

Inequality

Top economists call for action on runaway global inequality

Gulf between rich and poor increases risk of climate breakdown as well as entrenches poverty, says letter to UN and World Bank



People displaced by drought wait to collect water on the outskirts of Baidoa in Somalia. For the first time in a quarter of a century, global poverty and extreme wealth have been rising simultaneously. Photograph: Mohamed Sheikh Nur/AP

Failure to tackle the widening gulf between the world's rich and poor will entrench poverty and increase the risk of climate breakdown, a group of more than 200 leading economists have said.

In a letter to the UN secretary general, António Guterres, and the World Bank president, Ajay Banga, the signatories from 67 countries call on the two bodies to do more to reverse the sharpest increase in global inequality since the second world war.

Those backing the call for action include the former UN secretary general Ban Ki-moon, New Zealand's former prime minister Helen Clark and the economists Jayati Ghosh, Joseph Stiglitz and Thomas Piketty.

Reducing inequality by 2030 was one of the 17 UN sustainable development goals (SDGs) agreed by the international community in 2015. The letter says urgent action is needed in light of the differing impact of the Covid-19 pandemic on rich and poor.

Arguing that rising inequality has been "largely ignored", the letter says the current means for assessing progress in tackling the problem - faster income growth for the poorest 40% than for the population as a whole - fails to take account of the concentration of income and wealth among the super-rich.

For the first time in a quarter of a century, global poverty and extreme wealth have been rising simultaneously, the letter says.

It continues: "Goals matter. Leadership matters. The [World Bank and UN SDGs are uniquely placed to offer the rallying call for a reduction in inequality that our divided world needs so urgently today."

The letter demands better measurement of inequality and more ambitious targets for narrowing income and wealth gaps. "We are living through a time of extraordinarily high economic inequality. Extreme poverty and extreme wealth have risen sharply and simultaneously for the first time in 25 years. Between 2019 and 2020, global inequality grew more rapidly than at any time since WW2," it says.

"The richest 10% of the global population currently takes 52% of global income, whereas the poorest half of the population earns 8.5% of it. Billions of people face the terrible hardship of high and rising food prices and hunger, whilst the number of billionaires has doubled in the last decade."

When Guterres reviewed the 2030 goals in April, he found inequality at a record high, with only 10% of countries on track to meet the target.

Last October, the World Bank said progress in reducing poverty had come to a halt. It forecast that without a dramatic acceleration of efforts, there would be no chance of meeting the goal of ending extreme poverty by 2030.

Banga is conducting a review of the Bank's mission and is under pressure from some member countries, such as Germany, to take the fight against inequality more seriously.

The letter says: "We know that high inequality undermines all our social and environmental goals. It corrodes our politics, destroys trust, hamstringing our collective economic prosperity and weakens multilateralism. We also know that without a sharp reduction in inequality, the twin goals of ending poverty and preventing climate breakdown will be in clear conflict."

Sign up to Business Today. Get set for the working day - we'll point you to all the business news and analysis you need every morning. Enter your email address. Sign up. Free daily newsletter.

It says tackling inequality is not a standalone goal and that all economic, financial, and social policies should be assessed in terms of their probable impact on it. "This would clearly signal our collective ambition to forge a more equal world," it adds.

Max Lawson, the head of inequality policy at Oxfam International, said: "Never has the fight to close the gap between the rich and the rest of us been more urgent. A dramatic increase in equality is the key to a better world, and to beating climate breakdown before it is too late."

Matthew Martin, the director of the campaign group Development Finance International, said: "If we don't start measuring inequality properly now, we will never reduce it seriously by 2030."

A World Bank spokesperson said: "Inequality is unacceptably high around the world today as the poorest people continue to bear the steepest costs of the Covid-19 pandemic and its aftermath. The World Bank is committed to tackling inequality in all its forms - the path to ensure no one gets left behind."

"We agree that we need to do more to address inequality, and to do better in measuring progress. The ideas proposed in the open letter are a welcome contribution to this discussion."

I hope you appreciated this article. Before you move on, I was hoping you would consider taking the step of supporting the Guardian's journalism.

From Elon Musk to Rupert Murdoch, a small number of billionaire owners have a powerful hold on so much of the information that reaches the public about what's happening in the world. The Guardian is different. We have no billionaire owner or shareholders to consider. Our journalism is produced to serve the public interest - not profit motives.

And we avoid the trap that befalls much US media - the tendency, born of a desire to please all sides, to engage in false equivalence in the name of neutrality. While fairness guides everything we do, we know there is a right and a wrong position in the fight against racism and for reproductive justice. When we report on issues like the climate crisis, we're not afraid to name who is responsible. And as a global news organization, we're able to provide a fresh, outsider perspective on US politics - one so often missing from the insular American media bubble.

Around the world, readers can access the Guardian's paywall-free journalism because of our unique reader-supported model. That's because of people like you. Our readers keep us independent, beholden to no outside influence and accessible to everyone - whether they can afford to pay for news, or not.

If you can, please consider supporting us just once from \$1, or better yet, support us every month with a little more. Thank you.

Betsy Reed Editor, Guardian US



Subscription form with buttons for Single, Monthly, Annual, \$5 per month, \$7 per month, Other, Continue, Remind me in August, and payment logos for Visa, Mastercard, and PayPal.

Topics: Inequality, United Nations, World Bank, Economics, news



Reuse this content

More on this story

A row of four article thumbnails with titles: 'Universal basic income of £1,600 a month to be trialled in two places in England', 'Joseph Stiglitz: tax high earners at 70% to tackle widening inequality', 'Rising asset wealth and falling real wages 'drive inequality in Britain'', and 'Some people must be earning millions: inequality in the UK's highest-earning constituency'.

Most viewed

Your privacy

California residents have certain rights with regard to the sale of personal information to third parties. Guardian News and Media and our partners use information collected through cookies or in other forms to improve experience on our site and pages, analyze how it is used and show personalized advertising.

At any point, you can opt out of the sale of all of your personal information by pressing (Do not sell my personal information)

You can find out more in our privacy policy and cookie policy, and manage your choices by going to 'California resident - Do Not Sell' at the bottom of any page.



