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2 **Absent growth, inequality means falling living standards for some**

3 original at:

4 http://www.economist.com/economics/by-invitation/guest-contributions/absent_growth_inequality_means_falling_living_standards_

5 Is inequality rising? At a global level, the prosperity gap between nations
6 is shrinking, at least in relative terms. Whereas the financial crisis dealt a
7 savage blow to financial assets of highly developed industrialised
8 countries, average per capita wealth in emerging markets continued to
9 grow. During the last decade, wealth growth in poor countries was roughly
10 seven times faster than in rich ones. Furthermore, the number of people
11 who can be counted as members of the global wealth middle class (per
12 capita financial assets of between €5,300 and €31,600) has doubled since
13 2000 to almost 600m.

14 But at the national level? Here, the picture is murkier. Of course, rising
15 interpersonal inequality is an issue also in emerging markets. But as long
16 as the tide is rising, the emergence of a class of super-rich causes limited
17 social frictions: living standards are improving for almost everyone, and
18 the ranks of the middle class are swelling. But in developed countries, the
19 situation is different. With low or virtually no growth the widening
20 prosperity gap creates winners and losers and threatens to undo the fabric
21 of the society.

22 This is a problem that has to be addressed. Two things are necessary. One
23 is growth. It is quite telling that Germany's inequality has not worsened in
24 recent years, as recent studies show. Germany still has a large and
25 thriving middle class. However, on the worrying side, the prospects of
26 clambering out of the low-income segment into the middle class have
27 tended to decline and, in international terms, are not particularly high.
28 The second requirement is education. It seems as if education systems in
29 many developed countries are not capable of equipping all students with
30 the necessary skills to become employable in a globalised world. That is a
31 scandal. Given the looming challenges of demographic and climate
32 changes, our societies can ill afford to produce a growing class of
33 "globalisation losers" who cannot contribute to income generation.

Questions

- 1) According to the article, what are the differences between the industrialised and the developing countries in terms of development during the current economic slump? (Hint 'murky' – line 14 – roughly means *dark and difficult to see through*.)
- 2) What is, according to the article, the definition of the global middle class?
- 3) Paraphrase 'But as long as the tide is rising, the emergence of a class of super-rich causes limited social frictions' (lines 15 to 17).
- 4) Paraphrase 'threatening to undo the fabric of the society' (lines 20 to 21; you might want to have a look at the definition of fabric in the vocabulary section).
- 5) What problem needs to be addressed in the developed nations?
- 6) How is the problem to be addressed according to the author?
- 7) What is Germany's particular problem?
- 8) What is your opinion? Do you think that inequality is on the rise in the Czech Republic? And why, if at all, should we try to reduce it? Do you think that Czech Republic's problems are in any way similar to Germany's? Do you think that the Czech education system is 'capable of equipping all students with the necessary skills to become employable in a globalised world' (lines 29 to 30)?

Vocabulary

deal a blow (line 7 to 8) – cause damage, hit hard, inflict harm

cause friction (line 18) – create or bring about dissension or conflict

virtually (line 20) – so nearly that any difference is not important; almost

fabric (line 21) – the basic structure

You can find additional explanation and more examples to help you understand and use English words and phrases at <http://dictionary.reference.com>, <http://dictionary.cambridge.org/>, <http://www.merriam-webster.com/> or <http://www.ldoceonline.com/>

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