



Committee: Special Committee on the Sustainable Development Goals

Question of: Reduced Inequalities (SDG 10)

Students Officer: Marta Olaizola

Introduction:

Inequality is becoming one of the biggest social challenges for the future. Developed economies enjoy high income levels and more opportunities than developing nations, but they also have lower inequality levels. As developing countries try to improve their living standards, they face challenges like concentration of wealth among very few groups, lack of quality education for the poor and weaker democratic institutions. Inequality does not only exist inside countries, but also between nations. By observing the world, we notice that the main emerging economies show higher inequality.

Africa is not the most unequal continent, the Caribbean is the most unequal region in the new world. The reasons for the high inequality levels in America and Africa are usually attributed to their colonial history and the elitist structural society formed during that period, forming social privileges that have not completely disappeared with time.

Many countries across the world, rich and poor, have experienced rapid growth in the gap between the richest people in society and everyone else over the past 30 years. The failure to tackle this growing crisis is undermining social and economic progress and the fight against poverty. Oxfam's research has shown that, since the turn of the century, the poorest half of the world's population have received just 1% of the total increase in global wealth, while the top 1% have received 50% of the increase.

Inequality can be expressed in four different types:

- Economic inequality
- Inequality of opportunity
- Inequality of treatment
- Inequality of membership in society



The issue:

The United Nations established a general definition of inequality as “the state of not being equal, especially in status, rights, and opportunities”.

There are different types of inequalities, the main ones being inequality of opportunity, inequality of outcome or result, inequality of treatment and inequality of membership in society. These four main types can be divided in income inequality, gender inequality, health inequality, education inequality, tax inequality, region inequality and well-being inequality. Each of these types can threaten long-term economic and social development, harm poverty reduction, destroy people’s sense of self-worth and cause disease, environmental damage and crime.

Economic inequality:

It can be explained in three different forms measured calculating the difference in income, wealth or consumption amongst the community.

Income Inequality

This is the extent to which income is distributed in an uneven manner. It is often the most analysed form of inequality and has the most available data. It is especially popular in industrialized countries and in Latin America. The average income of the richest 10% of the population is about nine times that of the poorest 10%, middle classes, the benefits of growth have not been evenly distributed.

Wealth Inequality

This is the unequal distribution of accumulated assets minus liabilities. Wealth is interesting to observe because it can be inherited, unlike income. When wealth inequality is high it means that merely having the luck to be born in a rich environment becomes an important determinant of living standards. This can directly relate to inequalities in opportunities or region inequality as it states that depending on where you are from you have different opportunities.

Inequality of Consumption

This references the differences in ability to purchase goods and services. It can provide a better understanding of people’s welfare. People’s achievements and opportunities extend right across the 11 dimensions of well-being (income and wealth; jobs and earnings;

housing; health status; work-life balance; education and skills; social connections; civic engagement and governance; environmental quality; personal security; and subjective well-being). It is usually more popular in surveys from Asian and African countries than in western countries.

Inequality of opportunities:

In general terms, the World Bank describes “opportunities” as the potential people have to succeed in life. This success references various items such as having access to education, basic services (clean water, electricity, health services) and job opportunities.

Opportunities are affected by many characteristics, the most notable include the following:

Gender

According to the UN, gender inequality remains a major barrier to human development. Usually men around the world earn more money than women, get more access to education and participate more in political life. Women earn 16% less than men, and female top-earners are paid 21% less than their male counterparts.

Ethnicity

Discrimination based on ethnicity can involve high levels of prejudice. People of a certain ethnic group linked to prejudice in a society may find it harder to succeed as much as people from other groups, despite performing the same amount of effort.

Geography

Depending on the geographical area, some individuals have access to more education, cheaper access to financing, a better quality job market, etc. On a global scale, the poorer countries in the world are located near the line of the equator, where life is more challenging because of the higher prevalence of diseases and difficulties in agriculture. Other geographical characteristics, such as being a landlocked country, is also related to poorer development.

Economic circumstances

Poverty often involves a self-perpetuating cycle. Children from disadvantaged backgrounds are less likely to do well in school and are more likely to suffer health issues

such as obesity or injuries. This is why, as mentioned previously, inherited wealth is a contributor for inequality; being born in a privileged household is a starting advantage over people with less wealthy families.

In contrast to economic inequality, this form is almost universally considered an issue where it's desirable to find a solution. In order to level the playfield, policy should ensure that opportunities are equal for everybody. In this perspective, inequalities due to circumstances beyond the control of the individual are considered to be socially unfair, while different outcomes due to different levels of effort or ability might be considered to be socially acceptable.

Consequences:

Finding the perfect policies to solve inequality of opportunities is more complex, because it involves more than simply redistributing wealth. A usually proposed way to do it lies in promoting universal education and the formation of skills that will allow everyone in the population to get quality jobs and help their economic mobility in the long run. More education can, at the same time, become a positive factor for economic growth and development. Poorer students struggle to compete with their wealthier classmates and go on to lower levels of educational attainment, smaller salaries, and most strikingly, shorter lives; Investing in education and training will pay long-term dividends for the economy, for individual well-being, and for the overall prosperity of our societies. Living and working conditions, access to and quality of health care, improve the health status and life expectancy of disadvantaged groups.

Key events

Event	Explanation
Conference of the UNRISD (United Nations Research Institute for Social Development)	6th February 2015. In the Conference Room A, UN Headquarters, New York. In collaboration with UNESCO and UN-DESA. It was a conference with a number of speakers that talked about how reducing inequalities is a key to social development in the contemporary world.
Debate at the London School of Economics and Political Science	16th February 2018. It was hosted by the Department of Social Policy. The debate was leading public figures consider the political issues associated with reducing inequality.
Conference of the British Academy Debates on Inequality	29th November 2016. In the Royal Society, Carlton House Terrace, London. It was a conference with speakers that talked about inequality in general to achieve a fairer world.

Conference of the IISD	3-5th October 2017. In Stockholm's Lan, Stockholm Sweden. By the SDG Knowledge Hub (a project by IISD). It was a conference to find solutions about reducing inequality in the world focusing on making strategies to secure indigenous, community and women's rights.
KPSRL's annual conference on Inequality	13th September 2018. In the Hague, Netherlands. It is organised by the Secretariat of the Knowledge Platform Security and Rule of Law. In this annual conference, experts in the security and rule of law community are brought together to solve the most pressing questions in the field of inequality.

Previous attempts to solve the issue:

The first and most important point is that no country is doing particularly well, and even those at the top of the listings have room for improvement. Even the top performer, Denmark, does not get a perfect score and could be doing more. Furthermore, 112 of the 157 countries included in the Index are doing less than half of what the best performers are managing to do. Most of the countries near the top of the index are OECD countries, headed this year by Denmark.

The Commitment to Reducing Inequality (CRI) Index finds that countries such as South Korea, Namibia and Uruguay are taking strong steps to reduce inequality. Sadly, countries such as India and Nigeria do very badly overall, as does the USA among rich countries, showing a lack of commitment to closing the inequality gap. Nigeria remains at the bottom of the CRI Index, failing the poorest people, despite its president claiming to care about inequality.

Denmark tops this year's CRI Index with the highest score. The northern European country has some of the most progressive taxation policies in the world. It also has some of the best labour market policies, and its protection of women in the workplace is the best in the world.

Table 1: CRI Index ranking out of 157 countries – the top 10²⁴

	OVERALL CRI RANK	SPENDING ON HEALTH, EDUCATION AND SOCIAL PROTECTION	PROGRESSIVITY OF TAX POLICY	LABOUR RIGHTS AND MINIMUM WAGES
Denmark	1	5	2	2
Germany	2	8	6	4
Finland	3	2	8	11
Austria	4	6	9	7
Norway	5	14	10	1
Belgium	6	7	5	21
Sweden	7	19	12	5
France	8	3	22	16
Iceland	9	24	26	3
Luxembourg	10	20	34	8

Nigeria has the unenviable distinction of being at the bottom of the Index for the second year running. Its social spending (on health, education and social protection) is

Table 2: CRI Index ranking out of 157 countries – the 10 countries at the bottom of the Index

	OVERALL CRI RANK	SPENDING ON HEALTH, EDUCATION AND SOCIAL PROTECTION	PROGRESSIVITY OF TAX POLICY	LABOUR RIGHTS AND MINIMUM WAGES
Bangladesh	148	146	103	148
Singapore	149	91	157	71
Lao PDR	150	153	44	146
Madagascar	151	135	142	143
Bhutan	152	81	153	147
Sierra Leone	153	143	132	150
Chad	154	145	138	154
Haiti	155	133	145	156
Uzbekistan	156	42	156	132
Nigeria	157	157	104	133

shamefully low, which is reflected in very poor social outcomes for its citizens. One in 10 children in Nigeria does not reach their fifth birthday,²⁵ and more than 10 million children do not go to school.²⁶ Sixty percent of these are girls.²⁷ The CRI Index shows that in the past year Nigeria has seen an increase in the number of labour rights violations. The minimum wage has not increased since 2011. Social spending has stagnated. The CRI Index shows that

there is still significant potential for Nigeria to raise and collect more tax,²⁸ so it scores very badly on this aspect too. There have however been very recent improvements in this area in 2018, which will show up in next year's CRI. The IMF has given clear advice on the importance of tackling inequality, referring to Nigeria's score in the CRI Index.²⁹ The president of the country has also said that tackling inequality is important, as inequality leads to political instability.³⁰ Yet little has been done.

In the past 15 years, Latin America as a region has bucked the trend in terms of reducing inequality. Although there are, of course, some exceptions, governments in Brazil, Uruguay, Bolivia, Ecuador and other countries had put in place strong policies to tackle inequality, mostly by increasing public revenues and social spending and, in some countries, raising minimum wages. This is reflected in the CRI Index, with a number of Latin American countries ranking relatively highly.

However, the global economic slowdown since 2010 and the fall in commodity prices (on which many countries in the region depend) has led to an increase in poverty rates since 2015. In some countries this has combined with a shift of government towards the centre-right, with less interest in reducing inequality. As a result, inequality reduction is already slowing.

Possible solutions:

Education is the key in the prevention of violent acts against women and girls. It targets boys as well as girls. Indeed, developing education in rural areas and countries especially concerned by gender-based violence is fundamental.

- Awareness campaigns: Raising awareness is a complementary action to education. Indeed, it provides information, not only to young people, but more largely to men and women.
- Direct support to women and girls victims of violence: Prevention is essential to reduce and eliminate gender-based violence. However, numerous women and girls still experience violence everyday around the world.
- Strengthening domestic legislations: At an international level, progress has been made in the past 20 years in order to create a legal framework to protect women and girls from violence but more needs to be changed in national legislations to solve this issue.

Education is considered a key aspect for reducing inequality of opportunities and also for increasing economic growth. According to findings by the Global Partnership for Education, if all students in low-income countries left school knowing basic reading skills it could translate into around 171 million people escaping poverty (12% of global poverty).

This would lead to a more competitive work force, more consumption and, in general, GDP growth. The UN holds that each additional year of schooling raises average annual gross domestic product growth by 0.37%.

On a similar note, the Global Partnership for Education, the World Bank, the GPE and UNICEF state that increasing education indeed reduces inequality of opportunities, which at the same time builds social cohesion and strengthens sustainable peace.

Other positive effect that increasing education opportunities have in economic growth include combating HIV and AIDS, saving children's lives, raising crop yields and allowing women to enter the job market.

All countries should develop national inequality action plans to achieve SDG 10 on reducing inequality. These plans should include delivery of universal, public and free health and education and universal social protection floors. They should be funded by increasing progressive taxation and clamping down on exemptions and tax dodging. Countries must also respect union rights and make women's rights at work comprehensive, and they should raise minimum wages to living wages.

1. Social spending on public services such as education, health and social protection has been shown to have a strong impact on reducing inequality, particularly for the poorest women and girls who are the most dependent on them. For example, a study of 13 developing countries that had reduced their overall inequality levels found that 69% of this reduction was because of public services. Social spending is almost always progressive because it helps reduce existing levels of inequality. Despite this, in many countries, social spending could be far more progressive and pro-poor. Social spending can play a key role in reducing the amount of unpaid care work that many women often do – a major cause of gender inequality – by redistributing child and elder care, healthcare and other domestic labour.
2. Progressive taxation, where corporations and the richest individuals are taxed more in order to redistribute resources in society and ensure the funding of public services, is a key tool for governments that are committed to reducing inequality. Its potential role in reducing inequality has been clearly documented in both OECD countries and developing countries, and highlighted recently by the International Monetary Fund (IMF) in its October 2017 Fiscal Monitor. However, taxation can be progressive or regressive, depending on the policy choices made by government. Equally, a belief that taxation is gender-neutral has led to a lack of attention to how taxes levied have increased the gender gap. The ability of countries to collect progressive taxes is also undermined by harmful tax practices which facilitate tax dodging.

3. There is strong evidence that higher wages for ordinary workers and stronger labour rights, especially for women, are key to reducing inequality. Governments can have a direct impact here by setting minimum wages and raising the floor of wages; they can also have an indirect impact by supporting and protecting the right of trade unions to form and organize. Evidence from the IMF and others shows that the recent decline in trade union organization has been linked to the rise in inequality, as workers lose bargaining power and more of the value of production goes to profits and the owners of capital. Women are disproportionately represented in the lowest-paid jobs, with poor protection and precarious conditions of employment. Governments can help correct this by passing and enforcing laws against discrimination and violence against women, and laws that promote equal pay and parental leave.

Recommendations:

1. Policy action

Governments must dramatically improve their efforts on progressive spending, taxation and workers' pay and protection as part of National Inequality Reduction Plans under SDG 10.

Ahead of the review of SDG 10 in July 2019, countries must produce national plans to show how they will reduce inequality. These plans should include increases in taxation of the richest corporations and individuals, and an end to tax dodging and the harmful race to the bottom on taxation. Spending on public services and social protection needs to be increased and improved. There needs to be systematic tracking of public expenditures, involving citizens in budget oversight. Workers need to be better paid and better protected. The situation of women and girls, who are concentrated in the lowest-paid and most precarious forms of employment, needs to be understood and addressed, as well as the role of the unpaid care economy.

2. Better data

Governments, international institutions and other stakeholders should work together to radically and rapidly improve data on inequality and related policies, and to accurately and regularly monitor progress in reducing inequality.

Throughout this report, we highlight the many areas where data constraints prevent a robust assessment of the progress being made on reducing inequality; yet it is imperative that people can understand and hold governments to account for the policies that are in place and the outcomes they affect. Data on inequality remain extremely poor and

irregular; official data on spending, tax and labour policies should be collected regularly as part of the SDG monitoring process. Gender-disaggregated data are essential. There is also a wide range of additional data priorities (notably on the impact of policies on gender issues and youth, but also on social protection spending, capital gains and property/wealth taxes, minimum wages and non-standard employment).

3. Policy impact

Governments and international institutions should analyse the distributional impact of any proposed policies, and base their choice of policy direction on the impact of those policies on reducing inequality.

Data are of little use without an analysis of the impact of policies on reducing inequality. There must be greater investment in analysis (across more countries, more regularly, and in a wider range of policy areas) of the impact of government policies on inequality. The top priorities are to analyse the composition and impact of spending on inequality, the impact of taxes on inequality and the amount of tax that could be collected, tax haven behaviour, trends in and coverage/enforcement of labour rights, gender equality and minimum wage rights in all countries.

Bibliography

The Universal Declaration of Human Rights:

<http://www.un.org/en/universal-declaration-human-rights/index.html>

Convention on the Elimination of all forms of Discrimination against Women:

<http://www.un.org/womenwatch/daw/cedaw/text/econvention.htm>

Convention on the Rights of the Child:

<http://www.ohchr.org/EN/ProfessionalInterest/Pages/CRC.aspx>

London International Model United Nations, United Nations Entity for Gender Equality and the Empowerment of Women:

https://limun.org.uk/FCKfiles/File/2016_UN_Women_Guide.pdf

United Nations Research Institute for Social Development:

[http://www.unrisd.org/80256B3C005BD6AB/\(httpEvents\)/5DF7430EF7489512C1257DDD005C4436](http://www.unrisd.org/80256B3C005BD6AB/(httpEvents)/5DF7430EF7489512C1257DDD005C4436)

London School of Economics and Political Science: <http://www.lse.ac.uk/social-policy/events/public-events/2018/what-can-be-done-to-reduce-inequality/what-can-be-done-to-reduce-inequality>

British Academy: <https://www.thebritishacademy.ac.uk/events/reducing-global-inequality-how-can-we-achieve-fairer-world>

SDG Knowledge Hub: <http://sdg.iisd.org/events/reducing-inequality-in-a-turbulent-world-scaling-up-strategies-to-secure-indigenous-community-and-womens-land-rights/>

Knowledge Platform Security & Rule of Law: <https://www.kpsrl.org/event/inequality-annual-conference-2018>



The Joseph Rowntree Foundation: https://equality-ne.co.uk/downloads/337_FivetypesofInequality.pdf

United Nations:

http://www.un.org/en/development/desa/policy/wess/wess_dev_issues/dsp_policy_01.pdf

Sustainable Development Goals Knowledge Platform:

<https://sustainabledevelopment.un.org/?menu=1300>