

Social and Economic Policy Options to Reduce Social and Economic Inequalities

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The paper discusses multi-dimensional aspects of inequality and how social and economic inequalities often lead to environmental and political inequality. The paper further discusses the options for linking economic and social policy framework for addressing the causes and consequences of social and economic inequalities in the context of South Asia. Paper also highlights the role of democratization of governance, social accountability, rights based and sustainable development approach in addressing social and economic inequalities, with specific reference to Kerala in India as well as the experiences in Nordic countries. There is a widely shared concern about the causes and consequences of increasing trend of social and economic inequalities across the world. Inequality has implications for public policy and citizens rights. Inequality is not merely about income or wealth distribution within a society. Various analysis and researches have indicated that there are multiple forms of inequalities – social, economic and political. This often leads to conflict over resources which lead to societal tension and violence. The attention gained by the book *'The capital in the twenty first century'* by Thomas Piketty has shifted the global focus back on the growing income disparity.

By next year, 1% of the world's population will own more wealth than the other 99%. The share of the world's wealth owned by the top 1% has increased from 44% in 2009 to 48% in 2014, while the bottom 80% currently own just 5.5%. The working of neo-liberal policies is primarily responsible for this anomaly. According to Joseph E. Stiglitz, the markets have failed as they are neither efficient nor stable. At the same time, the political system remained ineffective in correcting the failure of the markets. Moreover, the existing economic and political systems are basically unfair to the poor.

Jean Dreze and Amartya Sen, in their book, *'An Uncertain Glory - India and its Contradictions'* discuss India's multiple inequalities and the mutual reinforcement of different inequalities. As a result, actual disparities between 'haves' and 'have-nots' in India are much more glaring than what is shown by the standard measures of economic inequality like Gini coefficient of the income distribution. In India, the top 5 per cent of the households possess 38 per cent of the total assets and the bottom 60 per cent of households owns a mere 13%. The economic growth in the last twenty years has not benefitted a vast majority of marginalized and poor sections in India. The jobless economic growth created more opportunities for the privileged section of the society with consequent economic inequalities reinforcing the already entrenched social inequalities in India. The lingering impact of social hierarchy is still felt in many places. Unlike many other countries, India has extreme inequalities in both economic and social spheres.

Gender inequality is a cause of grave concern in India. The falling sex ratio (933 per 1000 males in 2011) gives a glaring evidence of gender inequality prevalent in the society. The political representation of women is low which deprives women of voicing their opinion in a patriarchal society.

Inequalities need to be corrected through progressive taxation and public spending to benefit the majority of the citizens. While economic growth is important for improving people's living conditions, it is equally important that the fruits of economic growth reach the lower rungs of the society. Therefore, the distributional aspect of economic growth needs to be given more importance. Social Protection policies have to be designed in such a way to ensure social as well as economic empowerment of socially and economically marginalized communities. Governments need to ensure more accountability delivery of essential public services and basic entitlements for the most disadvantaged sections of the society. Markets have to be regulated to ensure that majority of the citizens stand to gain from the growth process.

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