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World social situation 2019: shaping the future of inequality

Note by the Secretariat

Summary

The focus of the present note is the effects of major global trends – specifically technological innovation, climate change, urbanization and international migration – on inequality. The examination provided, including the policy recommendations on how to manage these trends equitably, encompasses the main findings of the forthcoming World Social Report.^a

^a The flagship publication entitled “Report on the World Social Situation” has been renamed. Beginning with the 2019 edition, the publication will be issued as the “World Social Report”.

* A/74/50.



I. Introduction

1. The 2005 Report on the World Social Situation warned of a predicament of growing inequality which would challenge the achievement of the internationally agreed development goals.¹ Since the issuance of that report, inequality has moved to the forefront of the policy debate. Indeed, ensuring that “no one will be left behind” constitutes a central pledge under the 2030 Agenda for Sustainable Development,² which includes the Sustainable Development Goals. Goal 10 – to reduce inequality within and among countries – is clearly consonant with that pledge.

2. The growth of inequality is driven by institutions and policies that perpetuate injustice. There are also powerful economic, social and environmental global forces that help shape inequality trends. The impacts of these global forces, or megatrends, are broad and varied. Some can help to equalize opportunities, while others are exerting upward pressure on income inequality, mainly through their effect on labour markets. It is therefore important to look ahead with a view to anticipating their possible effects on the implementation of the 2030 Agenda.

3. The impact on inequality of four such megatrends – technological innovation, climate change, urbanization and international migration – is examined in the present note. While technological change drives economic growth and can improve access to health care and education, it can also push wage inequality upward and displace workers. Climate change – the greatest systemic risk faced by humanity – is currently taking the largest toll on the poorest countries and groups, with the livelihoods of rural populations being most directly affected. Urbanization offers huge opportunities for poverty reduction, as disadvantages confronted by those rural populations in access to services, jobs and income prevail in both developed and developing countries; however, urban areas in fact experience greater levels of inequality than rural areas and those levels are rising in cities worldwide. International migration enables millions of persons to seek new opportunities and can help reduce global disparities, provided that it occurs under safe and orderly conditions.

4. The 2030 Agenda recognizes that major challenges and commitments are interrelated and require integrated approaches. In this regard, without the decisive action required to manage each of these megatrends equitably, the world will witness a widening of inequalities.³ Furthermore, addressing inequalities now will help enable the opportunities generated by the above-mentioned transformative changes to be seized and help protect people living in poverty as well as the members of other disadvantaged groups against the negative effects of those changes.

II. The ebb and flow of inequality trends and their impacts on development

5. Inequalities penetrate every dimension of human well-being. Under Sustainable Development Goal 10, the 2030 Agenda calls explicitly for action to reduce inequality based on income, a goal that represents a first within the context of internationally

¹ *Report on the World Social Situation 2005: The Inequality Predicament* (United Nations publication, Sales No. E.05.IV.5).

² General Assembly resolution 70/1 (adopted by the Assembly on 25 September 2015), para. 4.

³ While the four megatrends examined interact with each other in multiple ways and, along the same lines, while policies aimed at managing one global trend can affect other trends, the focus of this note is exclusively on the distributional impacts of each megatrend. Other effects or interactions among them are beyond the note's scope.

agreed development goals.⁴ In its embodiment of the aspiration towards empowering and promoting the social, economic and political inclusion of all members of society, Goal 10 draws attention to circumstances and attributes – namely, age, sex, disability, race, ethnicity, origin, religion and economic and other forms of status – that can contribute to the risk of being excluded and disadvantaged. Additionally, Goal 10 includes ensuring equal opportunity and adoption of concrete policies – with fiscal, wage and social protection policies being highlighted – for the achievement of greater equality.

A. Economic inequality

6. Income inequality has increased in most developed countries and in some middle-income countries, including China and India, since 1990. Yet, growing inequality is not a universal trend.

7. While Latin America and the Caribbean remains the region with the highest levels of income inequality, based on examination of countries of the region for which there were enough data available since 1990, the Gini coefficient was found to have declined in 17 out of 19 of those countries.⁵ Included among them is Brazil, which traditionally has experienced very high levels of inequality. Disparities in income have also declined in many African countries, although the level of disparity remains very high in some others. Income inequality continued to rise in South Africa during the post-apartheid period and until at least the mid-2000s, notwithstanding sustained economic growth and the expansion of social protection; and currently, that country has the world's highest Gini coefficient.

8. Despite these positive trends, income and wealth are increasingly concentrated at the top. The share of income owned by the richest 1 per cent of the population increased in 29 out of 38 countries and areas with data available for the period from 1990 to 2015.⁶ In 2015, the top 1 per cent accounted for more than 20 per cent of all income in countries such as Brazil, Colombia, India and the United States of America. At the same time, the bottom 40 per cent of the population received less than 25 per cent of all income in 92 countries for which data were available.

9. In some countries, trends in inequality have reversed course in recent years. Since the onset of the 2008 economic and financial crises, income inequality as measured by the Gini coefficient has stopped growing in many developed countries, even though there has been little progress in reducing relative poverty in most of them. In contrast, the most recent estimates suggest that inequality is again rising in some countries of Latin America, including Brazil and Mexico.

10. While economic inequality has grown within many countries, inequality among countries is declining. Strong economic growth in China and other emerging economies in Asia has been the main driver of this decline. However, differences across countries and regions are still very large. On average, in 2017, the incomes of

⁴ Target 10.1 under the Sustainable Development Goals is, by 2030, to progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average.

⁵ Calculations are based on data derived from the United Nations University-World Institute for Development Economics Research (UNU-WIDER) World Income Inequality Database, version 4 (WIID4), which was released in December 2018. Available at www.wider.unu.edu/database/world-income-inequality-database-wiid4.

⁶ Calculations are based on data derived from the World Inequality Database (WID.world). Available at <https://wid.world>.

residents of sub-Saharan Africa were 11 times lower than those of people living in the European Union and 16 times lower than those of residents of Northern America.⁷

B. Group-based inequalities

11. While many aspects of high and growing inequality polarize political debates across countries, consensus does exist that everyone needs to be afforded equal opportunities and that access to opportunities should not be contingent on one's gender, age, race, ethnicity, migrant status, socioeconomic profile, or whether or not one has a disability, among other personal characteristics. Unfortunately, inequalities related to such characteristics are pervasive in developed and developing countries alike.

12. Indigenous peoples, for example, constitute more than 10 per cent of the world's poor despite the fact that they account for only about 4 per cent of the global population.⁸ Members of ethnic minorities, members of communities of indigenous peoples, migrants and persons with disabilities also experience deeper poverty and are more likely to live in chronic poverty than individuals in other groups. The poverty effect of belonging to any of these groups is generally experienced more strongly by women than by men.⁹

13. Major progress towards achieving essential goals such as improving child health and completion of primary education has helped to reduce inequalities between groups. However, there is evidence that gaps with respect to more advanced accomplishments are not closing. For instance, on average, disparities in secondary school attendance by ethnic group, income quintile and educational level of the head of household have increased since the 1990s in developing countries for which data are available.¹⁰ Gaps in learning outcomes are persistent as well; for example, in 2015, across member countries of the Organization for Economic Cooperation and Development (OECD), students with an immigrant background scored 39 points below native-born students in a standardized 600-point mathematics test and 43 points below native-born students in a reading test.¹¹

14. While these inequalities have historical roots, they persist even after a change in the conditions that generated them. Ethnic minorities, for instance, continue to experience patent disadvantages even in countries where special efforts are made to promote their inclusion. Members of groups that suffered from prejudice and discrimination in the past start off with fewer assets and lower levels of social capital than members of other groups. Yet, while prejudice and discrimination are decried across the globe, they remain pervasive obstacles to equal opportunity.

⁷ Calculations are based on gross national income (GNI) per capita calculated using purchasing power parity (PPP) exchange rates (constant 2011 United States dollars). Available at <https://databank.worldbank.org/data/source/world-development-indicators>.

⁸ Gillette H. Hall and Harry Anthony Patrinos, eds., *Indigenous Peoples, Poverty, and Development* (Cambridge, United Kingdom, Cambridge University Press, 2012).

⁹ *Report on the World Social Situation 2016: Leaving No One Behind – The Imperative of Inclusive Development* (United Nations publication, Sales No. E.16.IV.1).

¹⁰ Calculations are based on data from Demographic and Health Surveys and Multiple Indicator Cluster Surveys for 57 developing countries.

¹¹ Calculations are based on data derived from the Programme for International Student Assessment (PISA), available at <http://pisadataexplorer.oecd.org/ide/idepisa>.

C. High and growing inequality affects everyone

15. Inequality hinders progress towards achievement of the Sustainable Development Goals. For example, highly unequal societies are less effective at reducing poverty than those with low levels of inequality. They also grow more slowly and are less successful at sustaining economic growth over long periods of time. In situations where people living in poverty are jobless or trapped in low-productivity jobs, the gains from growth go disproportionately to those who are already wealthier.

16. Disparities in health, education and other dimensions of human development make it even harder for people to break the cycle of poverty and lead to the transmission of disadvantages from one generation to the next. Indeed, children from economically or socially disadvantaged families who struggle to access quality services which will enhance their human capital are much more likely to live in poverty than the rest of the population.

17. Inequalities lead to a concentration of political influence among those who are already better off, and therefore tend to preserve or even intensify unequal access to opportunities – unless there are appropriate institutions in place to prevent this from happening. Growing political influence among the better off impairs trust in the ability of Governments to address the needs of the majority. Lack of trust, in turn, destabilizes political systems and hinders the functioning of democracy. Today, popular discontent is high even in countries that have fully recovered from the 2008 financial and economic crises and are now experiencing steady growth.

18. Yet, rising inequality is not destiny. Inequality levels and trends differ even among countries that are at similar levels of development and experience equal exposure to trade, technological innovation and even the effects of climate change. Clearly, national policies and institutions do matter.

III. Technological change: managing promises and pitfalls

19. Technological progress drives economic growth and can yield improvements in living standards. The current pace of breakthroughs has been rapid and is, in many ways, in fact revolutionary. Advances in biology and genetics, robotics and artificial intelligence, 3D printing and other digital technologies are transforming economies and societies.

20. However, despite its immense promise, technological change creates winners and losers and the current pace of that change presents new policy challenges. Still, its outcomes are not predetermined. Indeed, there is ample scope for Governments and international institutions to address distributional concerns and maximize the benefits and opportunities that can be ushered in by new technologies.

21. In the world of work, there has been emphasis on the potential implications of technological change with respect to job destruction. Estimates of the share of jobs at risk of becoming automated vary significantly, from less than 10 to over 70 per cent.¹² Yet, technologies usually replace specific tasks, rather than entire jobs. Moreover, often ignored is the fact that new technologies also generate new jobs and tasks,

¹² Thereza Balliester and Adam Elsheikh, *The Future of Work: A Literature Review*, International Labour Organization Research Department Working Paper, No. 29 (Geneva, International Labour Office, March 2018). See, also, Matthias Bruckner, Marcelo LaFleur and Ingo Pitterle, “The impact of the technological revolution on labour markets and income distribution”, *Frontier Issues* (Department of Economic and Social Affairs of the United Nations Secretariat), 31 July 2017. Available at www.un.org/development/desa/dpad/publication/frontier-issues-artificial-intelligence-and-other-technologies-will-define-the-future-of-jobs-and-incomes/.

including those needed to enable the use, and supervision of the use, of new devices. Historically, technological change has increased productivity and has eventually raised demand as well, thereby pushing total employment upward.

22. At present, there are important differences across countries with respect to how jobs are being redesigned and tasks regrouped into new or existing jobs. Whether the automation of tasks must lead to the disappearance of jobs is as much a technological question as an institutional one. Regulations and institutions exert an influence on whether it remains profitable to regroup several tasks into a job and whether a worker can upgrade skills quickly enough to be able to assume a modified set of responsibilities.

23. So far, it is highly skilled workers who are benefiting the most from new technologies. Job disruption – and, at times, job destruction – is affecting mainly low-skilled as well as middle-skilled workers engaged in routine manual and cognitive tasks, especially within the context of the present wave of automation and artificial intelligence. Furthermore, in many countries, productivity gains generated by new technologies are being captured by a small number of dominant companies. These trends, if they remain unchanged, can continue to intensify job polarization and exacerbate wage inequality.

24. Middle-skilled jobs which were traditionally associated with standard employment contracts have often been replaced with non-standard forms of employment under, for example, temporary and part-time contracts as well as own-account work. While non-standard working arrangements increase flexibility and perhaps even employment opportunities, for some workers they have resulted in greater insecurity and increased inequality in wages and working conditions.

25. Overall, there is no solid evidence yet to suggest that recent technological changes have led to massive increases in joblessness or that they will make work obsolete. In the cases where new technologies are pushing wage and income inequality upward, they are doing so mainly through their effect on job polarization and on the rise of non-standard working arrangements.

26. Beyond the labour market, digital technologies and artificial intelligence are opening up opportunities in sectors such as education, health and agriculture, which has important inequality-related implications. Technological change driven by digital technologies has yielded often affordable equipment and improvements in communication which are accessible to a wide range of users. The use of Internet and mobile phones, for instance, is supporting improvements in productivity among smallholder farmers and the access of women and poor people in developing countries to financial services. Open online courses can help democratize access to education. Mobile health applications make health-care delivery and monitoring systems available to underserved areas and populations. Improvements in data production and data availability brought about by new technologies can enhance governance and facilitate participation, which enables individuals and groups to voice their opinions and facilitates their organizing on behalf of common causes.

27. The potential of new technologies to promote sustainable development can be realized, however, only if everyone has access to them. Today, new technologies are creating new forms of inequality, as attested, for example, by the significant digital divide both between countries and within them. There are 111 active mobile-broadband subscriptions per 100 people in developed countries but only 61 per 100 people in developing countries – and only 28 per 100 people, on average, in the least developed countries.¹³ Over 85 per cent of all households have Internet access in

¹³ ITU Statistics (International Telecommunication Union). Available from www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx.

developed countries, as compared with 18 per cent in the least developed countries.¹⁴ While inequalities between developed and developing regions in access to basic technologies such as mobile phones are declining but gaps in Internet access and use of computers are not. While new technologies have a particularly broad potential for youth, they can at the same time widen the divide between the young and older persons.

28. The speed of diffusion matters. Given the comparative advantage that “first movers” enjoy in many sectors linked to new technologies, persistent gaps in access can put poorer countries and disadvantaged groups at a further disadvantage. Many of the benefits to be derived from new technologies that could accrue to developing countries may not materialize if the leading firms, which are often located in developed countries, prevent developing countries from accessing the new technologies and find ways to avoid diffusing those technologies.

29. Even in contexts of broad access, the deployment of new technologies can exacerbate inequalities instead of reducing them. Gaps in education can widen, for instance, if new technologies benefit those pursuing tertiary education more than they benefit children without access to primary education, or if they improve the learning outcomes of children in wealthier households disproportionately.

30. Recent declines in the price of mobile devices and other information and communications technology (ICT)-related products and services are cause for optimism. With the widespread access to on- and off-grid energy sources in many developing countries, more people now have financial accounts established through mobile device and broadband Internet connections, which provides them with opportunities to save and transfer money and receive loans. Similarly, some health technologies are pushing health inequalities downward as they become more affordable and easier to use. Increased access to beta blockers (a type of anti-hypertensive drug), for instance, has helped reduce health inequality among different income groups.

31. In sum, recent technological innovation, like any process of rapid structural change, can be a force of disruption. On the other hand, its effects should not be viewed as predetermined. Proactive policies and supportive institutions are needed to ensure that technological dividends are broadly shared.

32. Critical policy interventions are needed in three key areas. First, efforts to bridge technological divides within and between countries should be strengthened. This calls for an expansion of the necessary enabling infrastructure; facilitation of the use of new technologies, including through training; and ensuring that technologies meet the needs of all users, including persons with disabilities and older persons. Given that development enhancing technologies are often patented in developed countries, the international community must assist developing countries in accessing those technologies and must diffuse their use. Second, there needs to be an investment in people’s skills and support for workers so as to enable them to perform new tasks. The once and for all type of education, commencing at a young age, is no longer sufficient. It is also important to ensure that lifelong learning serves to equalize opportunities, rather than reinforce inequalities. Third, people need to be supported as they confront work and life transitions, including through universal access to social protection. As new technologies challenge the effectiveness of national labour-market policies and institutions in many ways, promoting inclusive development calls for addressing the growing disconnect between labour-market regulations and the realities of the world of work.

¹⁴ Ibid.

IV. Climate change as an engine of growing poverty and inequality

33. Global average temperature is one degree Celsius above pre-industrial levels and continues to rise; and climate change is accelerating the pace of environmental degradation and increasing the frequency and intensity of extreme weather events. The effects of sudden shocks and gradual environmental degradation – whether on infrastructure, people’s livelihoods, resources or health or as measured in terms of lives and homes lost – are not felt uniformly by countries or by different population groups.

34. Rising temperatures have slowed down the reduction of inequality between countries and constitute a major obstacle to achievement of the goal of eradicating poverty. Indeed, it is estimated that the ratio between the income of the richest 10 per cent and the poorest 10 per cent of the global population became 25 per cent larger during the period 1961–2010 than it would have been in a world without global warming,¹⁵ mainly because rising temperatures have negatively affected economic growth in warm countries, which tend to be poorer than countries located in more temperate climate zones. In other words, those rising temperatures have made the world’s poorest countries poorer. Unaddressed, climate change may even reverse current progress in reducing inequality between countries.

35. Within countries, people living in poverty and other disadvantaged groups – including indigenous peoples and small landholders – are disproportionately exposed to the risks of climate change. A majority live in rural areas and are highly dependent on agricultural, fishing and other ecosystem-related income. People living in poverty are also more affected by infectious and respiratory diseases which are aggravated by climate change. Because of the low quality of housing and the low level of asset diversification, they are also more susceptible to incurring damage from climate change than non-poor people living in the same regions. They possess fewer of the resources required to cope and recover; have limited capacity to relocate to safer areas or build more resilient houses; and are less likely to have insurance and access to loans and to be able to depend on support from their families and other informal networks. Further, women’s lack of control over assets make them particularly vulnerable.

36. Climate change is affecting both the prevalence and depth of poverty, with worsening inequality, as well as making it harder for people to escape poverty and increasing people’s vulnerability to falling into poverty. Price shocks due to sudden changes in agricultural production, natural disasters and environmentally triggered health problems are increasing vulnerability to poverty. It is estimated that, under a low-impact scenario characterized by powerful mitigation and adaptation strategies that are successful, between 3 million and 16 million people will be in poverty by 2030 because of climate change; and that under a high-impact scenario, between 35 million and 122 million will fall into poverty.¹⁶ Overall, for developing countries, climate-related declines in the income of the bottom 40 per cent of the population will be 70 per cent larger than such declines among the average population, thereby reducing

¹⁵ Noah S. Diffenbaugh and Marshall Burke, “Global warming has increased global economic inequality”, *Proceedings of the National Academy of Sciences of the United States of America*, vol. 116, No. 20 (14 May 2019), pp. 9808–9813.

¹⁶ Stéphane Hallegatte and others, *Shock Waves: Managing the Impacts of Climate Change on Poverty* (Washington, DC, World Bank, 2016).

progress towards achievement of target 10.1 under the Sustainable Development Goals.¹⁷

37. Climate change is also affecting inequality between generations. The effects of climate change may reduce the livelihood opportunities of future generations, especially in the countries most affected by those effects, and exacerbate downward intergenerational mobility.

38. Climate action and the transition to green economies offer opportunities for the reduction of poverty and inequality but, like all other processes of structural transformation, they also entail challenges. With carefully designed adaptation strategies, economic restructuring brought about by the greening of economies can result in the creation of 24 million new jobs worldwide by 2030.¹⁸ At the same time, at least 6 million jobs will be lost, including many low-skilled jobs in carbon-intensive sectors.¹⁹ The adoption of sustainable practices – including changes in the energy mix, the projected growth in the use of electric vehicles and increases in energy efficiency in existing and future buildings – should result in a net increase of approximately 18 million jobs worldwide. On the other hand, the share of women employed in sectors currently associated with green technology is relatively lower than that of men; in addition, compared with other sectors, those sectors employ fewer women than men. Hence, if undertaken without consideration of the social impact, the transition to green economies could affect women’s employment negatively.

39. A just and equality enhancing transition towards green economies calls for the integration of climate action with macroeconomic, labour and social policies aimed at job creation, skill development and adequate support for those who will be negatively affected. Ensuring that mitigation technologies are broadly diffused and adopted will also be of paramount importance. Policies aimed at reducing poverty and inequality can, in addition, help reduce the negative effects of climate change and provide the means through which low-income households can secure environmentally sustainable livelihoods.

V. Urbanization: more opportunities, growing divides

40. Where people are born and reside has a lasting impact on the opportunities available to them in life. Achieving access to safe drinking water, electricity, health care, good schools, decent work and other goals envisioned in the 2030 Agenda has a clear-cut spatial dimension. In fact, regional inequalities within countries are often larger than inequalities between countries.

41. Disparities between rural and urban areas are particularly noteworthy. The rural/urban divide is closing in some countries but still growing in others. Since the 1990s, the gap between rural and urban areas in levels of stunting, for instance, has declined in 35 developing countries out of 53 for which data were available, but has increased in the remaining 18.²⁰ Rural/urban disparities in access to electricity have increased in 23 countries out of 55 with data.

42. Currently, and for the first time in history, more people live in urban than in rural areas. In 2018, 55 per cent of the world’s population lived in cities; and in the

¹⁷ Stéphane Hallegatte and Julie Rozenberg, “Climate change through a poverty lens”, *Nature Climate Change*, vol. 7, No. 4 (April 2017), pp. 250–256.

¹⁸ International Labour Organization, *World Employment Social Outlook 2018: Greening with Jobs* (Geneva, International Labour Office, 2018).

¹⁹ Ibid.

²⁰ Calculations based on data from Demographic and Health Surveys and Multiple Indicator Cluster Surveys.

next three decades, all of the world's population growth is expected to occur in urban areas, which will also draw in some of the rural population through migration. In developed countries and those of Latin America and the Caribbean, a large proportion of the population resides in urban areas. Africa and Asia, still mostly rural, will urbanize faster than other regions.

43. This transformation has implications for every aspect of sustainable development, including the reduction of inequalities. Cities are catalysts of economic growth, innovation and paid employment; and on average, urban residents have better access to education, health and other basic services than rural populations. However, urban areas are more unequal than rural areas. Indeed, in most cities and towns, areas characterized by high levels of wealth and modern infrastructure coexist – sometimes in close proximity but glaring contrast – with areas marked by severe deprivation and lack of services.

44. The urban divide has economic, social and spatial dimensions. Along the economic dimension, the Gini income coefficient is larger for cities than for rural areas in most developed and developing countries.²¹ As regards the social dimension, rapid urbanization has led to growing concerns about deteriorating health conditions; for example, maternal and child health are at times worse in urban slums and other poor city neighbourhoods than in rural areas.²² Unregulated land and housing markets as well as poor urban planning result in the concentration of disadvantage in specific locations and lead to a vicious cycle of exclusion and marginalization, with slums being the clearest symptom of exclusion in divided cities. In 2016, 1 of every 4 city residents, or over 1 billion people, lived in slums.²³

45. Among urban areas, inequality is often higher in large cities than in small towns. Large cities attract greater numbers of highly skilled workers and high-productivity companies; and the increased demand for highly skilled workers that is generated by ever-higher productivity and other factors boosts rural-urban migration. However, despite higher inequality in large cities, poverty is often more widespread and deeper in small towns, mainly because large cities are better served in terms of social services and infrastructure.

46. Yet, inequality and poverty levels vary greatly by city, even within one country. Although spatial segregation and exclusion, based on income, race, migrant status or other factors, are common in many urban areas, different cities have different histories. Inequalities have increased in some cities as they grew and developed but have declined in others.

47. In an increasingly urban world, the proper management of cities is essential for reducing inequality and achieving all other development goals. The current speed of urbanization, especially in poor countries, makes urban governance and adequate planning increasingly pressing. Too often, Governments have reacted to urbanization only after imbalances arising in the process became too flagrant.

²¹ See the City Prosperity Initiative database, available at <http://cpi.unhabitat.org/download-raw-data>. Until recently, China had been an important exception to this pattern: in 1990, the Gini coefficient in that country stood at 30.6 for rural areas and at 25.6 for urban areas (see World Bank World Development Indicators database, available at <http://databank.worldbank.org/data/source/world-development-indicators>). Since 2013, however, income inequality has been higher in urban areas (see UNU-WIDER World Income Inequality Database, version 4 (WIID4), available at www.wider.unu.edu/database/world-income-inequality-database-wiid4).

²² See, for instance, Isabel Günther and Kenneth Harttgen, “Deadly cities? spatial inequalities in mortality in sub-Saharan Africa”, *Population and Development Review*, vol. 38, No. 3 (September 2012), pp. 469–486; and Mark R. Montgomery, “Urban poverty and health in developing countries”, *Population Bulletin*, vol. 64, No. 2 (June 2009).

²³ *The Sustainable Development Goals Report 2019* (United Nations publication, Sales No. E.19.I.6).

48. Successful policy approaches to reducing inequality and promoting inclusive cities encompass four key component aims: (a) securing land rights for the poor, with a focus on meeting their land and housing needs, which is of paramount importance, as is the equitable provision of public services; (b) improving spatial connectivity through establishment of good transport connections between residential and commercial areas, and promoting public transportation, which are necessary for the reduction of inequality; (c) promoting access to decent formal employment, which is imperative; and (d) addressing urban inequalities, which calls for strengthening the political and administrative capacities of local governments to address increasingly complex challenges rapidly, including those related to climate change, which calls in turn for improving the capacity of local governments to collect and use data and strengthening coordination between them and national governments.

49. The opportunities and challenges brought about by urbanization have ramifications beyond cities, i.e., for sustainable development at the national and local levels. Urbanization can promote rural development and help reduce the urban/rural gap, although its overall effect is context-specific. For example, income from non-farm activities earned in cities is vital to rural households and small-scale farming; remittances sent by migrants from urban to rural areas have an important impact on the economies of villages and small towns; and domestic urban markets, which are more stable than export markets, stimulate production by small-scale farmers. At the same time, however, urban sprawl often encroaches on valuable agricultural land. Local governance systems will play a key role in maximizing the potential benefits of urbanization for rural economies.

VI. International migration: promoting its positive impacts, reducing its uneven risks

50. International migration offers a powerful illustration of global inequality, whether in terms of wages, opportunities or lifestyles. Each year, millions of people move across countries and continents to study, seek better job opportunities, reunite with family members or flee conflict or natural disasters. Worldwide, the number of international migrants increased from an estimated 173 million in 2000 to 258 million in 2017.

51. However, migration does not arise only from inequality or failed development. In fact, middle-income countries send more migrants abroad than do low-income countries. In general, it is only once countries have started to grow and develop that migration takes off. Processes of industrialization and urbanization have traditionally involved massive displacements of people, mostly from rural to urban areas, but also to places abroad. Improvements in education and access to information increase the desire and opportunities to migrate; and as countries develop, more people can cover the costs of migration.

52. International migration carries risks but, in the long run, most migrants benefit from moving, as do their countries of origin and destination. Yet, the costs and benefits are not shared evenly across countries or by different population groups within countries.

53. In countries of origin, much of the impact of migration is felt through remittances and other transfers made by members of migrant communities abroad. The value of officially recorded remittances reached \$689 billion in 2018;²⁴ and more than 75 per cent of those remittances were received by low- and middle-income

²⁴ World Bank, "Migration and remittances: recent developments and outlook", Migration and Development Brief No. 31, April 2019.

countries. Remittances help to reduce the scale and severity of poverty in these countries, thereby contributing to the reduction of inequality between countries. Findings on the impact of remittances on within-country inequality, however, are less conclusive. While wealthier and more-skilled migrants send remittances less often than less-skilled migrants, the amounts remitted by the wealthier migrants are larger. Households at the lower end of the income distribution are disproportionately affected by the high transaction costs of sending remittances. Further, as a result of policies of destination countries that restrict the migration of less-skilled workers, the potential inequality reducing impact of remittances is not realized.

54. In countries of destination, the effects of migration on the labour market lie at the core of the public debate. There are concerns over the negative impact of immigration on wages, based on the belief that migrants compete directly with native-born workers. Rather, migrant workers may complement, or compete only with particular segments of, the native labour force. Less-skilled migrant workers often accept jobs – including in agriculture, mining, construction and domestic work – that non-migrants are unwilling to perform. Where migrants compete with less-skilled members of the native-born population, immigration may indeed put downward pressure on already low wages and push inequality upward. On the other hand, where migrants offer skills that are in short supply and services that non-migrants are not willing to provide, migration may contribute to the smooth functioning of the labour market and may even affect employment positively.

55. In developing regions, the emigration of skilled workers is a cause of concern. As of 2010, nearly 1 out of every 6 countries, including many in Africa and the Caribbean, saw more than 20 per cent of their population with a tertiary education emigrate abroad.²⁵ Yet, while the emigration of skilled workers can hamper economic growth and lead to shortages of professionals with key skills such as teachers, doctors and nurses, it can also have positive feedback effects. Migrants abroad and those who return can generate flows of knowledge, foreign direct investment and trade. In China, India and the Republic of Korea, for example, both migrants abroad and returnees have been a driving force in the growth of the software industry and other high-tech manufacturing industries. Overall, whether the emigration of skilled workers constitutes a net gain or a net loss depends on the country of origin. As regards the effect of skilled migration on inequality between countries, this is a subject that does not lend itself to easy generalizations.

56. The 2030 Agenda highlights the role that migration can play in reducing inequality. Yet, the positive effects of migration are far from guaranteed. To a large extent, how much developing countries – and migrants, themselves – benefit from migration depends on the conditions under which migration unfolds.

57. Most destination countries of developed regions facilitate the admission of highly skilled migrants while providing few avenues for the legal entry of less-skilled and less-educated migrants. Yet, opening legal pathways for the migration of less-educated workers can benefit both developed and developing countries. Establishing pathways for the formal recognition of educational credentials earned abroad would help increase the economic contributions of migrants. Governments in countries of destination may also consider the funding of training in countries of origin as a means to fill specific job gaps.

58. Currently, many Governments in developing countries have offices and even ministries devoted to diaspora engagement. Although many of these institutions provide services to emigrants, most are focused on encouraging migrants to send

²⁵ Zovanga L. Kone and Çağlar Özden, “Brain drain, gain and circulation”, Global Knowledge Partnership on Migration and Development (KNOMAD) Working Paper No. 19, March 2017.

remittances and invest them in the country of origin. Greater gains may be realized over the long run through their working with members of the diaspora with a view to promoting trade and helping the country of origin gain access to global networks of knowledge.

59. The high costs of transferring money prevent people living in poverty from reaping the benefits of migration. Meeting Sustainable Development Goal target 10.c of reducing, by 2030, the transaction costs of migrant remittances to less than 3 per cent and eliminating remittance corridors with costs higher than 5 per cent, can help reduce inequalities both between and within countries.

VII. Putting equality and social justice at the centre of sustainable development

A. Applying an equality lens to policymaking

60. Rising inequalities are hindering progress towards poverty eradication and other goals and generating social tensions and political instability. However, while the megatrends examined in this note, including technological change, urbanization and international migration, are having an impact on the reduction of inequalities and on the achievement of all other Sustainable Development Goals, there is broad evidence that arresting those trends is neither possible nor desirable. Still, their future effects are not predetermined and can be managed at the national and global levels to ensure that societies are more equitable and just. Climate change cannot be stopped or reversed in the short term, either; but social considerations can still be made part of adaptation and mitigation policies as countries transition to becoming green economies.

61. What is advocated in this note is the application of an equality lens to policymaking so as to ensure that the benefits arising from global trends are broadly shared and that the burden of their negative effects does not fall disproportionately on those people without the resources to cope and recover. An equality lens calls for policies and regulations that leverage the potential of new technologies to reduce poverty and create jobs, ensuring that existing technological divides are addressed; and requires policies that focus on building the resilience to climate change of people living in poverty and other disadvantaged groups. Further, application of an equality lens also entails addressing the spatial, economic and social divides within cities, making urbanization more inclusive; and ensuring that rural areas are not left behind. And it calls as well for the promotion of the positive impacts of international migration.

62. Application of an equality lens to policymaking comes with the responsibility of Governments to reconsider policies that aggravate the harmful effects of the above-mentioned trends. While technological change may have contributed to job polarization and intensified wage inequality, other factors, such as financial and labour-market deregulation, declines in income tax progressivity and weakened social protection, have in some countries also contributed to rising inequality.

63. Finally, application of an equality lens entails redoubling efforts to address – now – the root causes of inequality.

B. Best practices in the reduction of inequalities within and among countries²⁶

64. The clearly mixed success of efforts to reduce inequalities within countries calls for the rethinking of strategies for achieving this goal, which includes assessing what has – and hasn't – worked in different settings.

65. The experiences shared by Governments through the voluntary national reviews presented to the high-level political forum on sustainable development reinforce the conviction that no single set of policies is applicable to all countries and within all contexts. Instead, this note highlights three basic building blocks of a coherent and integrated policy strategy for achieving the goal of reducing inequalities: (a) promotion of equal access to opportunities, as a means of addressing the root causes of inequality; (b) macroeconomic policies oriented towards the goal of reducing inequalities, as required by a policy environment conducive to achievement of that goal; and (c) tackling, by countries, of prejudice and discrimination in order to achieve the goal.

66. Ensuring universal access to quality education is key to addressing the root causes of inequality, promoting people's access to opportunities and fostering a more equal distribution of capabilities. Helping people realize their potential also requires promoting full employment and decent work.

67. While success has been achieved in increasing school enrolment worldwide, particularly in primary education, significant disparities in access to quality education remain within and across countries. The provision of education and other basic services remains fragmented and exclusionary in many of them. For example, there are vast differences in the quality of education received by urban children and that received by rural children. Funding for public education has at times been reduced as options for private and more costly schooling have multiplied. As a result, the educational system has served rather to reinforce inequalities than to assist in levelling the playing field.

68. In general, ensuring funding for the expansion of quality primary education and enforcing compulsory schooling have been successful and helped boost equitable access to education, as has the universal provision of pre-primary schooling. In many developing countries, the focus on funding for tertiary education to the detriment of funding for primary and secondary education has exacerbated economic inequality. Countries that have made progress in improving learning outcomes for all have, in addition to expanding access to education, invested in training teachers, increased their salaries and made efforts to deploy teachers equitably across regions. These include both countries in developed regions such as Australia, Finland, Japan and Sweden and countries in developing regions such as Brazil, China and the Republic of Korea.²⁷

69. Improvements in education will have little effect without successful school-to-work transitions. In its 2019 report, the Global Commission on the Future of Work

²⁶ The findings and conclusions presented in this section are in response to General Assembly resolution 72/141 of 19 December 2017, in which the Assembly encouraged the Secretary-General "to include best practices related to the reduction of inequalities within and among countries in the *Report on the World Social Situation 2019*" (para. 71). As noted above, in the note summary, the Report on the World Social Situation has been renamed the World Social Report.

²⁷ See Ruth Chung Wei, Alethea Andree and Linda Darling-Hammond, "How nations invest in teachers: high-achieving nations treat their teachers as professionals", *Educational Leadership*, vol. 66, No. 5 (January 2009), pp. 28–33; and Global Campaign for Education and Education International, *Closing the Trained Teacher Gap* (Johannesburg, South Africa, Global Campaign for Education, 2012).

noted the stark disjunction that exists between the transformative changes that are on the way in the world of work and the level of preparedness of Governments and the international community for managing them.²⁸ An initial step towards addressing this disconnect entails increasing investments in labour-market institutions and policies, including strategies that facilitate moves from informal to formal jobs, active labour-market policies that help people navigate the challenges posed by the growing number of job transitions, and regulations that secure workers' rights regardless of the type of contractual arrangement under which they work. There is also a need to find new forms of collective representation, since unions organized around the traditional employer-employee relationship often fail to enable those who work under non-standard contracts or outside the formal sector to exercise their voice.

70. Macroeconomic and social policies have sometimes had opposing effects on the creation of decent work – and, more broadly, on social and economic inclusion. Fiscal and monetary policies affect inequality not only because of their direct bearing on income distribution, but also through their role in mobilizing resources for social policies, including social protection. There is now global agreement on the need to enhance policy coherence.²⁹

71. Fiscal policy affects the distribution of income and wealth through the level and composition of social transfers and taxes. At times, the negative effects of indirect taxes – such as sales taxes – on the income of people living in poverty can be stronger than the positive effects of public transfers and services.³⁰ Fiscal policy has played an important role in reducing disparities in income in developed countries; however, its effect has not been strong enough to counter the trend towards rising inequality in most of those countries. In member countries of the Organization for Economic Cooperation and Development (OECD), the Gini coefficient of disposable income increased from 28 in 1995 to 30 in 2007, on average.³¹

72. There is clear evidence that universal access to social protection is necessary for reducing inequality. Social protection systems that provide at least unemployment and disability benefits, child benefits, old-age pensions and access to health care, offer what is in effect a basic income at all stages of the life cycle and minimize the risk of falling into poverty. While many social protection schemes are contributory, social protection systems must guarantee a minimum set of universal tax-financed schemes. The availability of these schemes ensures that social protection systems meet the needs of a diverse population. It is also important to ensure that the transfers people receive are sufficient to guarantee basic income security.

73. Despite the importance of social protection, only 29 per cent of the world population enjoyed comprehensive coverage in 2017.³² While close to 90 per cent of the population of Europe was covered by at least one social protection scheme, only about 60 per cent of the population was covered in Latin America and the Caribbean and less than 15 per cent was covered in sub-Saharan Africa.

²⁸ International Labour Organization, *Global Commission on the Future of Work: Work for a Brighter Future* (Geneva, International Labour Office, 2019).

²⁹ Target 17.13 under the Sustainable Development Goals is to enhance global macroeconomic stability, including through policy coordination and policy coherence; target 17.14, to enhance policy coherence for sustainable development.

³⁰ Nora Lustig, "Fiscal policy, income redistribution and poverty reduction in low and middle income countries". Commitment to Equity (CEQ) Working Paper, No. 54 (New Orleans, Louisiana, Tulane University Department of Economics, 2017).

³¹ Orsetta Causa and Mikkel Hermansen, "Income redistribution through taxes and transfers across OECD countries", *OECD Economics Department Working Paper*, No.1453 (Paris, Organization for Economic Cooperation and Development, 12 June 2018).

³² ILO, *World Social Protection Report 2017–19: Universal Social Protection to Achieve the Sustainable Development Goals* (Geneva, International Labour Office, 2017).

74. In recent decades, universal social protection schemes have often given way to targeted transfers. Targeting of specific groups has been suggested as a means of achieving social objectives with reduced spending. However, targeting can present its own challenges. Indeed, the high levels of administrative capacity required for means-testing, high transaction costs and the risk of political capture by the elites or the richest regions have been well documented. In practice, social protection systems are rarely based on purely universal or purely targeted approaches. Targeted or special measures may be necessary to help some disadvantaged groups – including persons with disabilities, members of ethnic minorities and children – overcome the challenges that they face.

75. These policies will have little impact on inequality if societies continue to practise discrimination based on such characteristics as ethnicity, race and gender – none of which should serve as determinants of the right of individuals to achieve their goals or ensure their own well-being. Although there has been some progress in ending legally entrenched discrimination, prejudice, stereotypes and instances of interpersonal discrimination persist.

76. Ending prejudice and discrimination is a long-term process, which requires reforming institutions and influencing behaviours. It calls for constitutional changes and revision of discriminatory laws and policies, together with the passage of laws needed to prevent discrimination and promote the well-being of excluded groups. In the short term, civic education and public information campaigns are necessary to challenge discriminatory attitudes. Creating an enabling environment for grass-roots social movements and local associations can also help, as these movements and associations have traditionally enabled excluded groups to exercise their voice.

77. Governments have also resorted to special measures, particularly affirmative action measures, to redress the impacts of discrimination by improving the representation of disadvantaged groups in, educational systems, the labour market and decision-making roles. Effective affirmative action campaigns have been carried out in both developed and developing countries.

78. Mobilizing support for many of the policy responses to inequality can be difficult. Based on their design and implementation, those responses will typically challenge the interests of particular individuals or groups. At their core, efforts to reduce inequality affect the balance of power.

79. In general, policy frameworks grounded in universalism have enjoyed broader support than those focused narrowly on addressing the symptoms of poverty or the rights of disadvantaged groups. The present note contends that, while measures targeted at specific groups in the population to meet their special needs may be required to reduce inequalities, a universal policy framework is necessary in order to address the root causes of inequality and ensure that policies enjoy sustained popular support.

80. While the role of Governments and other national stakeholders remains key, high levels of inequality within and between countries are a global problem, as are the other trends examined in this note. One country's action on climate change or international migration has costs and benefits for other countries. In this regard, the imbalance, for example, between top greenhouse-emitting countries and those suffering the most from the impacts of climate change has been well documented. None of these issues can be addressed unilaterally. Concerted action is also needed to address other challenges that affect inequality within and between countries – challenges that arise, for example, from tax evasion, cross-border financial flows, international trade and intellectual property rights.

81. There is growing recognition of the importance of reducing inequality for the advancement of not only social but also economic development and for the protection of the environment. However, this awareness has not yet been transformed into the necessary normative changes. Instead, as the result of over-reliance on the capacity of markets to act as a vehicle for achieving social justice and the growth of inequalities, the social contract is under threat in many countries. Actualizing the vision presented in the 2030 Agenda for Sustainable Development requires not just the urgent acceleration of action but also a reconsideration of the policy priorities that have perpetuated inequality and insecurity – both social and economic.
