

World Inequality Report

Why in news?

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World Inequality Report 2018 has been recently released

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What is World Inequality Report?

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- It measures income and wealth inequality in a systematic and transparent manner.

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- This report is on a global scale which showcases the trend in inequality across the world, providing a comparative perspective across countries.

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- It seeks to fill a democratic gap and to equip various actors of society with the necessary facts to engage in informed public debates on inequality.

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- It is published by World Inequality Lab at the Paris School of Economics.

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What does recent report signify?

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- It has brought into focus of economic progress in India and there are reported growth in inequality here since the mid-1980s.

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- The reported had found that the top 1% of income earners received 6% of the total income in the early 1980s, close to 15% of it in 2000, and receives 22% today.

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- It also explains combination of large privatizations and increasing income inequality has fuelled the rise of wealth inequality among individuals.

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- The report also enables a comparison of economic progress made in India and China.

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What are the key comparisons made between India and china?

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- Since 1980, while the Chinese economy has grown 800% and India's a far lower 200%.

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- At the same time inequality in China today is considerably lower than in India.

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- The share of the top 1% of the Chinese population is 14% as opposed to the 22% reported for India.

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- Per capita income in China was five times that of India in 2016 while the percentage of the population living on less than \$1.90 a day was about 10 times less at the beginning of this decade.

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What are the reasons behind china's growth?

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- Imaginative public policy and a steady governance was the ideology of china for which it had chosen Authoritative government.

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- Leadership combined the drive for growth with the spreading of human capital.

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- The spread of health and education in that country enabled the Chinese economy to grow faster than India by exporting manufactures to the rest of the world.

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- Those goods may not have been good in quality but they were globally competitive, which made their domestic production viable.

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- The resulting growth lifted vast multitudes out of poverty, which accounts for the relative equality of outcomes in China when compared to India.

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- An ingredient of this is also the greater participation of women in the workforce of China, an outcome that eludes India.

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Source: The Hindu

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