. The aforementioned studies provided empirical evidence on how income inequality interacts with globalization, thus developing the possibilities for contemplating world policies aimed at mitigating inequality and poverty, particularly in specific European nations in the wake of the economic hub.

The question of the extent to which globalization will positively or negatively impact inequality is hardened by other variables that isolate the national and global levels of analysis. Therefore, this research analyzes the interrelationship between the various dimensions of globalization in Mediterranean countries versus northern and central Europe and income inequality due to these considerations. Unlike other scholars such as and his colleagues [29] and Jaumotte and his colleagues [19], who focused on investigating variations in inequality in particular nations, this study will focus on European and Mediterranean countries. While several direct determinants have been thoroughly characterized, analyzed, and are now well known, they have traditionally been examined separately. Furthermore, although increasing market income disparity – precisely adjustments in earnings disparity – have now been established as the fundamental drivers, the main indirect cause of changes in disparity remains unknown. This study will examine whether globalization is the main cause. More so, to what extent political and regulatory developments in labor and product markets will be to blame. Do changes in family structures have an impact? Last but not least, what could the authorities do to tackle rising inequality? This document is definitely driven by three macroeconomic trends, technological, financial, and commercial globalization.

2. Theoretical framework

The importance of empirical and theoretical globalization in the development of many countries cannot be overstated. There are several dimensional perspectives on the association between globalization and income inequality, each of which researchers have investigated and presented.

2.1. Income inequality in European and Mediterranean countries

According to Fredriksen [30], most European countries have experienced slow growth, with a tendency to worsen. This contributes to income stagnation, leading to inequality and poverty. The author’s study indicated that rising inequalities sparked interest among academics and policymakers to find new economic measures for performance beyond GDP growth.
In the OECD, there has been a 70% increase in household disposable income per capita over the past 25 years, at around 3.1% per year [30]. However, European countries registered an average growth of 2.5 percent. However, there was a significant difference in the growth rate between European countries, symbolizing the heterogeneity of the area [30]. That is, when considering income inequality; it is essential to consider the dimensions of various countries. For example, Italy experienced slower growth compared to economies such as Poland and Ireland [31].

Recent literature has emphasized several dimensions of income inequality. The consumption-based measure has been widely accepted to measure living standards based on national household income data [32]. This method is used because families are unlikely to disclose their income. The Mediterranean formed an economic set that is interrelated, currently, Mediterranean countries are still linked by flows in the trade of goods and factors of production [32]. Inequality trends were analyzed through the lens of the Human Development Index.

There was an increase in divergence in living standards between nations, which is the central element of economic development until the 1960s. However, inequality stabilized until around 2000 [32]. According to Daniele and Malanima [32] some scholars argue that there has been a downward trend in income inequality between countries. However, a significant group of researchers did not subscribe to this phenomenon, arguing that some of the causes of the increase in inequality have been associated with globalization and technological changes.

Few studies have examined inequality across Mediterranean countries. The absence of the commercial and economic integration process is among the causes of divergences in the Mediterranean countries. This was caused by the partial failure of the Euro-Mediterranean Partnership. The results indicate that from the 1960s onwards there was a decrease in inequality among high-income Mediterranean countries [32]. Mediterranean countries recorded high growth rates. However, they recorded average income inequality, corresponding to a Gini index of around 40 to 45 [32].

2.2. Globalization of trade and income inequality

Through investigations, it was established that income inequality enhances the globalization of trade and reduces income inequality. The literature on trade globalization is separated into two strands, the first strand discusses the positive impact of trade on income inequality, and the second strand discusses income inequality from a negative point of view.

2.2.1. The constructive impact of income disparity and the globalization of trade

The growth of a country's income inequality, witnessed in both developed and developing countries, is by far the most basic and robust occurrence since the 1980s [33]. Numerous accounts have been offered as an explanation for rising income inequality. Among theories include economic globalization, in previous decades social science debates have focused on how increased market integration in areas such as international trade and banking have impacted income inequality around the world [17]. Ali and Isse [34] conducted a study that focused on how foreign aid and trade liberalization impact income distribution. Data from a panel of 150
countries were incorporated into the study, from 1975 to 2000. The study indicated that trade and foreign aid are essential in predicting GDP (gross domestic product) per capita and that international trade seeks to benefit economic performance. In another study by Meschi and Vivarelli [35], the connection between international trade and intra-country income disparity was examined. Using a panel of 65 countries with data from 1980 to 1999, according to the survey, trade openness in industrialized economies increases income inequality while reducing income distribution.

Demir and his colleagues [36] explored the impact that globalization has on income inequality. The study employed a broadly defined measure of globalization that is comprised of economic integration, human interaction, technological connectedness, and political participation, according to the results, globalization significantly reduced income disparity.

According to several studies, the influence of globalization on income disparity depends on the form of globalization. Reference [37], for example, analyzed globalization and disparities in domestic income separately for OECD and low-income countries, both the globalization of trade and foreign direct investment were considered, the investigation found that increased trade helped low-income countries.

Demir and his colleagues [36] investigated an association between sectoral employment, commercial structure and income inequality in developing economies. Data from a panel of 55 unbalanced developing countries from 1981 to 2005 were used, the results revealed that the trade structure and employment are considered positive, implying that the growth in the share of exports of industrial labor increases the income gap even according to the study, the different commercial structures considerably aggravate the income disparity.

European countries are the famous participants in the commercial activities in the various commercial ventures of the world. The study by Surugiu and Surugiu [38] states that the globalization of trade has allowed countries in northern and central Europe to experience an improvement in GDP due to the undertakings of different companies striving to increase the income rates of individuals in various countries. Europeans. According to this study, the results state that there are prospects for profit growth among individuals who participate in international trade, facilitating the generation of income, which acts to improve the level of income and state of the economy.

Reference [39] investigates the relationship between income variation and regional mix. Data from European member states between 1973 and 1997 were used in the study, according to the investigation, increasing economic integration increased income inequality in all European countries.

As of 2019, Europe is the least unequal area in the world, with the richest 10% receiving 35% of median national income [40].

Reference [41] focuses on analyzing economic growth in the countries of northern and central Europe with regard to the concept of "managed globalization", his study facilitates the comparison of the income level of individuals who participate in international trade due to the globalization of commerce and individuals focused on marketing their products locally. Meunier [41] results stated that the "Global Europe" policy has replaced the
"managed globalization" policy, thus leading to an autonomous impact on the income level of individuals in most countries across Europe, thus leading to an improvement of GDP in most countries, with special attention to the upper levels of the economies in the northern part of Europe.

2.2.2. The harmful effect of income disparity and the globalization of trade

A study by [42] presents the various responses put in place by most Mediterranean countries to ensure balance and stabilization of per capita income among individuals in the member states of the European Union. In this study, the authors present data from other related research, facilitating the comparison of the economic situation of countries participating in international trade in relation to their position in terms of performance in the globalization of trade. According to the results, trade is one of the economic drivers in most Mediterranean countries, although it results in economic regression in several developing countries [42]. The study concludes that the globalization of trade has affected GDP, resulting in inflation, making it difficult for individuals to balance their economic capacity despite engaging in commercial activities. In their studies, Cieślik and his colleagues [43], used data from European countries, Central and Northern Europe, on their participation in trade and the interventions they carry out to ensure a balanced income distribution. According to the results of this study, the increase in commercial activities resulted in an increase in the standard of living, making it difficult for individuals to generate a balanced income. The results prove that the globalization of trade makes it difficult for local traders in developing European countries to access large markets, thus making it difficult to develop a stable income stream in their activities. The study concludes that disaggregated and aggregated indicators of international and local trade that reflect GDP and per capita income flows are undermined by the lack of equal consideration and involvement of member countries in the globalization of trade [43].

2.3. The influence of globalization on trade and finance on income disparity

Tridico and Paternesi Meloni [44] focus their study on assessing the impacts of the globalization of finance and trade in Mediterranean countries in relation to models of well-being, economic growth and income inequality, the study aims to prove that there has been a decline in economic crisis in several Mediterranean countries, although there is variation in income levels among individuals in Mediterranean developing countries. According to the results, there are welfare models implemented that help ensure that there is equality in public social spending with strategies on approaches to help improve the socioeconomic status of individuals [44]. The authors conclude that the expansion of social welfare in Mediterranean countries facilitates the strengthening of commercial and financial globalization, boosting economic growth and a balanced GDP. As income inequality is a major challenge, the study makes clear that encouraging commercial and financial interventions can help to strike a balance. In is studies Elmawazini and his colleagues [45] gives an overview of trade and financial globalization and how income inequality channels across European countries from 1992 to 2007. The results of this study state that in both the financial and trade sectors globalization deepens inequality and that European countries have experienced economic constraints as a result of the challenges posed to income distribution by financial and commercial globalization. The authors conclude that there is an increase in income inequality with commercial and financial globalization due to low employment rates, leading to high living standards, which in turn affects income generation [45].

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2.4. Income disparity and the effects of trade, technology, and financial globalization

Jean-Yves and Loïc [31] compare the economic performance and position in terms of GDP of Mediterranean countries in relation to their globalization in terms of trade, technology, and financial linkages. This study uses data from the GDP and economic income regression records of Mediterranean countries during the Roman era and today. It is concluded that commercial and financial globalization are the prominent aspects that resulted in a balance in the income level among individuals in Mediterranean countries. This study proves that individuals have been able to participate in international trade through globalization, resulting in an improvement in financial capacity due to a balanced GDP resulting from the equality of income distribution in most Mediterranean countries. In their studies Jaumotte and his colleagues [19] analyze and evaluate the effects of technological, financial and commercial globalization on income inequality and the strategies implemented by the governments of the respective countries in Europe, in particular Northern Europe, to guarantee the balance of GDP in relation to the level of income. The results of this study state that the rapid technological innovation in most European countries has increased the employment rate, thus reducing poverty in several levels due to the rising income level from 1981 to 2003, since technology and globalization are the main drivers of economic growth in European countries [19].

2.5. The role played by policy and regulatory developments in labor and product markets

From 1980 to 2008, there was a massive regulatory framework by OECD countries to increase competition in the market for goods and services. Furthermore, the regulations are intended to increase the adaptability of labor markets [13]. Some of these regulations included relaxing the market for anticompetitive products. In addition, there was the loss of employment protection legislation. These changes, among others, resulted in distributive changes [13]. According to Stand and Rising [13] political and institutional reforms have been associated with an increase in the wage gap. Parts of the literature support that regulatory reforms and institutional changes have resulted in increased wage inequality. For example, with greater flexibility in product market regulations and reduced tax burdens, there has been a greater pay gap in the OECD region [13]. In European member states, the 2018 tax and benefit systems reduced income inequality compared to 2008. Countries that saw the greatest reduction in income inequality include Greece, Estonia, Romania, Bulgaria and Poland. However, countries that experienced increased income inequality, such as the United Kingdom and Hungary [46].

2.6. Impacts of Family Structures on Market Income Disparity

According to Muszyńska and Wędrowska [47], several factors impact income inequality trends, which also incorporate the general characteristics of households. These latest family income results are calculated based on the number and age of members. The periods 2004 and 2007 were characterized by rising inequality in the EU-15 countries, in addition to Sweden and Greece. Rising inequality continued to be experienced in most nations such as Germany, the Netherlands, Italy, Portugal and Luxembourg until 2010 [47]. Similarly, research results indicated that, from 1987 to 2013, changed family structures translated into a total increase of 16% in overall disposable income in Sweden [47]. Likewise, in Mediterranean nations, family structure impacts income level [48]. According to Stand and Rising [13], the last few decades have been characterized by a change in family
structures in OECD countries. These changes have resulted in more single-parent families. Therefore, the probability of families with couples being poor is lower. This is because the second individual adds more potential income to the family, enabling it to meet its financial needs [48]. However, these nations have experienced high levels of reductions in family size, which are triggered by declining marriages. Therefore, such triggers result in an increase in the vulnerability of these individuals to poverty [48].

2.7. Impacts of Authorities in Combating Growing Inequality

The literature so far points to an increase in inequalities between central and northern and Mediterranean European countries. However, as much as there are high levels of inequality, these aspects can be addressed through the incorporation of authorities. In trying to address these issues, policymakers need to be familiar with the various forms of inequality prevalent in the country [49]. Most inequalities are based on the aspect of family structures that translate into high levels of poverty among individuals. Likewise, authorities can also work together with the private sector, among other social sector actors, to develop effective strategies to address these inequalities [49]. There is then a need to balance income and wealth redistribution with policies that effectively promote regeneration. According to Bürkner and his colleagues [49], this balance can result in government shifting from establishing safety nets to conditions that will allow individuals equal access to opportunities that will allow them to prosper economically.

3. Research method

The present research adopted a systematic literature review as a research methodology, in order to present an overview of the existing theories relevant to the subject and analyze them from the perspective of the objectives and research questions [50]. To this end, selected texts on globalization processes, income inequality and social development in different European countries were analyzed. A total of 12 documents including collection of case studies, reviews, and data sources were analyzed.

Below, the question and research objectives that guided the choice and analysis of the texts presented in the analysis are presented.

- What evidence from the literature indicates the influence of globalization on income inequality in Mediterranean countries versus central and Nordic Europe?

- Determine the magnitude of the impact of globalization on income inequality.
- Assess heterogeneity in reported findings about the nexus between globalization and inequality.
- Examine the selection biases of publications available in the globalization-inequality nexus.
4. Results and Critical Analysis

The following table (table 1) presents a summary of the main conclusions of the studies addressed and analyzed that serve as the basis of the analysis and conclusions generated.

**Table 1: Studies in analysis**

<table>
<thead>
<tr>
<th>Study</th>
<th>European and Mediterranean countries mentioned</th>
<th>Main conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stand &amp; Rising, 2011 [13]</td>
<td>Germany, Denmark, Sweden, Greece, Turkey, and Hungary</td>
<td>OECD countries have driven regulatory reforms to increase market competition for goods and services and ensure that labor markets are highly adaptable. Changes in policies and institutions resulted in distributive changes. These changes have resulted in the wage gap. Furthermore, the increasing integration of traders has had a huge impact on wage inequality in OECD countries. In addition, changes in family structure have contributed to inequality.</td>
</tr>
<tr>
<td>Sánchez López and his colleagues 2019 [27]</td>
<td>Luxembourg, Norway, Netherlands, Austria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia, Sweden, Denmark, Germany, Finland, United Kingdom, Belgium, France, Cyprus, Greece, Ireland, Italy, Malta, Spain, Bulgaria, and Croatia</td>
<td>The results indicated that the globalization of trade and technological development are related to the reduction of inequality. On the other hand, financial globalization, like direct investment, increases inequality.</td>
</tr>
<tr>
<td>Eurostat, 2019 [46]</td>
<td>Czech Republic, Slovenia, Finland, Slovakia, Belgium, Greece, Latvia, Romania, Spain, Lithuania, and Bulgaria</td>
<td>Research indicates that some EU member states have greater income inequality than others.</td>
</tr>
<tr>
<td>Demir and his colleagues 2012 [36]</td>
<td>Armenia, Georgia, Egypt, Albania, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Moldova, Poland, Romania, Russian Federation, Slovakia, Slovenia, Turkey, and Ukraine</td>
<td>Trade structure and employment are considered positive, implying that an increase in the share of manufacturing exports and industrial labor increases income disparity.</td>
</tr>
<tr>
<td>Daniele &amp; Malanima, 2019 [32]</td>
<td>Turkey, Macedonia, Montenegro, Greece, Israel, among other Mediterranean countries.</td>
<td>Income inequalities have declined during the early 21st century. The process of democratization took place. Social indicators are much smaller than economic inequalities, regardless of the convergence of the Mediterranean nation.</td>
</tr>
<tr>
<td>Jean-Yves &amp; Loïc, 2013 [31]</td>
<td>Germany, Australia, Austria, Belgium, Denmark, Slovenia, Spain, Estonia, Finland, France, Greece, Hungary, Ireland, Iceland, Israel, Italy, Latvia, Luxembourg, Norway, Netherlands, Poland, Portugal, and United Kingdom.</td>
<td>Commercial and financial globalization are the prominent aspects that resulted in the balance of income levels among individuals in Mediterranean countries. Individuals have been able to participate in international trade through globalization, resulting in better financial standing due to a balanced GDP resulting from equal income distribution in most countries.</td>
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In addition to the mentioned studies, they were analyzed in order to complement the following studies present in
Table 2, thus listing the main results and main conclusions obtained.

Table 2: Complementary studies

<table>
<thead>
<tr>
<th>Study</th>
<th>Results and conclusions</th>
</tr>
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<tbody>
<tr>
<td>Antonelli &amp; De Bonis, 2021 [48]</td>
<td>The decline of the traditional family type impacts individual poverty. The marriage rate and the participation of couples, with or without children, are indirectly related to poverty. The divorce rate and extended families and singles with child shares are positively associated with poverty.</td>
</tr>
<tr>
<td>Cieślik and his colleagues 2016 [43]</td>
<td>An increase in trade activities has resulted in rising standards of living, making it difficult for individuals to generate a balanced income. Both disaggregated and aggregated indicators of international and local trade that reflect GDP and per capita income flows are hampered by the lack of equal consideration and involvement of European countries in the globalization of trade.</td>
</tr>
<tr>
<td>Elmawazini and his colleagues 2013 [45]</td>
<td>Financial and commercial globalization deepens economic inequality, and European countries have experienced economic constraints as a result of challenges posed to income distribution by financial and commercial globalization due to high living standards. Commercial and financial globalization widens income inequality due to low employment rates, leading to high living standards that affect income generation.</td>
</tr>
<tr>
<td>Pamuk &amp; Williamson, 2000 [42]</td>
<td>Trade is one of the economic drivers in most Mediterranean countries.</td>
</tr>
<tr>
<td>Surugiu &amp; Surugiu, 2015 [38]</td>
<td>The results state that there are prospects for profit growth among individuals who participate in international trade, facilitating income generation, which acts to improve their income level and status in the economy. The globalization of trade cannot be ignored in business, as it has allowed individuals in most European countries to create an interconnection that generates employment in the economy, creating open opportunities that result from inequality in income distribution.</td>
</tr>
<tr>
<td>Tridico &amp; Paternesi Meloni, 2018 [44]</td>
<td>There are welfare models in place that help to ensure that there is equity in public social spending to strategies on approaches to help improve the socio-economic status of individuals by introducing income distribution through the creation of diverse economic opportunities. The expansion of social welfare in Mediterranean countries facilitates the strengthening of commercial and financial globalization, thus increasing economic growth and a balanced GDP.</td>
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4.1. Income inequality in central and northern European and Mediterranean countries

Income inequality refers to the unequal distribution of wealth or income among individuals or groups in a society. In central and northern European and Mediterranean countries, income inequality is a significant issue that has been widely studied.

Numerous studies have highlighted the presence of income inequality in these regions (e.g. [51]). For example, in 2017, the income quantile in Europe was 5.1, indicating a ratio between the income received by 20% of high-income people and that received by 20% of low-income people [51]. Within Europe, Slovenia and the Czech Republic had the lowest levels of income inequality, while Greece, Romania, and Spain had higher levels of inequality, with ratios of 6.0, 6.5, and 6.6, respectively [46].

Additionally, research has shown that certain European countries have higher levels of disposable income
inequality, with the richest 20% receiving at least 40% of disposable income in countries such as Romania, Lithuania, Cyprus, and Portugal [51]. In most EU member states, the highest paid 20% received at least 35% of disposable income in 2019, but there were some exceptions, such as Slovenia, Slovakia, and the Czech Republic, which had lower percentages [51].

While there is less literature on income inequality in Mediterranean countries, existing studies also indicate the presence of this issue. However, these studies have shown that income inequality can persist even as economic growth increases, suggesting an inverse relationship between high economic growth and income inequality [32].

There are several factors that may contribute to income inequality in central and northern European and Mediterranean countries. One of these factors is slow economic growth, which can make it difficult for individuals to increase their income or wealth. Globalization and technological change may also play a role in income inequality, with some individuals and groups benefiting more than others from these processes [32].

It is important for policy makers to consider the issue of income inequality in central and northern European and Mediterranean countries and to implement policies that address this issue. Such policies might include progressive tax systems, social welfare programs, and efforts to promote economic growth and employment opportunities for all members of society.

4.2. Globalization of trade and income inequality

Globalization refers to the increasing interconnectedness and interdependence of countries through the exchange of goods, services, and information. The globalization of trade, in particular, refers to the expansion and liberalization of international trade through the removal of barriers such as tariffs and quotas.

There is a debate among scholars as to the impact of globalization on income inequality. Some argue that globalization can reduce income inequality by increasing the demand for unskilled labor and opening up new employment opportunities, which can lead to an increase in real wages and a reduction in income inequality [43]. However, others argue that globalization can also create challenges for local traders in developing countries, who may struggle to access large markets, leading to a decline in their income and an increase in income inequality [43].

Overall, the relationship between globalization and income inequality is complex and may vary depending on the specific context. Some studies have found that globalization is associated with a reduction in income inequality (e.g. [52]), while others have found that it is associated with an increase in inequality (e.g. [53]). It is important for policy makers to consider the potential impact of globalization on income inequality and to implement policies that address any negative consequences. Such policies might include targeted interventions to support local traders or measures to ensure that the benefits of globalization are more evenly distributed.

In addition to the points mentioned previously, it is worth considering the specific mechanisms through which globalization may impact income inequality.
One way in which globalization can reduce income inequality is through the expansion of international trade, which can lead to economic growth and an increase in employment opportunities. This can result in a rise in real wages and a reduction in income inequality, particularly for unskilled workers who may benefit from the increased demand for their labor.

On the other hand, globalization can also have negative effects on income inequality. For example, the liberalization of trade can lead to a decline in the relative price of certain goods, such as manufacturing goods, which can be produced more efficiently in developing countries. This can lead to a decline in the demand for labor in certain sectors in developed countries, particularly for unskilled workers, who may see a decline in their wages or lose their jobs altogether. This can contribute to an increase in income inequality.

Furthermore, globalization can create challenges for local traders in developing countries, who may struggle to compete with larger, more efficient firms from developed countries. This can lead to a decline in their income and contribute to rising levels of income inequality.

In summary, the impact of globalization on income inequality is complex and multifaceted and may vary depending on the specific context. Policy makers need to consider the potential consequences of globalization on income inequality and implement policies that address any negative impacts.

4.3. The influence of globalization on trade and finance on income disparity

As described in the literature, income inequality represents a significant challenge for individuals' lives. This is because it makes them unable to fulfill their various needs and desires. However, encouraging commercial and financial interventions have been influential in bringing about a balance in inequality levels. According to United Nations data [52], the trade reforms that have been tried in developing countries have translated into faster economic growth. Therefore, this resulted in a general reduction in the levels of income differences. In most cases, globalization is usually associated with a decrease in manufacturing cost. The latter implies that it allows companies to offer goods to consumers at a lower price.

One of the aspects that result in high standards of living is the high cost of goods. Therefore, lowering the cost results in consumption of a greater variety of goods. As much as the globalization of trade results in rapid economic growth, the latter is also associated with rising levels of inequality. In most cases, the globalization of trade tends to result in an increase in the standard of living of individuals to meet the demands resulting from the changes adopted. However, not all European nations are able to meet these standards. So this translates into a general challenge.

Globalization, including the globalization of trade and finance, can have a significant influence on income inequality.

In terms of the globalization of trade, as mentioned previously, the expansion and liberalization of international trade can lead to economic growth and an increase in employment opportunities, which can result in a rise in real wages and a reduction in income inequality. However, it can also have negative effects, such as the decline
in the demand for labor in certain sectors in developed countries and the challenges faced by local traders in developing countries, which can contribute to rising levels of income inequality.

The globalization of finance refers to the increased cross-border flows of financial capital, such as foreign investment and lending. This can have both positive and negative impacts on income inequality. On the one hand, the globalization of finance can provide access to financial resources and investment opportunities that can support economic growth and development, which can lead to a reduction in income inequality. On the other hand, the globalization of finance can also lead to increased volatility and instability in financial markets, which can have negative consequences for individuals and groups, particularly those with lower levels of income or wealth. This can contribute to rising levels of income inequality.

Overall, the influence of globalization on income inequality is complex and multifaceted, and policy makers need to consider the potential consequences of these processes on income inequality and implement policies that address any negative impacts.

### 4.4. Income disparity and the effects of trade, technology, and financial globalization

As discussed in the literature review, financial globalization, technology and trade have resulted in rising income levels due to the creation of job opportunities [31]. With the globalization of trade, there has been a reduction in inequality. For example, according to the Stolper-Samuelson theorem [27], the international trade theorem that establishes the relationship between prices of production and rewards, the increase in international trade leads to an increase in the wages of the unskilled labor force and to the decrease in wages of the skilled workforce, with results in reducing inequality in developing nations. In contrast, in developed nations, the theorem postulates an inverse relationship in which increased international trade raises the wages of skilled workers, which deepens income inequality.

However, financial globalization tends to exacerbate levels of inequality. Furthermore, financial globalization allied to technological change has been considered as a factor in increasing inequality [19]. This is because, with the increase in technology, low-skill inputs are replaced by “premium” skills. Either way, globalization has played a small role in contributing to inequality compared to technological change.

We can conclude that financial globalization and technological progress have led to an increase in the demand for skills and advanced education, postulating an increase in income at all ages, but with the assumption that for those with higher education and advanced skills there was an increase at a rate larger. As a result, this has caused an increase in income inequality in central and northern European and Mediterranean countries.

Income disparity, or income inequality, refers to the unequal distribution of wealth or income among individuals or groups in a society. The effects of trade, technology, and financial globalization on income disparity are complex and multifaceted.

Trade globalization, or the expansion and liberalization of international trade, can have both positive and negative effects on income disparity. On the one hand, trade globalization can lead to economic growth and an
increase in employment opportunities, which can result in a rise in real wages and a reduction in income inequality. On the other hand, trade globalization can also have negative effects, such as the decline in the demand for labor in certain sectors in developed countries and the challenges faced by local traders in developing countries, which can contribute to rising levels of income inequality.

Technology can also have an impact on income disparity. The adoption of new technologies can increase productivity and efficiency, leading to economic growth and an increase in real wages. However, the adoption of new technologies can also result in the displacement of certain types of labor, particularly those that can be automated, which can lead to a decline in wages or unemployment for some individuals or groups. This can contribute to rising levels of income inequality.

Financial globalization, or the increased cross-border flows of financial capital, can also affect income disparity. On the one hand, financial globalization can provide access to financial resources and investment opportunities that can support economic growth and development, which can lead to a reduction in income inequality. On the other hand, financial globalization can also lead to increased volatility and instability in financial markets, which can have negative consequences for individuals and groups, particularly those with lower levels of income or wealth. This can contribute to rising levels of income inequality.

Overall, the effects of trade, technology, and financial globalization on income disparity are complex and multifaceted. Policy makers need to consider the potential consequences of these processes on income inequality and implement policies that address any negative impacts.

4.5. The role played by policy and regulatory developments in labor and product markets

Studies such as those by Dabla-Norris and his colleagues [53] have indicated that political and regulatory developments in labor and product markets have contributed to income inequality beyond globalization. Changes in labor market institutions through increased flexibility have posed a significant challenge among low-skilled workers, which may explain income inequality. For example, a decline in union membership can lead to a decrease in labor bargaining power, which can increase wage inequality. Some studies have also indicated that wage dispersion and temporary employment drive inequality in labor earnings.

To some extent, regulatory reforms undertaken by OECD countries have been beneficial according to Stand and Rising [13], however, there is a certain category of people who are affected. Let's see that one of the measures, cutting employment benefit replacement rates to promote employment among low-skilled workers, is beneficial for those workers, but even so, some of the policies benefit highly skilled workers over low-skilled workers, which widens the wage gap. For example, tax and benefit system reforms have widened the income inequality gap across OECD countries [13].

In the labor market, policy and regulatory developments can help to ensure that workers have access to fair wages, good working conditions, and employment opportunities. For example, minimum wage laws and labor protections can help to ensure that workers are able to earn a living wage, while policies aimed at promoting job creation and skills development can help to increase employment opportunities.
In the product market, policy and regulatory developments can help to ensure that competition is fair and that consumers are protected. For example, antitrust laws can help to prevent dominant firms from engaging in monopolistic practices, while consumer protection laws can help to ensure that products and services are safe and of high quality.

Overall, policy and regulatory developments in labor and product markets can play a crucial role in addressing income inequality and promoting economic growth and development. By ensuring that workers are treated fairly and that competition is fair and open, policy makers can help to create a more equitable and prosperous society.

4.6. Impacts of family structures on market Income disparity

When analyzing the impacts of family structures on market income disparity, it is important to incorporate Dickinson's quote "united we stand, divided we fall". This quote dramatically portrays a very important aspect, which implies that where there is unity, people stand out. However, disunity results in the inability to introduce measures together, thus translating into significant destruction. Family structures often incorporate the combination of relatives to make up the family. However, in this context, the discussion is based on the aspect of single and couple families. In most cases, single individuals tend to struggle to make ends meet. This is because all responsibilities must be managed by a single hand, which can be overwhelming, resulting in difficulties in fulfilling them.

Therefore, this results in individuals exposed to high levels of income disparity. Coupled families, on the other hand, are often favored, and this is because both parties work to ensure they meet the families' needs. By virtue of both parties being employed, this implies that these individuals will be less exposed to inequality and therefore better positioned.

Family structure can have an impact on market income disparity, or the unequal distribution of income among individuals or groups in a society.

One way in which family structure can affect market income disparity is through its impact on labor force participation and wages. For example, research has shown that individuals who grow up in single-parent households are more likely to have lower levels of labor force participation and lower wages as adults compared to those who grow up in two-parent households [54]. This can contribute to higher levels of income inequality.

Additionally, family structure can affect access to education and training, which can have an impact on future income potential. For example, individuals who grow up in disadvantaged family structures may have less access to educational and training opportunities, which can limit their future income potential and contribute to income inequality.

Furthermore, family structure can affect access to financial resources and wealth, which can also have an impact on income inequality. For example, individuals who grow up in disadvantaged family structures may have less access to financial resources and wealth, which can make it more difficult for them to accumulate assets and increase their income over time.
Overall, family structure can have an impact on market income disparity through its influence on labor force participation, wages, access to education and training, and access to financial resources and wealth. Policy makers may consider addressing these issues as part of efforts to reduce income inequality.

### 4.7. Impacts of authorities in combating growing inequality

The only way the authorities can help tackle rising inequality is by talking to them. As described by Oláh [54], family structures were “destined” to increase inequality and income disparity. Oláh [54] gives the example that children tend to be the most affected, especially those raised in broken families. This is because their parents are often forced to look for alternatives that might be effective in making their lives more successful. However, in most cases, they end up not succeeding.

By addressing these aspects, governments can focus on improving the provision of formal family care. This movement will create a platform for these individuals to gain effective skills to improve their lives. Therefore, it will also curb the reproduction of inequality.

Authorities, including governments, can play a significant role in combating growing income inequality. There are a number of policy measures that authorities can adopt to address this issue. One approach is to implement progressive tax systems, which involve higher tax rates for higher income earners. This can help to redistribute income from high earners to lower earners, reducing income inequality.

Authorities can also implement social welfare programs, such as unemployment benefits and healthcare programs, which can provide support to individuals and families with lower incomes and help to reduce income inequality. In addition, authorities can adopt policies that promote economic growth and employment opportunities, such as investing in infrastructure, education, and training programs. This can help to increase the income-earning potential of individuals and reduce income inequality.

Finally, authorities can adopt policies that address specific factors that contribute to income inequality, such as discrimination and exclusion. For example, policies aimed at promoting gender and racial equality can help to reduce income inequality by ensuring that all individuals have equal access to education, employment, and other opportunities.

Overall, authorities have a number of tools at their disposal to combat growing income inequality and promote more equitable societies. It is important for policy makers to consider the various policy options available and to implement those that are most effective in addressing this issue.

### 5. Conclusions and limitations

According to the studies analyzed, it is clear that there have been improvements in income levels, especially among the unemployed. The study by Duarte and Serrano [55] states that there were commercial activities and financial interventions in Mediterranean countries that led to commercial and financial globalization, but ultimately resulted in income inequality due to imbalance in GDP and income distribution. In northern and
central European countries, Surugiu and Surugiu [38] claim that there have been improvements in GDP and economic regression through the globalization of trade. This improvement proves that per capita income inequality has been easy to deal with, since individuals can participate in international trade and other income-generating activities.

There are negative impacts of trade globalization in Mediterranean countries according to the study by [42] and in European countries according to the study by Cieślik and his colleagues [43] on approaches to introducing a balance at the income level. Several studies claim that the GDP and the economic status of countries in the Mediterranean and European sphere of influence have been harmed in terms of per capita income due to the constraints introduced by massive participation in international trade, which results in the globalization of trade.

Results in several studies prove that, when comparing the level of per capita income in Mediterranean countries and countries in central and northern Europe, member states, developed countries and developing member countries that participate in international trade do not have GDP and economic status balanced due to skewed income distribution. International trade policies such as "Global Europe" and "managed globalization" lead to an autonomous impact on the income level of individuals in most European countries compared to per capita income levels in Mediterranean countries.

Furthermore, slow growth is causing income inequality in Mediterranean and European countries. It is noteworthy to indicate that income inequality is not similar in the member states of the European Union and in the Mediterranean countries. Some have higher levels of disposable income than others.

Trade, technology and financial globalization were also seen as causing income disparity in these countries. Even so, some of these factors have a greater impact than others. Furthermore, political and regulatory developments in labor and product markets in these countries have a huge impact on income inequality in addition to globalization. However, it can be argued that these factors intertwine and cause income inequality. However, based on the analysis of these studies, globalization is identified as the possible main cause of income inequality.

In conclusion, income inequality is a significant challenge in central and northern European and Mediterranean countries. Globalization, including the globalization of trade, technology, and finance, has had both positive and negative impacts on income inequality in these regions. Policy and regulatory developments in labor and product markets, as well as the role of authorities in combating inequality, can also play a significant role in addressing this issue. Family structure can also have an impact on market income disparity, with individuals from disadvantaged family backgrounds facing challenges in terms of labor force participation, wages, access to education and training, and access to financial resources and wealth. It is important for policy makers to consider the various factors that contribute to income inequality and to implement policies that address these issues in order to promote more equitable societies.

It is important to point out, however, the limitations of this research. Through the systematic review of the literature, selected cases were analyzed, that is, an exhaustive analysis of all available literature on the subject.
was not conducted. Likewise, the investigation was geographically delimited, analyzing only factors relevant to the Mediterranean and Northern and Central European countries.

Thus, it would be possible to carry out a much broader research, which would consider specific globalization factors and external factors that contribute to income disparity, or even consider the factors analyzed in this study and how they present themselves in other areas of the globe.

One limitation of this analysis is that it is based on a systematic literature review, which means that it may not be an exhaustive review of all available literature on the subject. As a result, it is possible that some important studies or perspectives may have been overlooked.

Another limitation is the geographical scope of the research, which focuses specifically on central and northern European and Mediterranean countries. This means that the findings of this analysis may not be generalizable to other regions or countries. In addition, the research may be limited by the quality and reliability of the sources analyzed. It is important to ensure that the studies and data sources used in the analysis are robust and reliable in order to provide a reliable overview of the subject.

Overall, it is important to consider the limitations of this analysis when interpreting the findings and to recognize that further research may be necessary to provide a more complete understanding of the factors influencing income inequality in central and northern European and Mediterranean countries.

References


