

Key Messages

Inequality Matters: Report on the World Social Situation 2013

Inequalities are large and enduring, both across and within countries, but recent trends differ markedly by country and region

- Where people are born and where they live have a strong influence on their lifelong opportunities. The mean income of a resident of Albania or the Russian Federation is lower than that of an individual in the lowest 10 per cent of the income distribution in Sweden, who also earns 200 times more than an individual in the bottom decile in the Democratic Republic of Congo. Poverty continues to be higher in rural than in urban areas, even though urban areas have become increasingly unequal.
- While economic inequalities across countries have somewhat declined in recent decades, they have risen within many countries as the wealthiest individuals have become wealthier while the relative situation of people living in poverty has improved little.
- Disparities in education, health and other dimensions of human development remain large, despite general progress in reducing the gaps, as do inequalities between rural and urban areas and among social groups.
- However, as the *Report* shows, inequality trends are far from uniform. Between 1990 and 2012, income inequality increased in some large emerging economies and in the majority of developed countries, but declined in 14 out of 20 Latin American countries and in 19 out of 35 African countries with data. The example of countries that have managed to reduce inequalities demonstrates that national policies and institutions play an important role in defining inequality trends.

Reducing inequalities is a moral imperative that yields economic, social and political benefits for all

- The adverse impacts of high or growing inequality do not fall only on people living in pov-

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United Nations

erty or other socially-excluded, disadvantaged groups. They affect the wellbeing of society at large. The *Report* contends that highly unequal societies tend to grow more slowly than those with low income inequalities, are less successful in sustaining growth over long periods of time and recover more slowly from economic downturns. Inequalities have also generated social tensions, and created fertile ground for political instability and conflict.

- Inequality tends to perpetuate itself over time. Income inequality leads to uneven access to health care and education and therefore contributes to the intergenerational transmission of unequal economic and social opportunities and unequal outcomes.
- The economic crisis and its aftermath have added urgency to the need to address inequalities and their consequences. Draconian fiscal austerity programmes still dominate attempts to reduce sovereign debt in many developed countries and a growing number of developing countries are cutting public expenditure. Popular discontent has grown, even in countries with consolidated democracies, as people believe they are bearing the blunt of crises for which they have no responsibility.

Some social groups experience compound disadvantages

- Youth, older persons, indigenous peoples, persons with disabilities and migrants, among other social groups, face particular disadvantages and barriers that preclude the full participation of individuals within them in social, economic and political life. Women and girls in these groups encounter even greater disadvantages than men.
- Because of where they live, coupled with non-responsive public institutions, discrimination and lack of voice and political power, individuals in these groups often suffer from worse health outcomes, lower levels of education than the rest of the population; they face more disadvantages in the labour market and live more often in poverty. Inequalities across these different dimensions reinforce each other and create inequality traps that persist across generations.

Policy matters

- Inequality trends depend strongly on national policymaking. The poor are more likely to benefit from economic growth and share in the gains from globalization where there are pro-poor policies in place, where growth is equitable and labour markets are inclusive.
- Universal social policies, including social protection and universal access to essential services such as health and education, as well as strong labour market policies and institutions, are necessary to contain inequality. Fiscal consolidation measures must not undermine essential public spending on such services and institutions.
- Even where policy frameworks adopt a universal approach, certain social groups face greater challenges and have lesser opportunities than others. Targeted or special measures within a universal policy framework are needed to reach these groups in order to reduce inequality and respect the principle of non-discrimination.
- While necessary, social policy and labour market institutions alone will not bring about the structural transformations that are necessary to reduce inequality. A policy environment conducive to sustained inequality reduction requires macroeconomic policies oriented towards such a goal and the creation of full employment and decent work opportunities for all. Deliberate policies aimed at promoting the structural transformation of economies; in particular industrial development and economic diversification are necessary. Sustained public-private investments in infrastructure and energy are necessary as well.
- As the international community shapes its vision for post-2015, it should take into account that integrating the reduction of inequalities in the global development agenda will realign it with the original concept of the Millennium Declaration and will hold Governments to account to foster development that is inclusive, equitable and non-discriminatory. Unless inequalities are deliberately addressed, progress will continue to favour only parts of the population or even slow down altogether.

Read the full *Report* at:

<http://www.un.org/esa/socdev/documents/reports/InequalityMatters.pdf>