Global Governance of Progress, Challenges, and Pathways in Addressing Social Inequality in SDG 10 (Reducing Inequalities)†

Preeti Pandya 1*

1 Preeti Pandya; preetipandya97@gmail.com
2 Syed Munir Khasru; munir.khasru@ipag.org
* Correspondence: +91-9643367030
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Abstract:

Achieving the SDGs hinges on reducing inequality and ensuring inclusivity. COVID-19 has reversed progress in wealth disparity, exacerbating structural prejudice. Slow economic recovery in emerging markets widens income gaps globally. Women in some nations face double the sex-based discrimination rate of men, and one-third of people with disabilities experience discrimination. Inequality is rising for over 70% of the world's population, hindering social and economic progress. Global issues like poverty, climate change, and migration affect us all. This paper advocates transformative growth to reduce inequality, emphasizing increased spending on health, education, and social protection. Global collaboration and equitable representation in governance are essential for fostering justice and equity.

“We should measure the prosperity of a nation not by the number of millionaires but by the absence of poverty, the prevalence of health, the efficiency of public schools, and the number of people who can and do read worthwhile books.”

–W.E.B. DU BOIS

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1. Introduction

The prominence of inequality in the Sustainable Development Goals (SDGs) stems from increasing evidence that disparities in income and wealth lead to economic instability, various health and social issues, and hinder the acceptance of pro-environmental actions. Social and economic inequalities disrupt the social order, erode unity among people, exacerbate environmental challenges, and impede the progress of nations, communities, and individuals.1

Despite social justice being hailed as fundamental to contemporary democracies, countries have not successfully achieved this goal. The SDG framework urges states to develop customized implementation plans and establish monitoring and review mechanisms to attain the goals. However, the responses from countries have been irregular and lacking clarity on how to address Target 10 at the national level. It is evident that an international governance framework is necessary to diminish inequality among nations.²

The significance of equality resonates universally, transcending ideology, culture, and religion. It serves as a crucial value in most societies. Inequality serves as an indicator of limited income mobility and opportunities, highlighting the persistent disadvantage faced by certain segments of society. Moreover, widening inequality has far-reaching consequences for economic growth and macroeconomic stability, concentrating political and decision-making power among a select few, leading to suboptimal utilization of human resources, triggering investment-reducing political and economic instability, and elevating the risk of crises. The aftermath of the global financial crisis and its impact on global growth and employment has intensified the focus on escalating income inequality.³

The reason why increasing inequality is a matter of concern lies in the substantial social costs associated with it, particularly when it comes to unequal opportunities. Persistent disparities in outcomes can significantly hinder individuals' access to education and career choices. Moreover, if the inequality of outcomes results from unfair advantages, it fails to create appropriate incentives. This situation may lead people to prioritize obtaining preferential treatment and protection, resulting in the misallocation of resources, corruption, and favoritism, ultimately leading to negative social and economic repercussions. Therefore, citizens may lose trust in institutions, leading to a decline in social cohesion and confidence in the future.

2. The scope of the problem causes, & current policy scenario

The existing body of literature identifies six primary factors that contribute to inequality:

i) Weakening of labor market institutions; ii) Reduction in fiscal progressivity; iii) Technological advancements favoring certain skills; iv) Trade liberalization; v) Growth in financial activities; and vi) Growing political influence of the wealthy.⁴

Inequality is a multifaceted problem resulting from a combination of factors, and scholarly literature offers valuable insights into six main drivers that significantly contribute to these disparities. Firstly, the weakening of labor market institutions, such as declining unionization and diminished worker protections, diminishes employees' bargaining power, leading to unequal distribution of wages and

benefits. Secondly, reducing fiscal progressivity, where the wealthy face lower tax rates, fosters income concentration and reduces resources available for social welfare programs that could alleviate poverty. Thirdly, technological advancements, while driving overall progress, can also create a skills gap, as certain specialized skills become highly valued, leaving others with limited job prospects and lower incomes. Fourthly, trade liberalization, despite promoting economic growth, can result in job losses and reduced wages in vulnerable industries, further exacerbating inequality. Fifthly, the expansion of financial activities tends to concentrate wealth among those involved in the financial sector, limiting opportunities for wealth accumulation for others. Finally, the increasing political influence of the wealthy can shape policies in their favor, perpetuating inequality and obstructing efforts to create a more level playing field. Understanding and addressing these factors is vital in devising effective strategies to foster a fairer and more inclusive society.

Despite experiencing two decades of economic growth, the number of people living in extreme poverty has been on the rise. This indicates that the benefits of economic prosperity have not been reaching the impoverished segments of the population.\(^5\)

Further, in the modern world, having a comprehensive education at the outset is no longer enough. Continuous learning and acquiring new skills have become essential to leverage the opportunities presented by technological and scientific progress, as well as to cope with the challenges of an ever-changing world. Clearly, prioritizing lifelong learning would yield significant benefits for both developing nations and their citizens, such as increased productivity, better employment prospects, improved health, higher income, and various other advantages.\(^6\)

Forecasts suggest that the worldwide labor market will experience ongoing imbalances. Less developed regions are anticipated to have an excess labor supply, while developed and emerging economies will face excess demand. Additionally, the global economy is increasingly reliant on knowledge and skills. Therefore, it is crucial for developing countries to invest in vocational and higher education to maintain competitiveness. Furthermore, expanding the skill-set of the workforce has the potential to reduce wealth inequality.\(^7\) An increasing body of evidence is shedding light on the adverse effects of high income and wealth inequality on individuals, institutions, and societies. The rise in social and economic disparities has spurred a pressing demand for enhanced social mobility.\(^8\)

Looking at the evolving connection between education, labor markets, and income distribution through the lens of 'job scarcity' leads us to a distinct conclusion – it reveals a significant capacity issue within market economies and the global labor markets. This capacity problem is characterized by a widening discrepancy between the increasing number of educated workers and a job market that fails to provide the expected economic rewards that a college or university education


\(^7\) Shimeles, Abebe. 2016. *Can Higher Education Reduce Inequality in Developing Countries?* IZA, World Of Labor.

was meant to bring, especially to a broader segment of the population rather than just a select few.\textsuperscript{9}

Over the years, wealth has gained more prominence than income, mainly due to high and concentrated savings along with low economic growth. As disparities in capital ownership are consistently greater than those in income, overall inequality is approaching levels similar to those observed in the 19th century.

A comparative study of 21 rich countries analysed the relationship between inequality and various health and social problems, such as life expectancy, homicides, educational attainment, obesity, mental health, and others. Surprisingly, their findings revealed no significant correlation between the incidence of these problems and average income in these wealthy nations. However, they did establish a strong and positive link between these issues and inequality. Their analysis indicates that inequality has detrimental effects, such as undermining trust, increasing anxiety, promoting excessive consumption, and damaging overall health. Additionally, they argue that across eleven different aspects of health and social problems, outcomes are consistently worse in more unequal countries, irrespective of their economic prosperity.\textsuperscript{10}

3. Inequality from the Gender Lens

"While progress has been made, the gap between men’s and women’s expected lifetime earnings globally is US$172 trillion - nearly two times the world’s annual GDP," said Mari Pangestu, World Bank Managing Director of Development Policy and Partnerships.  \textsuperscript{11}

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\caption{WOMEN, BUSINESS AND THE LAW 2023 INDEX}
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\textsuperscript{9} Brown, Phillip, and David James. 2020. “Online Research @ Cardiff.” Educational Expansion, Poverty Reduction and Social Mobility: Reframing the Debate.

\textsuperscript{10} Brown, Phillip, and David James. 2020. “Online Research @ Cardiff.” Educational Expansion, Poverty Reduction and Social Mobility: Reframing the Debate.

In 2021, the Middle East and North Africa, as well as Sub-Saharan Africa regions, made significant improvements in the Women, Business, and the Law (WBL) Index. However, despite these advancements, they still lag behind other parts of the world. One standout performer was Gabon, which implemented comprehensive reforms to its civil code and enacted a law to combat violence against women. As a result, Gabon's score on the WBL Index rose from 57.5 in 2020 to 82.5 in 2021.

Moving to 2022, there was a concerning trend as only 34 gender-related legal reforms were recorded across 18 economies. This marks the lowest number of reforms since 2001 (figure 2). This data suggests that progress on gender-related legal reforms may have slowed down or stalled in several countries, pointing to the need for continued efforts to address gender inequality and promote women's rights on a global scale.

**Figure 2.**

Recent reforms aimed at enhancing gender equality encompass crucial elements, including expanding paid leave for parents, including fathers, lifting restrictions on women's employment, forbidding the dismissal of pregnant women, and ensuring equal pay. These changes constitute significant progress towards fostering a more inclusive and supportive work environment for women and parents.

Notably, more than half of these reforms introduced in the past year were implemented in African countries. Benin, the Republic of Congo, Côte d'Ivoire, Gabon, Malawi, Senegal, and Uganda spearheaded 18 of these initiatives. As a result, two Sub-Saharan African economies, Côte d'Ivoire, and Gabon, have now achieved scores above 90 on the Women, Business, and the Law index, surpassing the average score of the East Asia and Pacific region. This highlights the remarkable strides made in advancing gender equality in these African nations.

Furthermore, enacting laws promoting paid leave for fathers can yield positive outcomes by reducing workplace discrimination and enhancing work-life balance. Encouraging paternal involvement
in childcare and family responsibilities can lead to a more equitable division of labor between men and women, contributing to overall gender equality.

These advancements represent significant progress in the pursuit of greater gender equality, emphasizing the importance for countries worldwide to continue prioritizing and implementing such reforms to build a more inclusive and equitable society for all.

Moreover, the COVID-19 pandemic has had significant global repercussions, especially for women and girls, as it exacerbated existing gender inequalities and socioeconomic barriers. While the health emergency affects all members of the population, women and men encounter distinct obstacles in accessing vaccinations and medical supplies. Furthermore, the economic and environmental aftermath of the pandemic also exhibits gender disparities. Women in Asia and the Pacific, in particular, experienced more reduced work hours due to lockdowns and carried a heavier burden of increased unpaid domestic and care work. Additionally, women faced disadvantages in accessing financial support or government stimulus packages. The pandemic has illuminated and intensified the gender-specific challenges that women face, calling for targeted efforts to address and mitigate these disparities.

Despite notable progress in recent times, gender-based discrimination remains prevalent, particularly in specific regions and countries. To address these disparities and ensure equal opportunities and rights for all individuals regardless of gender, policymakers must take decisive action.

A key priority for governments and international organizations should be the enactment and enforcement of laws that promote gender equality. By eliminating systemic barriers and discriminatory practices in areas like education, healthcare, and employment, these laws can empower women to thrive and contribute to their communities' social and economic development.

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In addition to addressing gender-based discrimination, policymakers should also focus on marginalized communities’ unique needs and challenges, including young people, immigrants, and refugees. Customized initiatives and support systems should be implemented to ensure equal treatment and opportunities for their personal and professional growth.

Education plays a pivotal role in advancing gender equality. Policymakers must strive to provide equal educational opportunities for girls and women, offering access to high-quality education and training. Creating a supportive learning environment that is free from gender biases is crucial in encouraging girls to pursue careers and leadership roles traditionally dominated by men.

Healthcare policies should be designed with gender inclusivity in mind, addressing the specific health needs of women and ensuring access to essential reproductive and maternal health services. Securing women’s reproductive rights and providing comprehensive healthcare services can significantly enhance their overall well-being and socio-economic status.

To promote gender equality in the workforce, policymakers should focus on removing barriers that hinder women from accessing decent work and equal pay. Implementing policies that support work-life balance, affordable childcare, and flexible work arrangements can enable women to participate fully in the workforce.

In essence, advancing gender equality and fostering inclusivity require a comprehensive and intersectional approach. Policymakers must consider the diverse challenges faced by women from various backgrounds, ensuring that policies uplift and empower all individuals regardless of their gender. By championing gender equality and inclusivity, societies can create a more equitable and prosperous future that benefits everyone.

4. Addressing the Impact of COVID-19 on Inequality

The global impact of the COVID-19 pandemic has resulted in profound consequences for inequality, exacerbating existing structural and systemic biases. Developing nations and emerging markets have encountered significant hurdles in their economic recovery due to pandemic-related disruptions, leading to a widening gap in income disparities between different countries.

A particularly distressing outcome of the pandemic has been the unprecedented number of migrant and refugee deaths recorded in 2021. Vulnerable communities, such as migrants, refugees, and people with disabilities, have borne a disproportionate burden, facing heightened risks and obstacles in accessing essential services and resources.

To effectively tackle these inequalities, it is crucial for governments and international organizations to prioritize inclusive recovery plans that target the most vulnerable populations. Providing equitable and comprehensive support to migrants, refugees, and individuals with disabilities is essential to ensure their access to adequate healthcare, education, and employment opportunities. Embracing a comprehensive approach to recovery will enable societies to strengthen their resilience and create a more equitable and just post-pandemic world.
Furthermore, fostering global collaboration is of utmost importance in addressing the pandemic’s impact on inequality. International cooperation among nations can facilitate the exchange of resources, knowledge, and best practices, enabling a more effective response to the challenges faced by vulnerable communities. By joining forces, countries can pool their strengths and resources to ensure that no one is left behind in the recovery process.

Additionally, investing in education and skill development for vulnerable populations is a key aspect of empowering them economically. Access to high-quality education and training equips individuals with the necessary tools to fully participate in the workforce and contribute to the economic growth of their communities.

Effectively addressing the impact of COVID-19 on inequality necessitates a comprehensive and multifaceted approach. It calls for collaboration between governments, international organizations, and civil society in developing targeted policies and initiatives that prioritize the needs of vulnerable communities. By embracing a collective and inclusive approach to recovery, societies can mitigate the long-term effects of the pandemic on inequality and build a more equitable and resilient world for all.

5. Overcoming the Challenges

Achieving the Sustainable Development Goals (SDGs) and effectively addressing global inequality requires a paradigm shift towards transformative growth. Policymakers must adopt a comprehensive approach that encompasses multiple interconnected aspects.

Firstly, post-COVID-19 recovery plans should prioritize inclusivity, ensuring that vulnerable populations are not left behind. The pandemic has exposed and exacerbated existing inequalities, making it imperative for governments to design recovery strategies that target those most affected, such as migrants, refugees, and people with disabilities. By providing them with adequate support in areas like healthcare, education, and employment, societies can foster resilience and equitable development.

Secondly, promoting gender equality is fundamental to achieving the SDGs. Policymakers should focus on enacting and enforcing laws that protect women’s rights and address gender-based discrimination. Equal access to education, healthcare, and economic opportunities for women is essential to empower them economically and socially, contributing to more inclusive and prosperous societies.

Thirdly, global collaboration is indispensable in tackling shared challenges like poverty, climate change, and economic crises. Governments and international organizations must work together to pool resources, share knowledge, and devise effective solutions to these complex problems. By fostering partnerships and cooperation, countries can leverage collective strength to create a more sustainable and equitable world.

Fourthly, transformative growth strategies must be at the forefront of national and global agendas. Governments should invest in key sectors such as healthcare, education, and social
protection, ensuring that all individuals have equal access to opportunities for personal and professional development. Embracing innovation and green technologies can drive sustainable economic growth while safeguarding the environment for future generations.

Lastly, equitable representation in global governance is essential to address disparities between nations. Policymakers should strive for fair and inclusive decision-making processes that reflect the diversity of nations and take into account the unique challenges faced by developing economies. This approach ensures that the voices of all countries are heard, and policies are crafted with justice and equity in mind.

By adopting these comprehensive policy recommendations, governments and international organizations can foster transformative growth, combat global inequality, and make significant progress towards achieving the SDGs. Emphasizing inclusivity, gender equality, global collaboration, and sustainable development is key to building a more prosperous and harmonious world for all, leaving no one behind in the pursuit of a better future.

Enabling continuous learning opportunities throughout life will be a crucial element in the efforts to combat poverty and foster sustainable development. However, embracing the concept of lifelong learning requires a fresh perspective, shifting the emphasis from formal education to a more accessible and integrated learning system. This approach should acknowledge diverse methods of acquiring skills and knowledge in the digital era beyond traditional educational settings. Integrating educational policies with lifelong learning can significantly impact economic growth, particularly in both developed and developing economies, fostering sustainable progress. This transformation may lead to changes in the labor force composition and structure, consequently influencing the balance between labor and capital in local economies. Moreover, it has the potential to promote business growth by cultivating new business leaders who can invest in the development of their countries and economies.¹³

Moving Ahead

Governments and international organizations must address the pressing challenges of reducing inequality and promoting sustainable development through specific policy recommendations. Firstly, they should implement strong social protection measures that target extreme poverty and hunger, ensuring sufficient support for vulnerable communities like young people, immigrants, refugees, and individuals with disabilities. This entails increased investments in areas such as health, education, and creating decent employment opportunities.

Secondly, it is crucial to ensure fair representation of emerging nations in global decision-making processes by reinforcing institution-level updates and mechanisms that guarantee equitable participation, especially for developing countries, in global governance forums. Thirdly, targeted actions should be taken to combat discrimination based on factors like gender, race, and disability. This requires enacting laws and policies that promote gender equality and safeguard the rights of marginalized communities.

¹³ Tvaronavičienė, M. 2018. “Sustainable Economic Growth and Innovative Development of Educational Systems.” 2018
Fourthly, fostering collaboration between nations is essential to collectively address global issues such as poverty, climate change, migration, and economic crises, acknowledging their interconnectedness and cross-border impact through partnerships and cooperation. Fifthly, emphasis should be placed on prioritizing transformative growth strategies aimed at sustainable economic development and social progress. This involves investing in innovation, technology, and green initiatives to achieve inclusive and equitable economic growth for all segments of society.

Lastly, it is critical to address injustices in global governance systems and structures to narrow disparities between nations. This entails giving paramount importance to justice and equity in global decision-making processes, guided by the principles of the right to development for all nations. By adopting and implementing these policy recommendations, meaningful strides can be made towards a more just, equitable, and sustainable world.
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