

Measuring the politics of inequality

The rich is getting richer and the poor, poorer, yet leaders lack the political will or knowhow to address this income gap

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According to the World Inequality Report (WIR), inequality has worsened at varying rates around the world.

Over 500 million people in China still live on less than US\$5.50 (S\$7.30) per day. The WIR stresses the spatial dimensions of China's inequality gap, – between coastal urban regions and the more rural interior.

For example, between 1978 and 2015, urban share of national income increased from 30 to 80 per cent, with urban households earning 3.5 times more than rural households.

There are two Chinas: one urban, educated and mobile, the other isolated, immobile and stuck in outdated livelihoods and social assistance.

Meanwhile, India saw the fastest rise in inequality between 1980 and 2016 among major world regions, with 55 per cent of income share in the hands of the richest 10 per cent of the population since 2012.

The US and Canada are not far behind at 47 per cent, then Russia (46 per cent), China (41 per cent) and Europe (37 per cent).

India is expected to be the fastest-growing large economy this year, with over 200,000 millionaires and 100 billionaires alongside the 78 million who earn US\$10 per day (considered “middle class” by India's National Council of Applied Economic Research).

While the economic elite has benefited from the reforms of the 1990s, a two-speed effect on income growth left a majority

of the population behind.

Inequality is decried at campaign rallies and in commentaries, but little is being done at any policy level. Examples of ineptitude are numerous.

In thrall to oft-discredited claims about “trickle-down economics”, governments in the US and India have passed sweeping tax reforms that substantially favour corporations.

In China, expectations of urban-led economic growth support programmes to move 100 million rural residents into urban areas, including third-tier cities lacking advanced education and health services.

This comes on top of re-development programmes that displace low-income residents, especially in Beijing.

In India, employment in agri-

culture is declining without a commensurate rise in urban manufacturing employment.

Failure to improve basic services is one of the most glaring gaps in inequality policy.

China's rise has generated revenues to invest in schools, but education gaps persist in rural areas. Private sector and philanthropic works, while helpful, cannot substitute equal access.

In the US, health policy is cynically used as political currency while the richest 1 per cent of American men live, on average, 14.6 years longer than the poorest 1 per cent.

Inequality is not ignored for a lack of evidence – the challenge is made clear in research reports like the WIR and in headlines.

For example, inequality in China got global attention in a

story about the eight-year-old “ice boy” in rural Yunnan who walked almost 5km in freezing weather to reach school.

Perhaps the personalisation of inequality would more effectively influence public sentiment and policy pressure.

Both the economics and the ethics of inequality demand transformational thinking, but the voice of the poor continues to be drowned out by a global minority enjoying elite status.

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