

Inequalities, social equilibrium and economic growth

André Babeau

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Introduction

- Income and wealth inequalities are a very important chapter in the economic literature.
- Indicators concerning the concentration of income or wealth are numerous : Gini coefficient, share of the top decile, top percentile and so on ...
- In the last two decades, new inequality indicators were produced concerning either broader notions like well-being and welfare or more specific fields like education, housing, health, gender ...

Recent evolutions

- Globally, due to the growth of emerging countries, worldwide inequalities of income have been decreasing in the last three decades.
- On the contrary, at the country level, income and wealth inequalities have been increasing.
- At this level, too high a concentration of income or wealth may negatively influence the growth of GDP and restrict the social mobility.

What is to be hoped

- A reasonable reduction of income and wealth inequalities can exert a favorable influence from different points of view.
- This reduction may be obtained by controlling the « primary » distribution of incomes ...
- ... or by a «vertical» redistribution by taxes or social transfers.

The control of the « primary » distribution of incomes

- A minimum wage : the same everywhere in a country or by sectors or regions ?
- Impose a ceiling to the highest remunerations in enterprises with state participation.
- « Say on Pay » in private corporations : the tendency is everywhere to make it not only advisory, but binding.
- The control of primary incomes is always very difficult, that is why different types of redistribution are so important.

The redistribution by taxes and social transfers

- The basis of this redistribution is very different from one country to the other.
- In the countries where taxes have to be reduced, because they are too high, the redistribution by social transfers has to become more efficient.

Improving redistribution by social transfers

- Concerning health insurance, for instance, the part of expenses supported by households could be made proportional to income.
- Concerning family benefits, a choice has also to be made.
- The same question relates to Universities fees.
- Redistribution has its own limits : too much redistribution can curb growth, specially if it hinders innovation.

Inequality in special fields : the case of education

- Insufficient learning, specially in primary school.
- In a country like France, insufficient schooling between 14 and 18 years is probably a major cause of relatively poor performances in fundamental subjects.
- In emerging Africa, the progress of schooling will be one of the central factors of future growth.
- More generally, in our knowledge-based societies, an insufficient growth of human capital is a major handicap.

Inequality in special fields : the case of housing

- The proportion of home-ownership is different between developed countries.
- Is home ownership always a sign of social progress ?
- The best situation is probably, to have everywhere a free choice between purchasing and renting.
- The management of the housing social sector may be improved in many advanced countries.

Not to forget other important fields

- Gender parity
- Health inequalities
- Growth sustainability

Conclusion : Equity and the future of market economies

- In the short and long run, a central problem for the market economies...
- ... as demonstrated by the worldwide success of Piketty's book, *The Capital in the 21st century*... and by some results of recent polls in advanced countries
- A gamble on the power of regulation in a very broad sense of the word.