

Thousand Worlds.

In spite of all the talk about globalization, we live in an increasingly fragmented world. Most of us are aware of the differences in income or quality of life between countries, but even within a country, children in Shanghai or Delhi face a very different future from their youthful counterparts growing up in a Tibetan village or parts of rural Bihar. But beyond regional disparities are the gaping inequalities within cities themselves: the latest human development report for Mumbai for example, shows that people in certain parts of India's most prosperous city have a quality of life that is worse than that of some of the poorest African nations. The crucial difference is the opportunities available to people.

What shapes these opportunities? Income differences matter. Of course they do: Average per capita income in Shanghai is 13 times that of the poorest parts of China, and Chandigarh is 8.1 times richer than the poorest parts of Bihar. In Peru, for example, the poverty rate for districts at sea level is 46.1% compared with 63.3% for the districts that are at an altitude of 3500 meters above sea level. The Luxembourg Income Study for selected eastern European countries confirmed that capital cities and major urban areas closer to the rich western neighbors have much higher levels of income compared to those regions which are further away. But what accounts for such large differences in income and opportunities both across countries and within a country?

Regional geography plays an increasingly important role particularly now since globalization has created a premium for the regions with easy connectivity. Infrastructure provides the much-needed connectivity to help regions unlock underutilized resources and facilitate labor arbitrage. Infrastructure development, however, remains uneven across countries because remoteness adds to the cost of connectivity for two reasons: Physical attributes like higher altitudes and remoteness imply longer distances and much larger costs of connection, and the absence of scale economies make most of the infrastructure projects unviable in such areas. In addition, there are large inequalities in distribution of public money at the sub-national levels. For example, the richest county in China spends 48 times per capita expenditure for public services compared with the poorest counties. Such large inequalities lead to either virtuous or vicious cycles: Better connectivity can lead to agglomeration impacts, creating more inflows of investments, technology, and people, which makes the areas richer and in turn results in more money available for infrastructure improvements. But remote areas continue to lag behind in development due to lack of connectivity and investments. The key question for policy makers then is whether to move economic opportunities to these areas by reducing economic distance, or to move people to jobs in a connected world. From the 1980s, China has consistently moved its workforce into areas that are better connected to the rest of the world. But this is now being changed, given their focus on creating a harmonious society: large infrastructure investments hope to connect remote Western areas to economic opportunities.

In any democratic system, it is not the cost or economics alone, but rather political voice and participation by stakeholders in effective policy-making that also determine the ultimate outcomes. And this is where there is a flicker of hope: Mandated representation of women in India at the local level, known as Gram Panchayats, have shown some interesting impacts. Women elected as leaders, or Pradhans, invest more in infrastructure than men. This has been especially true for roads in West Bengal, and drinking water provision in Rajasthan. These results also confirm, albeit indirectly, that local governments do have effective control over policy decisions that affect them.

There is a long way to go to bring these thousand worlds closer to each other. A beginning, however, needs to be made by involving stakeholders and giving them a greater voice in overall resource allocation.