SDG 10

Reduce inequality within and among countries

Will inequality get left behind in the 2030 Agenda?

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SDG 10 is arguably the most groundbreaking element of the 2030 Agenda, especially when compared to the Millennium Development Goals (MDGs). Through SDG 10, States commit to tackling inequality *within* and *between* countries. Its targets pledge action on income inequality; social, political and economic exclusion; discrimination; inequalities of opportunity and outcome; key policy determinants of inequality (such as fiscal policy); and reform of global governance.

The inclusion of SDG 10 addresses a central and much-noted weakness of the MDGs, namely, that they pursued and lionized aggregate progress while masking (or in so doing, implicitly encouraging neglect of) disparities and inequalities.[1] Indeed, embracing the need to tackle inequality as a priority 'development' issue is long overdue. It has long been evident that many development (and development-related) policies and interventions have exacerbated inequalities.

The goal resonates strongly with core human rights and development priorities. Equality and non-discrimination has long been a cornerstone principle of international human rights law, enshrined at the core of every major convention. The human rights framework also makes clear that paying attention only to absolute poverty and basic needs is far from sufficient. Tackling inequalities (of opportunity and outcome) and discrimination (direct and indirect), is crucial to move towards the full realization of human rights.

SDG 10 covers several different types of inequality, some more explicitly than others. It should therefore operate as a lever to combat 'horizontal' inequality and exclusion of particular groups (including persons with disabilities, women, racial or ethnic minorities), as well as overall levels of economic inequality (i. e., disparities of income and wealth) between individuals and households in society. Traditionally, human rights advocates and standards have focused more on social inequalities between groups. Increasingly, however, the human rights and social justice implications of economic inequality are also being explored.[2] Extreme economic inequality can be shown to produce many detrimental human rights effects,[3] and also interacts with and reinforces almost every other type of inequality. For example, the IMF recently confirmed that gender inequality in both opportunities and outcomes is highly correlated with income inequality.[4]

1 For example, progress on MDG indicators was consistently worse for disadvantaged groups in every region, see e.g. Melamed (2012), as they were for ethnic minorities and indigenous peoples, to say nothing of non-conforming sexual identity groups.

2 Cf. the debate on Open Global Rights: Economic inequality – can human rights make a difference? (www.opendemocracy.net/openglobalrights/economic-inequality-and-human-rights).

3 Cf. UN Human Rights Council (2015), pp. 11–13.

4 Cf. Gonzales et al. (2015).

Increasingly, evidence shows that high levels of inequality (especially economic inequality) also impact negatively on economic growth, poverty reduction, health and education outcomes, social cohesion and political stability.[5] Recent research has shown, for example, that eradicating extreme poverty (SDG 1) will be impossible without tackling economic inequality.[6] Therefore, energetically tackling inequalities is of crucial importance to progress across the whole 2030 Agenda This message came out loud and clear in the extensive civil society consultations held on the post-2015 agenda, where a persistent call emerged to include an explicit focus on inequalities, both as a stand-alone goal and as a cross-cutting priority.

The challenge of implementation

In some senses, SDG 10 is the strongest embodiment of the universality of the new agenda. All countries in the world have stark and persistent inequalities, which in many cases have widened in recent decades, and particularly during the period covered by the MDGs. Extreme economic inequality is causing growing public outrage around the world.

However, SDG 10 already seems very vulnerable to strategic neglect or political backlash. Throughout the intergovernmental negotiations there was significant and sustained resistance from some Member States to a stand-alone inequality goal. It was not raised as a priority by any heads of State or Government at the September 2015 Summit for adoption of 2030 Agenda, and initial indications show that it is not being prioritized in nascent implementation plans.

Meanwhile, the global indicators agreed for SDG 10 do not properly cover the scope and intentions of the goal and targets, nor do they incentivize the most important policy actions (see below). This recalcitrance is likely due to the fact that this is one of the goals whose achievement depends most on profound changes to the 'business-as-usual' model of economic growth.[7] Success will require significant redistribution of wealth, resources, opportunities and power, which in turn means robustly addressing the financial and political privileges of wealthy elites and transnational corporations. This redistribution of power will be necessary at the global and national scales. Reducing inequality *between* countries is a stated aim of the goal, and will in any case be necessary in order to allow poorer countries the fiscal and policy space necessary to tackle domestic inequalities. These kinds of redistributive actions, while profoundly necessary from the point of view of human rights, are needless to say politically unpalatable for many governments.

SDG 10 targets and indicators: what got left behind

The political resistance by some powerful Member States to SDG 10 during the Post-2015 negotiations is manifested in a set of targets that fail to fully reflect the intention of the goal, and to set out a strong and specific action agenda for reducing inequality.[8]
For example, Target 10.4 commits Member States to "Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality." Clearly, not all such policies will be conducive to the desired result. Some - such as fiscal austerity measures - have in fact contributed to the escalation in inequality seen in the MDG years. Revealingly, the word "progressive" was initially meant to be a descriptor before "fiscal, wage and social protection policies", but was moved due to political bartering over language. A similar dynamic occurred during the negotiations over language on redistribution.

The SDG 10 targets which are intended to focus on economic inequality are also frustratingly vague about naming the issue explicitly, and shy away from focusing on the top end of the wealth and income distribution. Instead, Target 10.1 concentrates on the bottom 40 percent of national populations, ending

5 Cf. e.g. UN DESA (2013), pp. 66–68, and IMF (2014).
6 Cf. Lakner et al. (2014).
7 Cf. Nicolai / Hoy / Berliner / Aedy (2015). In this ODI report SDG 10 is graded as an 'F', meaning that "reversal will be needed – complete rethinks in approach, new commitments, and likely public pressure".
8 Cf. Lustig (2015).

up being more a target about pro-poor growth than economic inequality per se.[9] Given that inequality is by definition relative, and the accumulation of wealth and income at the top has direct impacts on the situation of those at the bottom, this neglect is counter-productive when it comes to achieving the overall goal.

The indicators agreed to measure SDG 10 suffer from a similar problem. The true extent of inequality may well be underestimated currently, in large part because the world's poorest live beyond the reach of statistical systems, while much of the vast wealth of the world's richest is hidden offshore and therefore uncounted.[10] The SDGs potentially provide an opportunity to address this. Indicators and data are important for accountability because they provide the 'measure of progress' (or lack thereof), against which government policies and actions can be judged.[11]

9 Cf. Cobham et al. (2015).
10 Cf. Cobham (2015).
11 Cf. Center for Economic and Social Rights (2015).

Indicators are also to some extent political messaging devices. They incentivize certain policy actions at the expense of others. This is why it is so perplexing that the global list of SDG indicators nowhere includes a robust or comprehensive measure of economic inequality, such as the Palma ratio, despite the fact that good methodologies already exist, to say nothing of more far-reaching measures of inequalities not only within but also among countries that are yet to be developed.[12]

The global indicators agreed to monitor the reduction of inequalities between countries are also woefully inadequate, even in combination with the indicators for the related targets under Goal 17.[13] In particular, the indicators fail to delineate the responsibilities of countries at different points on the global inequality spectrum, and instead focus on broad outcomes.

For example, the indicator for Target 10.6 is "Proportion of members and voting rights of developing countries in international organizations" – a worthy

12 Cf. Donald (2016).
13 Cf. Adams / Judd (2016) p. 1.

"Leave No One Behind"

The exhortation to "Leave No One Behind" has become the overarching rallying cry of the 2030 Agenda. Although it has been widely accepted and repeated, its meaning remains vague and variable depending on who is using it. Moreover, there has been little discussion of the centrality of SDG 10 to the "Leave No One Behind" agenda. Despite its good intentions, "Leave No One Behind" risks being a meaningless rhetorical flourish if it is not linked explicitly to SDG 10 and to human rights, both civil and political as well as social, economic and cultural, and if levels of economic inequality are not actively and energetically tackled.

Fundamentally, it will be impossible to ensure no one is left behind without taking proactive and timely steps towards achieving SDG 10 and its targets, in particular in addressing discrimination, social exclusion and economic inequality. Inequalities between countries will also need to seriously reduced, in particular by dismantling the structural, institutional and policy barriers which severely constrain the policy and fiscal space of the poorest countries, where the greatest number of those most at risk of being left behind live.

end goal, but one that fails to incentivize or pinpoint the action that specific actors need to take to reach it, so that all can easily absolve themselves of responsibility if progress is disappointing or non-existent.

Persistent pressure from civil society and concerned developing countries will be necessary to ensure that the goal to reduce inequalities between countries does not get entirely lost in the monitoring and reporting processes (and therefore, ultimately, in the implementation). The UN and its agencies also have a responsibility to carefully measure and report on this aspect of the goal, building on what was done by the MDG Gap Task Force. Meanwhile, given that the global level is the obvious place to monitor inequalities between countries, the High Level Political Forum should play a proactive role in ensuring a regular, critical examination of progress towards these targets.

Advancing policies to reduce inequalities

Extreme economic inequality is not inevitable. It is created, perpetuated and exacerbated by laws, policies and practices of the sort that have dominated the global policy agenda of the last three decades. It is compounded and reinforced by disparities and discrimination on grounds such as gender, race and disability. In addressing economic as well as social inequalities, and acknowledging that profound policy shifts are needed to tackle these, the 2030 Agenda represents a significant opportunity to reverse course.

Although the exact package of measures for tackling economic inequality will vary by country, there are several types of policies that are generally and particularly indispensable; including social protection, fiscal policy (especially progressive tax policies), public service provision, labour and wage policies, and financial regulation. All of these policies are linked broadly by the idea of redistribution (how economic rewards are shared), and changing the current status quo of where wealth, income, power and resources are concentrated. These policies should be seen as interdependent. Each addresses a different stage or aspect of redistribution.

For example, in order to properly fund comprehensive and human rights-compliant public services and social protection, in most countries additional revenues will have to be raised through taxation (plus related measures such as tackling corporate and elite tax evasion and illicit financial flows, partially stipulated in Target 17.1 and Target 16.4).

Moreover, the particular measures taken will have to be guided by the overarching objective of reducing inequalities. For example, while Target 17.1 calls for support to domestic capacity for tax collection, it does not address the nature of tax policy itself; it is clearly counter-productive to seek to fund pro-poor services through regressive taxation.[14] In every area, policy-makers will also have to carefully consider the impact on gender equality and women's rights; for example, whether they increase or reduce woman's share or amount of unpaid care work.[15]

Of course, an equally crucial aspect of SDG 10 is to reduce inequalities *between* (not just within) countries. The two parts of this goal are interdependent; global forces also affect inequality within individual countries,[16] and currently many countries are constrained in terms of the fiscal and policy space they have to tackle domestic inequalities, a product partly of the gross resource and power imbalances between Member States.

The targets under SDG 10 cover several important areas for policies at the international level and cross-border cooperation, including improving the regulation of financial markets, enhancing the voice of developing countries in global financial institutions, facilitating safe migration, and encouraging official development assistance (ODA) and financial flows to those States that most need assistance.

However, they certainly do not go far enough. Substantial reform in global economic governance will

14 Cf. UN Human Rights Council (2009) on social programs and taxes in Brazil.
15 Cf. Donald / Moussié (2016).
16 Cf. UNRISD (2010), p. 71–76 and 79.

be necessary in order to redress the power imbalances among Member States.[17]

As recognized in the SDGs and in the Addis Ababa Action Agenda (AAAA), ODA and other forms of financial assistance from rich countries are still an important vehicle for sharing wealth and economic resources more justly. However, there is increasing emphasis on domestic resource mobilization for development. This is welcome in many respects, but disingenuous without recognition that the international context has a huge bearing on the ability of governments – especially in developing countries – to raise and use domestic resources effectively. For example, while the international system facilitates or encourages practices like cross-border tax evasion, tax competition, the use of tax havens and corporate profit shifting, developing countries lose billions of dollars in potential revenue each year – far more than they receive in ODA. These practices therefore perpetuate inequality at a global scale and inhibit progress towards greater equality in the poorest countries.

The achievement of SDG 10 will require substantial efforts by individual Member States and Member States acting collectively to (1) identify and redress harmful ‘spillover effects’ of policies relating to (inter alia) tax, trade, the environment and financial regulation on human rights and sustainable development overseas; and (2) to oversee and regulate transnational corporate actors and the impact of their actions more robustly. Otherwise, national efforts to achieve SDG 10 are likely to be made redundant by global forces. In this respect, rich countries have by far the greater responsibility to act, as their ‘spillovers’ are more far-reaching and most large transnational corporations are under their jurisdictions. Although there have been some limited positive signs of good intent and good practices from rich countries like the Netherlands and Ireland,[18] and the AAAA (para. 103) did include a pledge to conduct such corporate impact assessments, in general the political will and momentum seems to be profoundly lacking in this area.

Conclusion

In the maelstrom of lofty aspiration, effusive rhetoric and fierce criticism surrounding the 2030 Agenda, the profoundly transformative potential that SDG 10 offers should not be overlooked or underestimated. A global stand-alone goal for all countries that directly addresses inequalities, and firmly places economic inequality on the development agenda, would have been unthinkable 15 years ago, and was only made possible thanks to steadfast civil society advocacy. This opportunity should not be wasted. If prioritized and pursued with commitment, SDG 10 could be part of a much-needed larger paradigm shift in how ‘development’ is conceptualized and pursued – towards societies in which wealth, resources and power are more evenly shared, founded on a human rights-based vision of social and economic justice.

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17 For example, the creation of an intergovernmental tax body within the UN. Unfortunately, this proposal was resisted by developed countries at the Addis Ababa Financing for Development conference in July 2015.

18 Cf. Center for Economic and Social Rights / Third World Network (2015).

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Targets for SDG 10

10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

10.2 By 2030, 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

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations

10.6 Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions

10.7 Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies

10.a Implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with World Trade Organization agreements

10.b Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes

10.c By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent

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