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SDG 10: Reduce inequality within and among countries

Dr Mathew Doidge and Dr Serena Kelly
National Centre for Research on Europe
University of Canterbury, New Zealand

Introduction

Not all inequalities are created equal. There is significant variation in how particular categories of inequality are addressed. Horizontal, or group-based, inequalities – those affecting entire categories of people, be they premised on gender, ethnicity, sexuality, religion etc. – have long been the subject of international attention. This has resulted in a series of global agreements, declarations and conventions targeted at their alleviation (e.g. the International Conventions on the Elimination of Discrimination Against Women and on the Elimination of All Forms of Racial Discrimination). Broad acceptance of the need to address these inequalities is, in other words, evident, even if the practical programming of such horizontal issues into the Sustainable Development Goals (SDGs) and their predecessor Millennium Development Goals (MDGs) has been uneven. By contrast, vertical economic inequalities – those focused on individuals and households in a national population – have received scant regard at the international level. Questions pertaining to the acceptability of inequalities of income and of wealth, and the need to address them in some way, have only recently come on to the international agenda, not least in the negotiations that produced the SDGs.

Over the last two decades, extreme economic inequality has become an increasingly prominent issue in both the developing and developed worlds. A rising trend has meant that the gap between the rich and poor now stands at its highest level for 30 years. The bottom 3.8 billion of the global population now reportedly has a combined wealth equal only to the top 26 individuals (Oxfam 2019, p.28). Within the OECD nations the richest 10 per cent of the population now earns 9.6 times the income of the poorest 10 per cent (OECD 2015, p.15). Increased inequality and dissatisfaction with the status quo has led to the rise of social movements advocating change, and contributed to a number of shocks at the ballot box, for example the British Referendum on EU membership in 2016. In a study of 843 protests in the period 2006–2013 Ortiz et al. concluded that the leading cause of the protests over that period was:

> a cluster of grievances related to economic justice and against austerity policies that include demands to reform public services and pensions, create good jobs and better labor conditions, make tax collection and fiscal spending progressive, reduce or eliminate inequality, alleviate low-living standards, enact land reform, and ensure affordable food, energy and housing (2013, p. 42).

In short, rising economic inequality in both the developed and developing countries is now increasingly seen as a problem that needs to be addressed in some way. 'Inequalities and discrimination,' UN Commissioner for Human Rights Zeid Ra'ad Al Hussein said at the summit adopting the Post-2015 Development Agenda, 'are the defining challenge of our time'.

The Need to Address Inequality: Intrinsic and Instrumental

The argument for addressing such extreme inequalities has both intrinsic and instrumental foundations. Intrinsic arguments centre on underlying questions of justice, including a rich vein of philosophical debate focussing on conceptions of extreme inequality as being inherently unjust, either based on a vision of moral equality founded on the fact of shared humanity (as in the Kantian perspective), or on some version of the social contract (a term first coined by Rousseau). The moral equality perspective has been embodied in the various instruments which have given formal expression to universal rights.

The 1948 *Universal Declaration of Human Rights'* assertion that 'All humans are born free and equal in dignity and rights' has been elaborated more fully in the various International Covenants, for example on Civil and Political Rights, and on Economic, Social and Cultural Rights and Conventions concerning, for example, racial discrimination and the rights of women. This provides a foundation for claims to address inequalities. From this perspective, extreme inequalities are both a consequence, and a cause, of human rights violations, strongly limiting the ability of individuals and groups to fully enjoy the framework of fundamental rights to which they are entitled.

Similarly, Rawls' vision of a social contract, constructed behind a 'veil of ignorance', requires firstly that citizens share a system of equal basic liberties (freedom of thought, association, political liberty etc.) (Rawls 1999, p.220), and secondly that 'social and economic inequalities, for example inequalities of wealth and authority, are just only if they result in compensating benefits for everyone, and in particular for the least advantaged members of society' (p.13). Any deviation from these basic principles is seen as inherently unjust.

From an instrumental perspective, inequalities may negatively impact other international goals or targets such as the SDGs. Most often, such impacts are perceived in the economic sphere, with inequalities of income and assets seen as generating negative outcomes. For example, high income inequalities, are reflected in limited spending power for large sections of the population, reducing aggregate demand, consequently slowing economic growth (Cingano 2014) and shortening growth cycles (Berg, Ostry & Zettelmeyer 2012).

Beyond the economic sphere, extreme income inequalities also have a social impact that cannot be ignored. Poorer families have fewer resources to invest in education and skills, reducing social mobility and further entrenching a range of inequalities (Keeley 2015, p.69) and undermining social cohesion. Where such income inequalities correspond with, and reinforce, horizontal inequalities (ethnicity, gender etc.), the risk of instability within states and conflict arises (Østby 2008; Østby & Strand 2013).

The significance of the impact of increased inequalities over the last two decades has led OECD Secretary-General Angel Gurría (2011) to comment that 'The social compact is starting to unravel in many countries'. Reducing extreme economic inequalities, from this perspective, is valuable not from a moral or ethical standpoint, but due to the instrumental benefits generated in the form of higher economic growth, greater social cohesion and so on.

From MDGs to SDGs

Notwithstanding the extensive moral/ethical and instrumental claims for inequality to be addressed, the issue had largely been absent from the global agenda. The narrow treatment of the broad issue of inequality has been seen as a fundamental limitation of the Millennium Development Goal framework, in contrast to the debates and summits that preceded their publication.

The string of multilateral summits and conferences through the 1990s and into the 2000s that shaped the UN development agenda was permeated by 'a fundamental concern for equity and for equality of all persons' (UNDESA 2007, p.iii). While this centrality was reflected in the Millennium Declaration on which the MDGs were based, the final framework saw this broader advocacy for equality and equity pared back to a rather limited set of very specific targets relating to gender equality in school enrolment, democratic governance and participation, as well as the share of the poorest quintile in national consumption (Fukuda-Parr 2010, p.27-28; Saith 2006, p.1184-1185). Specific reference to inequality, equity and social exclusion were, in practice, absent from the MDGs, with a framework that instead seemed to prioritise quick fixes focused on individuals and households over complex social systems and broader systemic change designed to address underlying inequities and their causes (Nelson 2007, p.2047).

The view that issues of inequality needed to be more substantively addressed gained traction in the years following the launch of the MDGs. The World Bank's 2006 *World Development Report* on 'Equity and Development' constituted a first endeavour to assert leadership on the issue (Oestreich 2018, p.34-35), quickly followed by other attempts. More focused calls to redress the absence of economic inequality in the MDGs in the post-2015 development agenda subsequently came from the UN's Rio+20 Conference on Sustainable Development, the United Nations Development Programme (UNDP), and a range of civil society organisations. These subsequently found their way into discussions of the UN's Open Working Group on the SDGs, first convened in March 2013.

The inclusion of a goal addressing economic inequalities into the SDG framework nevertheless proved controversial, with disagreements as to whether a standalone goal – as opposed to a simple target – was necessary, and whether both intra- and inter-country inequalities should be addressed. While a standalone goal including both intra- and inter-country aspects was eventually agreed, significant watering down of the language and targets was necessary to achieve consensus, a factor that impacts on the utility of the SDGs in substantively addressing inequality.

SDG 10: Reduce Inequality Within and Among Countries

SDG 10 and its associated targets are somewhat conservative in their formulation. While a number of failings may be identified in this respect, two are of particular significance: (i) the failure to address wealth inequality; and (ii) the inadequacy of the set benchmarks for progress. These failings can most clearly be seen in SDGs 10.1-10.4, on which this section will focus.

SDG 10.1 is the key target which relates specifically to income inequality – aiming to 'progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average'. Such language, however, has been criticised for failing to adequately address the issue of vertical inequality. Any progress in terms of income growth for the poorest 40 per cent is linked to national average growth. If such growth remains low or stagnant, the progress of the poor is consequently limited.

More problematically, by focusing only on the bottom 40 per cent of the population, SDG 10.1 fails to address the gap between the extremely rich and the extremely poor, a gap that may increase significantly even as income growth for the bottom 40 per cent exceeds the national average. In other words, increasing income inequality would be consistent with achievement of target 10.1.

A better target, critics have argued, would be to ensure 'that the income share of the poorest 40 per cent will be substantially higher at the end of the period than at its beginning' (Pogge & Sengupta 2015, p.583). As formulated, therefore, SDG 10.1 is less about addressing vertical inequalities, providing as it does no real benchmark for such reduction, and more about income growth, perhaps therefore being better linked to poverty reduction.

Beyond these limitations, a further notable omission from SDG 10 is any reference to wealth inequality, notwithstanding that the 2030 Agenda for Sustainable Development itself acknowledged that '[s]ustained, inclusive and sustainable economic growth … will only be possible if wealth is shared and income inequality is addressed' (UN 2015, p.27). Indeed, inequalities of wealth are arguably more significant (Milanovic 2016, p.39) and detrimental than are those of income, being both more extreme and translating to a number of other inequalities that reinforce the position of the wealthy. While wealth inequality significantly contributes to income, it also translates into social and political power, and consequently rule-setting, which largely benefits the wealthy (Stiglitz 2012, p.13–14, Keeley 2015, p.70). But addressing wealth inequality, involving questions as to rectifying the resource imbalance, proved a significant step too far for the SDGs. While it had been broached in post-2015 agenda discussions, it was quickly rejected.

The issue of a lack of substantial benchmarks or deadlines for inequality reduction is to be found throughout SDG 10. Targets 10.2-10.4, for example, address horizontal inequalities. SDG 10.2 aims to 'empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status,' but does not substantively define a benchmark to be achieved by the SDGs. With an indicator focused simply on the proportion of people living below 50 per cent of the median income, there is no real mechanism to measure social, economic and political empowerment or inclusion. Further, the language of target 10.2 is far softer than that defining other SDGs, seeking to 'empower' and 'promote' rather than to 'achieve' inclusion or to 'eradicate' or to 'end' inequality. Benchmarks and deadlines are similarly lacking in targets 10.3 and 10.4, though the indicator forwarded for target 10.3 – 'proportion of the population reporting having personally felt discriminated against or harassed within the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law' – links this target to international human rights law and, if read broadly, could potentially offer a framework for measuring progress.

Conclusion

In sum, do the Sustainable Development Goals substantively address the broad issue of inequality? The answer to this question is rather unsatisfying. Where the SDGs offer significant progress in relation to their predecessor, the Millennium Development Goals, is in the recognition of inequality as an issue to be confronted on a global scale. By providing a standalone goal addressing vertical and horizontal inequalities, the issue is significantly elevated on the international agenda, recognising the instrumental challenges posed by high, and rising, inequalities, as well as the moral/ethical claims that can be made for inequality reduction.

However, it is in the formulation of the goal itself that the SDGs faces significant challenges. In its current formulation, it seems unlikely that SDG 10 will significantly reduce inequality within and between countries. A tendency towards softer language in relation to goal attainment, means that the inequality targets are far weaker in their formulation than almost all the other Sustainable Development Goals. Nevertheless, while it seems unlikely that SDG 10 will generate substantial transformation on issues of inequality, be it at the national, global, or systemic levels, the elevation of inequality onto the global agenda does provide a foundation for future innovation and engagement. SDG 10, therefore, rather than being seen as a framework for substantive achievement, is perhaps best conceived and understood as the first tentative step in addressing inequality at the global level.

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