



Increasing Inequalities

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This article is based on “**Troubling trends: On widening inequality**” which was published in The Hindu on 26/01/2021. It talks about the increasing inequalities in the world.

The world economy is slowly recovering from the devastation caused by the Covid-19 pandemic. However, the recovery is uneven among countries and within countries. It is an emerging universal truth that, in the post-pandemic world, economic inequality is rising sharply in all countries.

This can be reflected in a new report by Oxfam, which has revealed that the 1,000 wealthiest people worldwide recovered their losses from the pandemic within nine months as opposed to the world’s poorest, who might take a decade to limp back to their pre-pandemic standing.

In this context, the World Economic Forum has proposed ‘**the Great Reset of Capitalism,**’ which says it is a “commitment to jointly and urgently build the foundations of our economic and social system for a more fair, sustainable and resilient future.”

In the past, many such slogans were raised. However, it is the perils of the **neo-liberal economic order** that continues to grow inequalities worldwide.

Note:

The current world economic order can be termed neo-capitalism or neo-liberalism, which focuses on Laissez-faire (market freedom), globalization, intellectual property rights, free movement of goods, services investment, and ideas.

Inequalities in India

Inequality was alarmingly high and destabilizing social and political order in much of the world even before the pandemic struck. Inequality is widening across the world, and India is no exception.

- According to the recent Oxfam report, Inequality in India has risen to levels last seen when it was colonized.
The additional wealth acquired by India's 100 billionaires since March when the lockdown was imposed is enough to give every one of the 138 million poorest ₹94,045.
- An unskilled worker in India would take three years to earn the richest person earned in one second last year.

Concerns Associated with Inequalities

- **Normalization of Inequalities:** Many major economists worldwide try to justify growing inequalities as an inevitable by-product of economic growth that led to the reduction of absolute poverty.
 - Moreover, concerns about inequality could also be easily dismissed as being informed by socialism, which is portrayed as a threat to democracy.
 - Due to this, the distribution of new wealth between capital and labor has become so one-sided that workers are constantly being pushed to penury while the rich are getting richer.
 - Further, the worsening inequality in income and opportunities impacts some sections disproportionately due to discrimination based on gender, caste, and other factors.
- **Creation of Monopolies:** Despite its alleged commitment to market competition, the neoliberal economic agenda instead brought the decline of competition and the rise of close to monopoly power in vast swaths of the economy: pharmaceuticals, telecom, airlines, agriculture, banking, industrials, retail.
- **Unsustainable Economic Growth:** One of the chief characteristics of economic development is the intensification of energy use. There is an unprecedented concentration of high energy density in all economic development strategies.
 - The bulk of the energy continues to be generated from non-renewable sources.
 - The developed world's primary objective is to capture energy-generating resources from across continents and put them to use to push their GDP growth to greater heights.
 - This unsustainable economic growth model is against the concept of sustainability, as it sacrifices the need of future generations for the welfare of present generations.

Way Forward

- **Nordic Economic Model:** To make the current redistribution of wealth more equitable, the current neo-liberal model can be replaced by the ‘Nordic Economic Model.’

Nordic Economic Model consists of effective welfare safety nets for all, corruption-free governance, the fundamental right to quality education & healthcare, high taxes for the rich, etc.

- **4P Model of Capitalism:** Rather than just rhetoric, the new capitalism model should focus on 4P’s viz. ‘Profit, People, Planet, Purpose and it should be the government’s task to ensure that the corporates adhere to this model.

Conclusion

Unlike in the 20th century, India can and must actively contribute to the framing of new rules to govern global capitalism and the reshaping of international institutions.

Simultaneously, as the Great Reset narrative unfolds, it must also reform its economy and society to make it more equitable, sustainable, and capable of coping with rapid external change.

Drishti Mains Question

The worsening inequality in income and opportunities impacts some sections disproportionately due to discrimination based on gender, caste, and other factors. Discuss.



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<https://youtu.be/zWr3gQi5HLM>

This editorial is based on **“Keep the vigil”** published in The Indian Express on January 27th, 2020. Now watch this on our Youtube channel.
