



Forum : Citizen Forum on inequalities

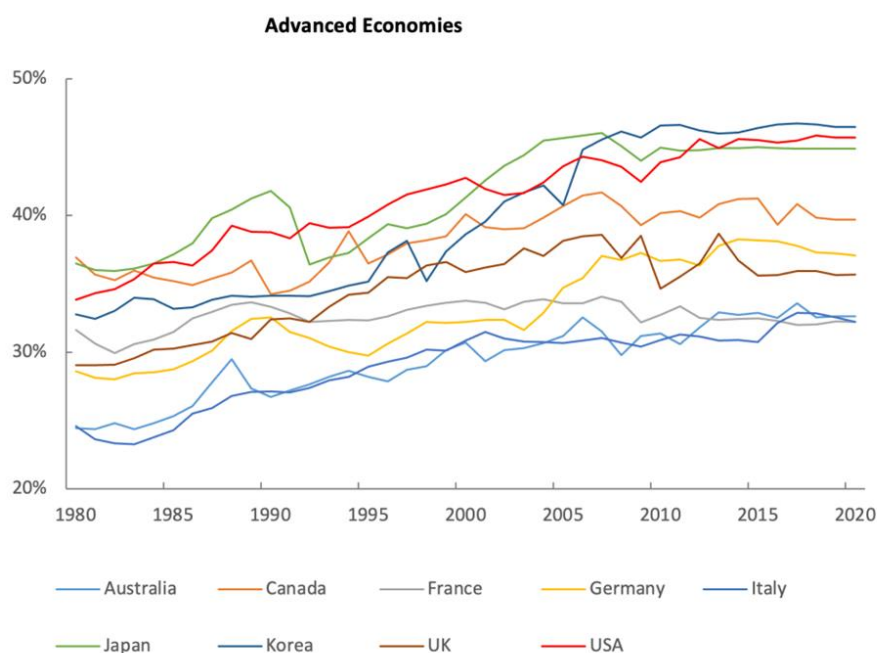
Subject : How to reduce inequalities on different scales

Members : Lena Csigó and Colin Davidian

Position : Chair

Introduction

All over the world, wealth inequalities have only been rising over the last decades. The wealthier only got richer and the poorest poorer. For example, in the US, income inequalities have risen by 20% in the past 40 years.¹ In Rwanda, the richest 20% gain over half of the national income, whereas the bottom 20% gain 5%.² In advanced economies, the income of the wealthiest 10% is rising significantly, as seen on the graph below.³



In the matter of income inequality, the top 1% is earning almost 25% of the world's income. This rate is the highest since the Great Depression. Regarding wealth inequalities, the top

¹ <https://www.pewresearch.org/social-trends/2020/01/09/trends-in-income-and-wealth-inequality/>

² <https://medialibrary.uantwerpen.be/oldcontent/container2143/files/Publications/Annuaire/2002-2003/04-Martens-Marysse.pdf>

³ <https://i0.wp.com/www.brookings.edu/wp-content/uploads/2023/05/Screen-Shot-2023-05-16-at-3.09.18-PM.png?fit=500%2C375px&quality=1#038;ssl=1>

1% holds 40% of the world's monetary resources. The rate of return on capital is higher than the growth of the economy. In other words, wealthy people only get wealthier unless there is a catastrophe. The money their descendants inherit buys political influence; this power gives them even more wealth. As wealth is passed down through generations, people do not start with the same set of opportunities; wealth therefore is not always the result of hard work. This increases inequality even more, along with the differences in thinking and behaving.

Those increasing differences lead to fragmentation of society. As the share of income to the top 1% doubled in the past 20 years, medium income is getting worse. According to Joseph Stiglitz, an American economist, the Price of Inequality leads to a division between slums and wealthy neighborhoods. We can thereby notice differences in education, access to healthcare, and living standards between wealthier and poorer neighborhoods. For example, in Cape Town (South Africa), there is a clear separation between the living space of different socio-economic classes, as the leftover of an apartheid society.



People now have had enough of this situation. Why and how did we get there? Why does the wealth of the world is more concentrated in the hands of the wealthiest class than ever? We can notice that poverty is going down but the gap between rich and poor has only gotten bigger and bigger. In Thailand, for example, poverty rates decreased from over 65% to 6% between 2015 and 2020, but inequalities have risen: the top 1% now possesses more than two thirds of national wealth. To understand this, we must analyze the causes of this effect on different scales, and their correlation with other forms of inequality. According to Barack Obama, inequality is the “challenge of our time”, which is why immediate steps towards its mitigation is crucial.

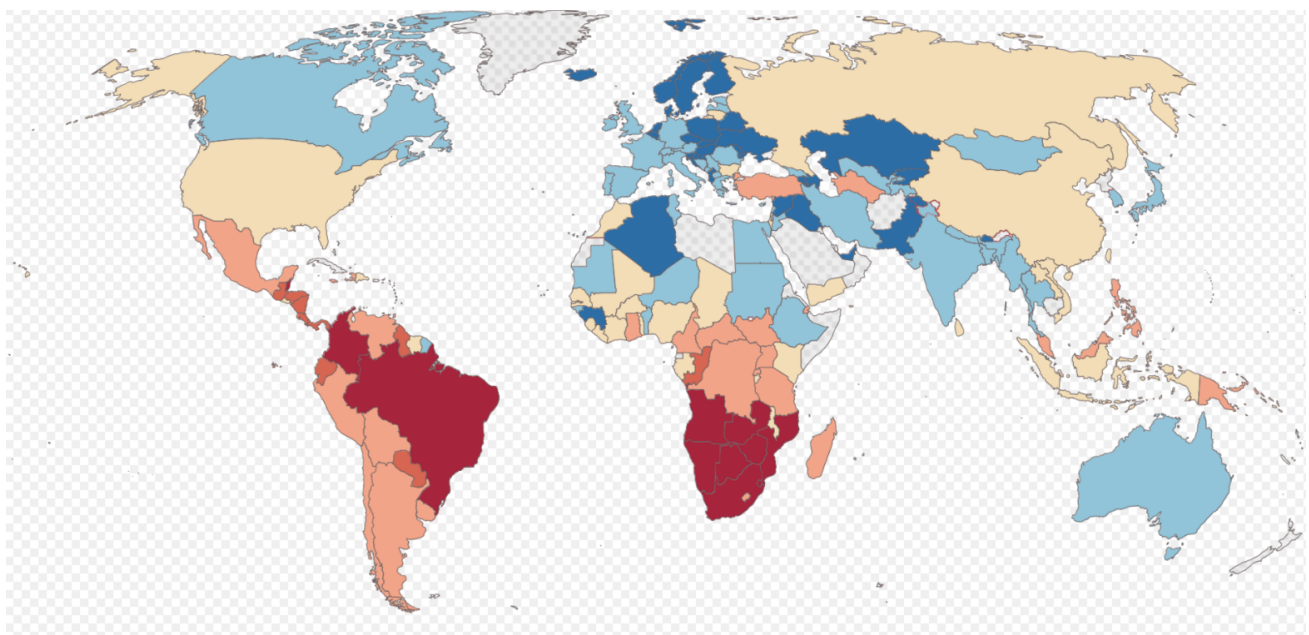
Definitions:

Poverty: The Economic Times defines poverty as not having the means to support basic nutrition, access to safe drinking water, shelter, education, and other needs. Around nine percent of the world's population (about 711 million people) currently live in poverty, according to the World Bank.⁴

Inequality: Inequality: uneven distribution of income and opportunities between different groups in society.⁵

Communism: philosophical, social, political and economic ideology that aims to establish a society based on a socioeconomic order of common ownership of resources and advocates the absence of all forms of social class, money and state.⁶

Capitalism: economic system where private businesses can have ownership of capital goods. As per capitalism meaning, individuals can privately own means of production. Map of the countries according to the Gini coefficient.⁷



Map of the countries according to the Gini coefficient

The **Gini Coefficient** represents wealth, income and consumption inequality. Its value is a number between 0 and 1. A Gini coefficient of 0 means perfect equality, and a Gini

⁴ <https://economictimes.indiatimes.com/definition/poverty?from=mdr>

⁵ <https://economictimes.indiatimes.com/definition/poverty?from=mdr>

⁶ <https://economictimes.indiatimes.com/definition/communism>

⁷ <https://www.imf.org/en/Publications/fandd/issues/Series/Back-to-Basics/Capitalism>

coefficient of 1 means a maximum of inequalities, where one individual has all the income while the others none.⁸

Current situation in the World :

The richest people only get richer, enlarging the gap between them and the middle-income class. For example, the Average chief executive pay in the FTSE 100 in 2017 was 145 times higher than that of the average worker, up from 47 times in 1998. Similarly, in the United States of America, Jeff Bezos, Bill Gates and Warren Buffett own more wealth than bottom 160 million people in the US.⁹ In the same yearly report of the Forbes, the disparities have drastically risen as the top 400, who possesses about 2.68 trillion dollars, owns more than the GDP of Britain. "If left unchecked, wealth will continue to accumulate into fewer and fewer hands, a trend we've been witnessing for decades," wrote Josh Hoxie, one of the study's co-authors.

1- Causes of those inequalities

Inequality is a worldwide issue, taking its roots in history, economics and social expectations.

Historically, colonialism and the industrial revolution have played significant roles in creating and perpetuating disparities. Colonial powers exploited resources and labor in colonized regions, generating wealth that primarily benefited the colonizers while leaving the colonized regions economically underdeveloped. Similarly, the industrial revolution, while increasing overall wealth, disproportionately favored industrialists and capital owners, widening the gap between the rich and the working class.¹⁰

Economic growth often benefits the wealthy more because they can invest in things that grow in value faster than wages. The tech industry has made this gap bigger by valuing high-skilled jobs more and reducing the need for repetitive tasks, which causes job losses for those without specialized skills. Globalization also adds to inequality by delocalisation, leading to job losses at home and lower taxes for the rich. Urbanization and the loss of middle-skill jobs due to digitalization have even more enlarged the gap between high-skilled workers and the others.

Socially, inequality is even now perpetuated by social expectations and exclusion based on different factors such as age, sex, disability, race, ethnicity, origin, religion, or economic status. Those exclusions lead to inequalities in education, employment, and

⁸ <https://ourworldindata.org/what-is-the-gini-coefficient>

⁹ [The 3 Richest Americans Hold More Wealth Than Bottom 50% Of The Country, Study Finds](#)

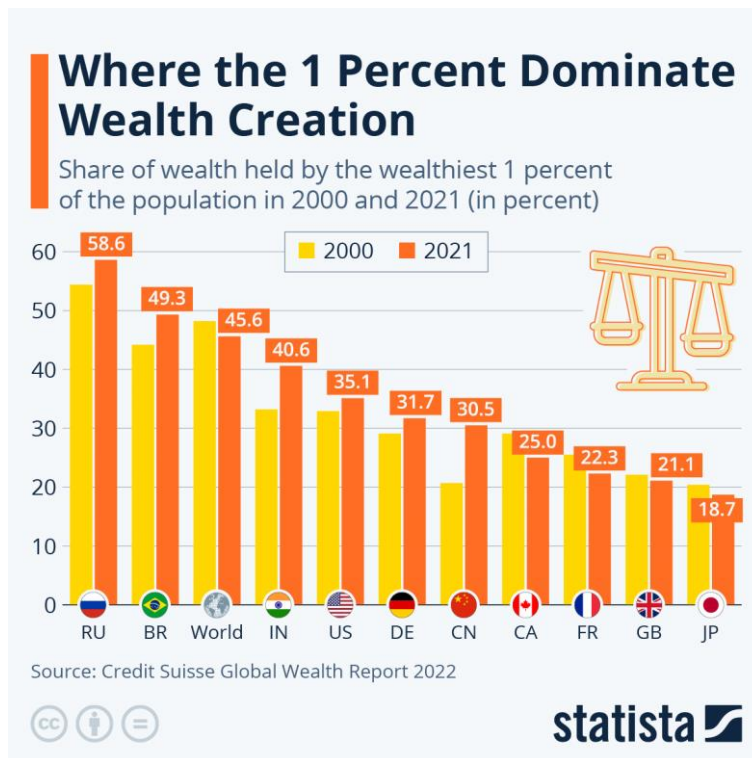
¹⁰ [The economic impact of colonialism | CEPR](#)

social services, further entrenching disparities. Children's opportunities are often influenced by their parents' socioeconomic status, leading to a less productive economy if mediocre skilled individuals are favored over more talented but less privileged individuals.¹¹

2- Consequences

Inequality can have profound economic consequences. Societal divisions created by inequality can destabilize wealth growth. This is because a significant portion of the population may lack access to quality education, healthcare, and job opportunities, which are essential for economic productivity and innovation. Moreover, high levels of inequality can lead to reduced consumer spending, as the majority of wealth is concentrated in the hands of a few, limiting overall economic growth.

Graphic with the growth of the power of the top 1% wealthiest



Rising inequality is also linked to significant political shifts and political instability. For example, events like Brexit in the UK and the election of Donald Trump in the US can be associated with growing economic disparities. For instance, Trump's recent decisions to cut trillions to Medicaid and food assistance only have been widening the inequalities already present in the country. While the billionaires only get richer, the rest of the population keeps losing essential aid programs that used to help them cope with their daily issues.¹² Right extremist movements often call those people feeling marginalized and underrepresented. As economic inequalities rise, support for populist parties and movements do so. This can lead to an increased polarization of society and to political instability, making it hard to implement cohesion among the population and effective policies.

Inequality can make many people feel left out and unrepresented. This can show up in different ways, like differences in health, education, and chances to move up in life. It can also create gaps between genders, races, ages, locations, and social groups. When people think they are not being treated fairly or given equal opportunities, it can cause social fragmentation, implementing gated communities for instance. Those neighbourhoods are articulated with different kinds of services, schools and consumption and recreation places.

¹¹ [Income Inequality 101: Causes, Facts, Examples, Ways to Take Action | Human Rights Careers](#)

¹² [How is the Trump administration deepening inequality? | Oxfam](#)

¹³ This feeling of unfairness can weaken trust in institutions and harm the overall social fabric.

Finally, Studies have shown that the richest 10% of the global population produce 50% of global CO2 emissions, while the poorest half only produce 10%. This disparity highlights how wealthier individuals and countries contribute disproportionately to environmental degradation.

WHY WOULD A CITIZEN FORUM BE THE BEST SOLUTION?

A citizen forum can be a good way to address inequality and improve governance. These forums make sure different voices in the community are heard, which helps create fair and inclusive decisions. They bring local knowledge and expertise that can help find better solutions to local problems. Citizen forums also act as independent advisors, giving unbiased recommendations to government officials. This helps make the government more accountable and transparent, as citizens ensure actions match community needs. The diversity in these forums leads to new and creative ideas, making solutions more effective. In summary, citizen committees enhance representation, provide valuable insights, promote accountability, foster innovation, and ensure fair resource distribution, making them a useful tool for tackling inequality and improving governance.

¹³ [\(PDF\) Gated communities: Definitions, causes and consequences](#)

SOURCES:

SOURCES:

Racial wealth gap:

<https://www.youtube.com/watch?v=Mqrhn8khGLM>

Why is inequality rising?

<https://www.youtube.com/watch?v=FXmsj4dh-RI>

Thomas Picketty's wealth theory:

<https://www.youtube.com/watch?v=ouhJrEcrCzQ>

<https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit-eitc>

Basic notions easily defined:

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Capitalism:

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Inequality:

<https://wol.iza.org/key-topics/economic-inequality>

Communism:

<https://economictimes.indiatimes.com/definition/communism>

[Economic Inequality Explained: Causes, Effects, Solutions](#)

consequences of inequalities:

[13 Ways Inequality Affects Society | Human Rights Careers](#)