

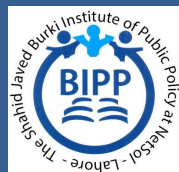
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Inequality and Income Gap

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The gaps between the wealthy elites and the marginalized poor continues to widen at alarming proportions. According to Credit Suisse Research Institute, the richest 0.5% of the world hold well over a third of world's wealth. The gap between the rich and poor could be well gauged from the fact that world's 62 richest individuals own as much as bottom 3.5 billion. Oxfam reports that by next year, the top 1% of the world population could own more wealth than the other 99%¹. Ranking second in the 2014 Outlook, it has been identified as the most significant trend of 2015 during the World Economic Forum. The unprecedented quest at the national and global levels to abridge this gap continues to test development models and paradigms embraced by the economists and development practitioners.

The major challenge seems to be how to embark upon a sustained cycle of prosperity for low-income groups and remedy the ills of income and opportunity inequality through a more robust, fair and pro-poor packaged economic growth.

While there is no ideal recipe for this, there are certain politico-economic fundamentals which could help usher a transformative change in the lives of the poor and significantly augment their livelihood assets for a decent living.

The first and foremost is the vision and will of the political leadership on both sides of the aisle committed to addressing the poverty and income inequality problem. The partisan bickering, animosity and hostility on trivial and non-issues should be shunned with clear focus on combating poverty, deprivation, exclusion and inequality both spatially and structurally. This, a priori, entails that both the party in power and the opposition bring the real issues of poverty, inequality and regional disparity to the fore as the priority national agenda. The dictates of distributive justice and growth with equity should be inextricably woven into the national debate on these issues.

Secondly, consensual need based anti-poverty programs with the full engagement of the local communities should be formulated to uplift the socio-economic conditions of the poor and low income groups. The involvement of the citizens in the management, governance and, particularly, delivery of social services is sine qua non for the success of these programs.

Thirdly, given the enormity of the development challenges and the size and scale of incidence of poverty, it is imperative for the government to create a conducive policy and regulatory environment for the private sector to meaningfully engage in inclusive development. The synergy between the

¹ Oxfam Publication "Wealth: Having it all and wanting more" World Economic Forum 2016

citizens, the government and the private sector for the pursuit of common development goals lead to a win-win-win situation, for, the poor avail the opportunity for income generation and enhancement, the private sector expands its profits and business activities and the government earns revenues to finance its development program. The troika of partnership between government, private sectors and the citizens with clearly defined roles through a participatory and socially inclusive process invariably leads to optimal and integrated development solutions for addressing poverty and inequality.

Fourthly, young people between the age of 15 to 34 years which constitute around 37% of Pakistani population represent a huge economic asset. This group needs to be particularly targeted to allow them unleash their full potential. Investment in education and skills development must receive priority attention to respond to the evolving job markets and the skills-set demand in the various sectors of the economy.

Fifthly, there is a need to shift the focus away from “mega infrastructure projects” to adequate resource allocation for the need based priority infrastructure development like schools, health facilities, farm to market roads and better service delivery interventions. The definition of success should not be guided by the iconic sub optimal blocs of iron, concrete and asphalt. The important milestone should be the extent to which priority investment in health, education and social services delivery has been made to move people up the poverty line.

Finally, democracy without good governance becomes an anathema and enormously dilutes the confidence which the people repose on the polls. A society in which power concentrates in few hands tends to rig the system and distort policy priorities to the great detriment and disenchantment of the people. The voter participation rate drops significantly which in turn mars the possibility of expression of priority socio-economic interest of the people. This allows immense space for the powerful elite to pursue and sustain their economic and vested interests to the neglect of the welfare needs of poor and needy. Thus the integration of the citizens, articulation of their voice and their inclusiveness are fundamental imperatives not only for strengthening democracy but also for sustainable human development.

It is only through conquering poverty and inequality both income and opportunity that we can create and bequeath a just, fair and better world for the posterity.