



DOI: [doiglobal.org/doi/10.2025/68b2e81f312d4](https://doi.global.org/doi/10.2025/68b2e81f312d4)

WEALTH, POVERTY, TAXES, SOCIAL WELFARE: A COMPARISON OF THE WEST AND INDIA

***DR.P.KRISHNA MOHAN REDDY**

**Associate Professor Department of History Sri Venkateswara University, Tirupati-517502
Andhra Pradesh, India*

I have prepared this analysis for thousands of Indians and Westerners who are not aware of the basic facts and comparisons. Indians are the most corrupt, cunning and dishonest. But the systems of governance, economy, finance, trade etc are the same as in Western Democracies.

First of all, there is only the Great American Dream. Not a UK Dream, French Dream or a Canadian Dream. Out of all the Green Cards or PRs, the US Green Card is the most sought after, not only for the Asians, Africans, South Americans but also for the Europeans and Canadians.

It is foolish to compare India with 1400 million population with the 100 million each of European nations or 40 million Canadians or 25 million Australians. It is like comparing an elephant with a mouse !!If India has 700 million citizens, it will be rich, and if the population doubles in any Western nation, except USA, those nations cannot survive. Since USA has got all the resources, even if the population doubles from the current 350 million to 700 million, it can survive. So, population decides per capita income which in turn decides a country to be rich or poor. Don't forget, USA is 3 times bigger than India. If India is of that size and with 350 million populations, Indians will be as rich as Americans if not more rich.

It is because of Colonialism and Imperialism that Europeans and Americans looted Asia, Africa and South America for 200 years and became rich. They were benefitted from the Slave Trade of Blacks from Africa too. The looted resources from these continents made England, France, Spain, Portugal and USA rich during Industrial Revolution. They traded the goods produced to the colonies and became wealthy. Manufacturing sector boomed till 1980s.

The advent of GATT and WTO post 1980s, and Globalization destroyed the Manufacturing sector in the West because they could not compete with the labour cost in Asia, especially China and India. China and India, even Bangladesh and Sri Lanka produce most of the goods for the West. As a result of Globalization, Western nations started relying on Services sector.

Now, poverty- Many people do not know that 11% of Americans are poor. In UK (24%), France (15%), Canada (9.9%), Australia (14.5%) are poor. Coming to India, the poverty percentage is 11. Is it shocking?? Poverty is more in USA, UK, France and Australia. Canada has only 2% less. Most of us know nothing about poverty in the Western nations.

Most of us praise Western nations about the free health care, infrastructure etc when compared with India. The Devil is in details. They are not aware how the Western nations legally and officially rob their own citizens through taxes. The Income tax rate in USA varies from states to states but average is 35-45%. In UK the average is 35- 40%; France 30-30%, Australia 35-45%. If both spouses work, the rate is 50%. In Canada 25-30%.

50-80% of population pays Income Tax in the West. They are burdened by VAT and other taxes averaging 15% in USA; VAT in UK is 20-45% ; in France 20% ; GST in Australia is 10% ; GST/HST/PST in Canada is 10-15%. Almost 95% of the people in these countries pay VAT/GST.

The Details- The governments in the West collect almost 50-60% of money from their own people if one calculates Income Tax and GST. There are other taxes too. For the every dollar, Euro or Pound their citizens earn, breaking their backs, these nations rob 50% from them. If 50% can be collected from their people, Bangladesh, Somalia and Even Taliban can provide Free Health care for their citizens.

In India 2% population pays Income Tax. Together with Corporate Tax, India gets 50% of its revenue. Entire population of 1400 million contributes GST which forms the remaining 50% of India's revenue.

Compared to the West, India gets only a fraction of taxes from its people. There is a hype about free education in the West. But it is only up to 12th grade. Unlike India, they don't have government hostels, free mess, free clothing for poor students. To study Engineering or Medicine or any Professional degree it costs \$ 400000 to \$100000. They can't afford it. That's why only 1% of Westerners enter graduation. In India, the Centre and the states offer almost free education in government colleges and universities. Indian governments provide free hostels to them. Even for private engineering colleges, some state governments pay the fee for the students. Unlike India, West does not have ration shops, subsidized wheat or rice, Kerocene, gas or bank loans on subsidy for poor people. In India, in all the government hospitals, the treatment is free; you don't need any medical

insurance. Even medicines are free. Even in private hospitals government helps the poor through Arogyasri. West does not provide free farm lands, free house sites or houses for the poor people, as India has been doing for the past 75 years. Western Nations do not provide water or electricity free for the poor people.

Who is cruel towards the poor ? India with its dismal tax amount or the West robbing 50% income of their people without helping the poor ? If 12% Indians pay income tax, India will be 10 times richer, and it will be a 7 Trillion Dollar economy !! Even then, Indian governments will help the poor and the needy through public policies.

Coming to the wealth of the Western Democracies, again hype. As a consequence of Globalization, Manufacturing Sector drastically fell in the West. In USA, UK, France, Canada, Australia, Manufacturing contributes less than 10% to their respective GDP. None of those nations can export anything competing with China. Except USA, the others won't even have resources. UK exports are 460 billion pounds, mostly gold, cars, gas turbines, hard liquor, horses, collector's items etc, mostly to USA, Netherlands, Germany, China and Ireland. Its imports are 571 billion pounds annually. Interestingly, UK imports some of the items it exports. In 2015 Queen Elizabeth received Chinese President Xi Jinping with a Red Carpet welcome!! History repeats!! Britain has been suffering after Brexitie breaking away from the European Union. France has a similar situation. Australia is better because it has resources like coal, beryl, gold etc and factories still running. Canada and Mexico survive only due to the North American free Trade Agreement (NAFTA) renamed as USMCA, United States Mexico Canada Free Trade agreement. 60% of Canada's exports are to USA and 60% of its imports are from USA. Canada exports cars, spare parts, some crude oil etc to USA and imports the same goods from USA. Canada cannot survive without free trade agreement with USA. That is why when Trudeau begged Trump not to increase taxes on Canadian imports, Trump ridiculed him that Canada should join USA as another state in USA!! Such a humiliation!! Even during 2000s when USA offered many software jobs off shore to India, Canadian government and politicians requested "near shore jobs" to Canada. USA preferred India because it costs cheaper in India.

All these nations depend on the Service Sector. Service Sector contributes 70-80% to their GDPs. That is why Western nations need immigrants, especially Indians, as doctors, nurses, engineers, accountants, hoteliers, real estate personnel, Educators, workers in malls and super markets etc. Indians provide a majority of IT services, software tools, Engineering, Medicine, Nursing apart from teaching in all the major colleges and universities. Without Indians, their economies will collapse.