# 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.

#### **TExpert Committee Members** Role/Institution Expert Country 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** Director, Southern Centre for South Africa 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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