G20 Global Inequality Report 2025 — “An Inequality Emergency”

Context & Significance

- This is **the first-ever G20 report** dedicated entirely to global inequality.
- It calls inequality not just an economic issue but a **“global emergency”**—comparable in scale and urgency to the climate crisis.
- The report urges the establishment of a new **“International Panel on Inequality (IPI)”**, modeled on the **Intergovernmental Panel on Climate Change (IPCC)**, to systematically track, analyze, and guide policies against inequality.

Key Findings

1. Extreme Wealth Concentration

- From **2000–2024**, the **top 1%** captured **41% of all new wealth**, while the **bottom 50%** received only **1%**.
- The average wealth increase:
    - **Top 1%:** +US$1.3 million
    - **Bottom 50%:** +US$585 (constant 2024 dollars)

2. Global Inequality Levels

- **83% of all countries**, covering **90% of the world’s population**, meet the **World Bank’s definition of high inequality**.
- Such countries are **7 times more likely** to face **democratic decline**.

3. Inherited Wealth Boom

- Around **$70 trillion** in wealth will be **transferred to heirs over the next decade**, posing a major threat to social mobility and equality of opportunity.

4. Global Trends

- Inequality **between individuals** globally has narrowed (mainly due to China’s growth), but:
    - **Gap between the Global North and South** remains **very wide**.
    - **Future prospects** for reduction are **uncertain**.

5. New ‘Perfect Storm’ of Inequality

- Recent shocks—**COVID-19, the Ukraine war, new trade barriers (2025)**—have intensified inequality:
    - **1 in 4 people** worldwide regularly **skip meals**.
    - **Billionaire wealth** has reached its **highest-ever level**.

⚠ Implications of Inequality

- **Economic:** Concentrated wealth **hampers productivity and innovation**.
- **Political:** Fuels **democratic erosion** and **elite capture** of policy.
- **Social:** Weakens **cohesion**, increases **social unrest**, and worsens **poverty**.
- **Environmental:** Inequality undermines **sustainability transitions**.

Major Recommendations

1. Creation of an International Panel on Inequality (IPI)

- A **global, independent scientific panel** (similar to IPCC).
- Mandate: collect data, monitor trends, analyze drivers, and evaluate policy options.
- Backed by **champion countries** and **multilateral agencies**.
- Proposed as a **“permanent legacy”** of South Africa’s G20 Presidency.

2. Reform International Economic Rules

- **Redesign intellectual property rules**, especially for **pandemics and climate change technologies**.
- **Reform global tax architecture**:

- Fair taxation for **multinationals and ultra-wealthy**.
- Support for the **UN Tax Convention** for global cooperation.

3. National-Level Policy Actions

- **Pro-worker policies** and stronger labor protections.
- **Curb corporate concentration** and monopolistic practices.
- **Progressive taxation** on capital gains and wealth.
- **Invest in public goods** – education, health, and social protection.

4. Global Cooperation Models

- Foster **North–South cooperation** on **tax, trade, and green transition**.
- Explore new **multilateral frameworks** to address inequality across borders.

Expert Committee Members

Expert	Country	Role/Institution
Prof. Joseph E. Stiglitz	USA	Nobel Laureate, Columbia University, Roosevelt Institute
Dr Adriana E. Abdenur	Brazil	Co-President, Global Fund for a New Economy
Ms Winnie Byanyima	Uganda	Executive Director, UNAIDS; Co-chair, People's Medicines Alliance
Prof. Jayati Ghosh	India	University of Massachusetts Amherst; Co-Chair, ICRICT
Prof. Imraan Valodia	South Africa	Director, Southern Centre for Inequality Studies, WITS
Dr Wanga Zembe-Mkabile	South Africa	Public Health Expert, SAMRC and UWC

Key Quotes

President Cyril Ramaphosa:

> "Inequality is a betrayal of dignity, an impediment to inclusive growth, and a threat to democracy. Addressing it is our generational challenge."

Prof. Joseph Stiglitz:

> “The world recognizes a climate emergency—it’s time we recognize an **inequality emergency** too. It undermines both our **economies** and **democracies**.”

UPSC Mains Relevance

GS Paper 2 – Governance / International Relations

- Global governance reform through multilateral cooperation.
- Role of G20 in shaping equitable international order.

GS Paper 3 – Economy

- Inclusive growth, wealth concentration, global inequality trends.
- Relevance of international taxation and redistribution mechanisms.

GS Paper 4 – Ethics

- Equity, justice, and social responsibility in global policymaking.

Possible UPSC Mains Questions

1. **“The G20’s call for an International Panel on Inequality signals a paradigm shift in global economic governance.”** Discuss.
2. **“Global inequality today poses as grave a challenge to humanity as climate change.”** Critically examine.
3. **“Extreme wealth concentration undermines democracy and economic growth alike.”** Explain in light of the 2025 G20 Inequality Report.
4. **Evaluate the significance of South Africa’s leadership in putting inequality at the centre of the G20 agenda.**

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