

General Studies – 1; Topic: Social empowerment; poverty and developmental issues

Inequality Across the Globe

1) Introduction

- Inequality has been a hot topic of international discussion for around a decade
- Inequality has been on the rise across the globe for several decades. Some countries have reduced the numbers of people living in extreme poverty.
- But economic gaps have continued to grow.
- According to Global Wealth report the richest one per cent of the world's population had the same amount of wealth as the other 99 per cent.

2) Nature of Inequality

- Hundreds of millions of people are living in extreme poverty while huge rewards go to those at the very top.
- There are more billionaires than ever before, and their fortunes have grown to record levels. Meanwhile, the world's poorest got even poorer.
- The Group of Seven (G7) leaders are creating a wide gap between the 'haves' and the 'have-nots' both in their countries as well as across the globe, according to a new report published by Oxfam International.
- As a result, they are making the fight against alleviating poverty more difficult, claimed the report 'The G7's Deadly Sins'.
- Women workers, who are more likely to be in precarious low-paid work, are among the worst affected.
- Women face gender pay gap and unequal access to social protection
- According to Global Risks Report which identified a number of threats to the world order, income inequality tops the list

3) Reasons

- Many Developed countries have adopted "the neoliberal policy prescriptions of deregulation and privatisation and shaping the global economy according to the wealth accumulation model".
- One-third of the world's billionaire wealth is derived from inherited wealth, while another 43 per cent can be linked to "cronyism"
- Large corporations use their huge power and influence to ensure that regulations and policies are shaped to deliver continued profitability.
- Manipulated tax systems. Apple paid only 0.005 per cent on its European profits in 2014.
- Globalization has resulted in inequitable distribution of wealth and rising competition from skilled workforce, thereby making the unskilled workers economically vulnerable

4) Policies and actions that has created unequal economies across the globe are:

- Extreme wealth accumulation by a few.
- Failure of governments to implement progressive tax systems.
- Reducing funding to public services like education, healthcare and social protection as well as foreign aid.
- Under-taxing corporations and wealth.
- Not doing enough to curb emissions.
- Promoting sexism

- These policies have increased the burden primarily on the poor countries and upon women and girls.

5) India's Case

- India is one of the most unequal countries in the world — the richest 1 per cent own 60 per cent of its wealth
- In India women are poorly represented in the top bracket of wage-earners and also experience wide gender pay gap
- CEO of India's top information technology firm earns 416 times the salary of a typical employee in his company.
- While coal provides around 75 per cent of the nation's electricity, many areas with the densest concentration of coal plants have low access to electricity

6) Consequences

- If current trends in economic growth and inequality remain unchanged, around 550 million people will be under extreme poverty in 2030, according to the World Bank.
- Extreme inequality destabilizes global economies and pushes more and more people into poverty.
- A nation will not survive morally or economically when so few have so much, while so many have so little.
- Effects that inequality has on societies: Eroding trust, increasing anxiety, and illness, (and) encouraging excessive consumption
- Rising inequality is fuelling conflict, both the incidence of crime in our daily lives and full-scale civil conflict and war
- Inequality destroys the soul of nations, of societies, of communities and, ultimately, of every individual's well-being.
- Inequality corrodes the fabric of a society that is crucial for all people to feel they belong to it

7) Way Forward

- Adopt urgent policies and practices to make a more human economy
- Implementing tax models for the rich individuals and corporations to pay their fair share of tax
- More equitable tax policies and Progressive taxation
- Consider new and existing wealth taxes to be used as a tool to fight poverty and inequality.
- Developed countries must invest in healthcare and education and provide aid to developing countries and also work towards limiting greenhouse gas emissions down to zero well before mid-century
- Implementing higher minimum wage
- Regulating companies to ensure sustainable production and prevent exploitation
- Moving away from a simplistic focus on GDP growth to focusing on improving the conditions of the bottom half
- IMF should be serious about such measures.
- Bringing in the wealthy people within the tax-net through inheritance tax and increase the wealth tax.
- Oxfam said it is time to build a human economy that benefits everyone, not just the privileged few