**How do global inequalities affect rich countries, such as Australia?**

**Introduction**

Development in world economies has been at a dissonance pace; some countries have a better development mechanism contrasted with others. Inequalities globally are evident in terms of wealth generation and accumulation. Wealth generation is a key aspect of determining the pace at which a country develops. The differences in income distribution are contributing to the inequalities in countries’ wealth. The inequality in income distribution has risen since some countries have a large share of the income gains.

**The divide between rich and poor world**

The wealth generated is a determinant of the ranking on equality or inequality in richness of a country. The nature of wealth generated is highly determined by the quantity and quality of the factors of production. Availability of the factors of production is not only the wealth generation determinant but also the utilisation of the resources in the creation of the wealth. A rich country poses superior mechanisms of resource utilisation from the poor countries. There are key elements that are pertinent to development description, education, health, extreme poverty, hunger and promotion of gender equality. The millennium development goals had most interest in ensuring that the poorest people are not at a disadvantage in the development process (Thomas 2002: 34). The divide between rich countries exists due to various factors related to the utilisation of the economic resources.

Technology as a resource is pertinent to the efficiency of any production process. Poor countries are distinctly devoid of appropriate and up-to-date technology; this makes them lag behind in the production process, as compared to rich countries.

The health care available in a country is paramount to the population well-being. Health provision divides poor and rich countries, with the poor countries being unable to meet the required health standards. For instance, Ethiopia, prior to 2004, had no vaccines and medicine stock in the rural areas until there was the partnership of the government and donors, such as the Bill and Melinda Foundation (Oxfam 2015). The health of the citizens in every single country is important as it determines the level of output. A country with more healthy citizens will have more labour engaged in production as opposed to one with unhealthy individuals (Thomas 2004). Australia has adequate medical facilities, compared to poor countries. The availability of medical care makes it possible to cater for medical conditions arising among the citizens avoiding loss of lives, which are crucial to the production of products. It is evident that poor countries have higher death rates related to lack of affordable or availability of medical facilities and personnel.

**Key theories, perspectives and issues in world development**

Development as both a concept and a subject is highly contested as a concept politically and theoretically (Thomas 2004: 1, 2). The concept is highly narrowed to its practice through notable changes that are measurable. According to Cowen and Shenton (1998: 50), development as described in different literature is either unintentional or intentional; however, the outcomes of development are visible and measurable.

As Gore (2000: 794-5) points out that between 1950s and 1960s, structural transformation was viewed as a way of liberating people. The international donor agency, according to Thomas (2004: 1) -- development relates to the realisation of the Millennium Development Goals (MDGs) and reduction of poverty. According to Corbridge (1995: 45), the diversity of development is great to include aspects such as economic, social, political, legal and institutional structures as well as technology. Development has various views, majorly grouped into three: the historical with the view of development as a process of change; the policy view, as indicated by the value judgment of short-term and long-term indicators, which are the MDGs; and, lastly, the post-modernist approach based on Western ideology of ethnocentricity based on modernity.

The modernity of the Western advocates a free market, which is a neoclassical view. The neoclassical view views free markets as beneficial and the privatisation of publicly owned businesses that are not profitable (OECD (2008a). The view is of the premise that if a government is highly involved in the regulation and in running of business in an economy, then it hinders development.

The structural changes view is a linear path, one change in economy leads to another change in the economy; Rostow also viewed growth as to have stages (Fredriksen 2012). Rostow came up with the stages of growth model of development: the traditional society, the pre-conditions for take-off into self-sustaining growth, the take-off, the drive to maturity, and the high mass consumption (Oxfam 2015). The developed countries are assumed to have followed all the stages, which is not the case. For a country to be able to take off, it should have enough savings, which are important for investment. Harrod put forward a growth model, the Harrod-Domar growth model that postulates that increased investment accelerates economic growth (Fredriksen 2012). The structural changes theory view is on the transformation of the underdeveloped countries’ economies subsistence agricultural practice to industrial and service-based economies.

**Australia and income inequalities.**

Australia is a developed country and has a high gross domestic product, compared to the poor countries. The development policies it adopts are thus different from those of developing countries as it has more industries and higher proportion of its population lives in urban areas. The above policies relate to the millennium development goals, which are a framework that 185 countries around the world agreed upon to be their development milestones for attainment by 2015 (OECD (2008a). The goals influence greatly the activities that financial assistance the countries receive as the aid aim is at helping countries in achieving the specific goals (Fredriksen 2012).

The Australian economy is driven by highly competitive end industries that manufacture high end products. The exportation of Australian products to rich countries is faced by the challenge of cheaper exports from developing countries to developed countries. The products are cheaper thus ending up being preferred to those from Australia. The Bill Gates foundation contributes to the society projects to benefit the less fortunate and those living in abject poverty. It is imperative that the difference in the incomes in the rich countries form a major basis in which the countries participate in global humanitarian programs. Australia compared to other rich countries contributes less in form of donor funds.

Income inequality is highly increased by increased accumulation of income at the top of the income scale where few individuals get more incomes, compared to the majority. According to Hoeller (2012: 24), increases of incomes at the top cause a rising income inequality. The Australian government aims at ensuring that the inequality amelioration by taxation system that ensures that tax paid is in proportion to the amount of income one has. According to Gloolsbee (2000: 67), tax system influences at times the compensation mix where the lower compensations may be taxed more, and this may have the effect of boosting the disposable income of the top income earners. Incomes in Australia differ from those of other developed countries, this is due to development level disparity.

The technological changes and globalisation effects are causes of inequalities. The government, in adopting the relevant strategies of ensuring that the framework of ensuring the key inequalities reduction, has to address various issues affecting the country. Globalisation aggravated by technology continues to widen the market for products that are highly competitive and shrinking the market for non-competitive or new products. The widening of markets for high-end products, which are superior via branding, eventually boosts the income of the top-notch companies, mostly multi-nationals, mostly owned by the few rich individuals (Gordon and Dew-Becker 2008: 231). According to Cunat and Guadalupe 2009: 86), deregulation and globalisation have increased competition rapidly globally.

**Conclusion**

Globalisation, eventually, will lead to lower state control of the business activities as liberalisation of markets becomes more rampant. The countries that will embrace globalisation with better policies in their development frameworks are likely to be the net gainers in income rises. This will result in wider market reach and more competition, which yield higher quality products. Australian taxing ability is crucial to the government; the power of the fiscal policy remains at its core in order to ensure equity in income redistribution despite globalisation (Clooney 2002). The inequality in income distribution among the rich countries can be attributed to adoption of different technologies in the production activities.

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