

Strengthening Targets to Achieve Greater Reduction of Poverty and Inequality Recommendations of *Initiative for Equality* 13 June 2014

The Open Working Group's June 2014 Zero Draft of proposed Sustainable Development Goals reflects a huge amount of hard work by the Co-Chairs and Committee Members, and much input from various sectors of society through the Major Groups. Given the difficulty of this task and its importance to the future of human societies, we would like to make a contribution that helps to move the dialogue forward. We hereby offer language for revised or additional targets, developed in January 2014 through a collaborative process to achieve consensus by members of *Initiative for Equality* (IfE), a network of civil society and academic partners working towards greater social, economic and political equality in more than 80 countries. Our proposals were incorporated into the OWG's Zero Draft Goals and Targets in June 2014, as shown in red below.

Our proposals address the concerns we hear when we take input from poor and marginalized communities around the world, as we conduct Field Hearings to learn what these community members are experiencing and thinking. Each suggested target would strengthen the goal to which it is attached by providing meaningful, measureable, needed, and achievable endpoints. These goals and targets, while ambitious, are within reach. The resources to implement these goals are available in the form of massive wealth held by a tiny fraction of the population of the world. A small tax on this wealth would easily end poverty and make it possible to address many of the other targets as well. The problem is not lack of resources. If we have the will, we can do it.

Proposed goal 1. End poverty in all its forms everywhere

Comments: Poverty can be eradicated much more rapidly and thoroughly than expressed in the Zero Draft targets. Studies show that taxation and redistribution is a much more efficient and effective mechanism for poverty reduction than is economic growth¹. This can be done by capturing all taxable income that is in off-shore tax havens (currently estimated at 21 - 32 trillion USD), and taxing it for use in poverty elimination and other urgent societal needs. Target 1.7 (promoting growth) is not as useful as was once assumed, although it is clearly needed in the poorest nations – as long as benefits of the growth are equitably distributed across the society. Other mechanisms for eliminating poverty can be found in our proposed targets for Goal 10 on Inequalities.

1.1 by 2030, eradicate extreme poverty by bringing the number of people living on less than ~~\$1.25~~ **\$2.00** a day to zero

¹ See REFERENCES section, page 6, for documentation of all factual assertions.

1.2 ~~reduce by at least x%~~ **eradicate** the proportion of people living below national poverty lines by 2030

1.3 by 2030, fully implement nationally appropriate social protection measures including floors, with a focus on coverage of the poor, the most marginalized and people in vulnerable situations

1.4 by 2030 achieve equal access to productive employment and decent work for all, **compensated at a level that allows all basic human needs for the family to be met**, including the poor, persons with disabilities, and other people in vulnerable situations as well as women and young people

1.5 by 2030 ensure development opportunities for all men and women, including secure rights to own land, property and other productive resources, and access to financial services, with particular focus on the poor, the most marginalized and people in vulnerable situations

1.6 by 2030 strengthen early warning and disaster risk reduction systems and related capacities with the aim of building resilience and protecting the poor and those in vulnerable situations from disasters and shocks, including climate related extreme events

1.7 pursue sustained and inclusive economic growth as a key enabler for achieving poverty eradication

1.8 integrate biodiversity conservation measures into national and local development strategies, planning processes and poverty reduction strategies

ADD: Every person will have access to influencing decision-making on economic and social benefits policy, as well as fundamental decisions within their place of work.

ADD: Ensure universal access to basic guarantees of social protection, including access to health care, education, housing and sanitation.

ADD: Land, water, energy, and other resources that support human well-being will be accessible by all persons through equitable allocation or public ownership.

Proposed goal 8. Promote strong, inclusive and sustainable economic growth and decent work for all

8.2 sustain income growth of the bottom 40% of the income distribution of each country of at least y (greater than x)% to reduce income inequalities by 2030

Comments: We support target 8.2 on growth in income of the bottom 40%, but recognize (as mentioned in our comments under Goal 1) that growth is often not the most effective way to end poverty or reduce inequalities. Inequality has recently been understood to be destabilizing to economies as well, so Goal 10 and targets are essential to growth.

8.3 by 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, **compensated at a level that allows all basic human needs for the family to be met.**

Proposed goal 10. ~~Reduce~~ Minimize social, economic and political inequality within and among countries

Comments: We are particularly pleased that the OWG has included a Stand-alone Goal on Equality (Goal 10) in the new Zero Draft issued on 02 June 2014. A Stand-alone Goal on Equality is good news for all of us who are concerned about poverty, barriers to development, discrimination against women or various socially excluded groups, conflict, political and economic instability, lack of progress on climate accords, and the many other problems made worse by growing inequalities around the world.

We strongly oppose merging of Goals 1 (Poverty) and 10 (Equality) because minimizing inequalities is a critically important goal in its own right. A large body of research now shows the various problems caused by inequality, ranging from crime and conflict through health and mental health problems, to economic instability. Without a Stand-alone Goal on Equality, this important focus would be lost. Thank you very much for wisely including this goal, as well as for mainstreaming equality-related targets into other goals. At the same time, Goal 10 on Equality can be significantly strengthened with additional strong, achievable targets related to equality, as follows:

Reduce inequality among social groups within countries:

- 10.1 by 2030 eliminate discriminatory laws, policies and practices
- 10.2 achieve and sustain income growth of the bottom 40% of the population that is higher than the national average through 2030, **with the share of national income going to the richest 10% of the population will be reduced to not more than 5 times larger than the share going to the poorest 10% of the population**
- 10.3 by 2030 ~~reduce~~ **eliminate** inequalities of opportunity and **minimize inequalities of outcome** among social groups, including economic **(income, assets, and access to resources)**, social, and environmental inequalities
- 10.4 work towards reversing the decline of the share of labour income in GDP where relevant
- 10.5 empower and promote the social, **political** and economic inclusion of the poor, the marginalized and people in vulnerable situations, including indigenous peoples, women, minorities, migrants, persons with disabilities, older persons, children and youth

[ADD] Every person will have access to influencing public decision-making on economic and social benefits policy

[ADD] Every person will have access to influencing fundamental decisions within their place of work

[ADD] Nations will transition to economic systems, structural approaches, and macroeconomic (fiscal and monetary) policies that generate increasing equality rather than inequalities.

10.6 promote and respect cultural **and ethnic** diversity **to the extent compatible with universal human rights**

10.7 ensure the availability **and accessibility** of high-quality, timely and disaggregated data **(by gender, geography, income, disability and age)** to ensure monitoring of progress for marginalized groups and people in vulnerable situations

International actions to reduce inequalities among nations:

10.8 establish measures at global level to reduce inequality among countries; **inequalities between nations will converge, not to exceed a 10-fold difference between the richest and poorest nations, for metrics including per capita income, resource use, and carbon output.**

10.9 promote strong international institutions, including through the conclusion of reforms for increasing effective and democratic participation of developing countries in international financial institutions

10.10 improve regulation of global financial markets and institutions and strengthen their implementation

[ADD] Transition to economic systems, structural approaches, and macroeconomic (fiscal and monetary) policies that generate increasing equality rather than inequalities.

10.11 facilitate greater international mobility of labour while mitigating brain drain

10.12 assist developing countries in attaining long term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring

[ADD] Nations hosting the development of natural resources for the benefit of other nations shall receive all economic rewards over and above reasonable costs of extraction.

Proposed goal 12. Promote sustainable consumption and production patterns

Comments: Equity is a concept that applies across generations as well as between currently living individuals. We therefore propose the following target, relevant to this goal:

ADD: Intergenerational equity will be incorporated in all decisions regarding allocation, development and use of natural and economic resources.

Proposed goal 13. Promote actions at all levels to address climate change / Build a climate change goal based on the outcome of COP21 of the UNFCCC

Comments: Inequalities between nations are one of the primary barriers to forging strong agreements that will address climate change in an effective and timely manner. Nations are not interested in entering into agreements that protect the well-being of others at the expense of their right to benefit from development, or that demand them to share in the burdens when they did not receive the benefits. We therefore propose the following target:

Add: Nations in the developed world will pay for their share of the burdens and costs of climate and other environmental change, calculated as their fraction of the benefits achieved through the economic activity that generated the burdens and costs.

Proposed goal 16. Achieve peaceful and inclusive societies, rule of law, effective and capable institutions

a) Fostering peaceful and inclusive societies:

Comments: It is well understood that inequality is one of the primary drivers of conflict. While our other proposed targets regarding inequality are all relevant to Goal 16, for the sake of brevity we include here just the target related to equality of participation in political life and decision-making.

ADD: Ensure that all people have equitable access to democratic participation in decision-making, political and civil rights, information, and justice, providing good governance based on accountability, transparency, and rule of law.

Proposed goal 17. Strengthen and enhance the means of implementation and global partnership for sustainable development

Comments: No target under any goal should be considered “met” until it is met for all segments of the population, and thus support the required use of disaggregated data for all measurements.

Goal 17, MoI for Proposed goal 10. Reduce inequality within and among countries

ADD: Use progressive taxation and public spending mechanisms to minimize economic inequalities.

ADD: All taxes owed will be captured, and off-shore tax havens eliminated.

For further information contact: Deborah S. Rogers, President – Initiative for Equality
deborah.rogers@initiativeforequality.org

REFERENCES

Taxation and redistribution more efficient than growth at eliminating poverty

Rogers, D and Balázs, B. 2014 (forthcoming). The View from Deprivation: Poverty, Inequality, and the Distribution of Wealth. In: Pogge, T et al. (eds). Poverty & the Millennium Development Goals (MDGs): A critical assessment and a look forward. London: Zed Books.

<http://sustainabledevelopment.un.org/content/documents/4433women.pdf>

Untaxed wealth in off-shore accounts could fund elimination of poverty

http://www.taxjustice.net/cms/front_content.php?idcat=2&lang=1

<http://tribune.com.pk/story/417894/offshore-banking-tax-havens-for-the-super-rich/>

http://www.taxjustice.net/cms/upload/pdf/Price_of_Offshore_Revisited_120722.pdf

Inequality is Economically Destabilizing

Aghion, P., Caroli, E. & García-Peñalosa, C. Inequality and Economic Growth: The Perspective of the New Growth Theories. *Journal of Economic Literature* 37, 1615-1660 (1999).

Cornia, G. & Court, J. Inequality, Growth and Poverty in the Era of Liberalization and Globalization. (Helsinki, Finland, 2001).

Ostry, J. D. et al. Capital Inflows: The Role of Controls. Report No. SPN/10/0, 29 (International Monetary Fund, 2010).

Costanza, R. et al. Building a sustainable and desirable economy-in-society-in-nature 126-142 (Island Press/Center for Resource Economics, 2013).

Inequalities pose a barrier to climate change agreements

https://www.initiativeforequality.org/images/rogers_working_paper_Equity_Sustainability2012.pdf

Midlarsky. 1999. The Evolution of Inequality: War, State Survival, and Democracy in Comparative Perspective. Stanford, CA: Stanford Univ. Press.

Pfetsch and Landau. 2000. Symmetry and asymmetry in international negotiations. *Intl Negotiation* 5:21-42.

Sanwal. 2011. Climate change and the Rio+20 summit: a developing country perspective. *Climate & Development* 3: 89-93.

World Economic Forum. 2011. Global Risks 2011. Geneva, CH: World Economic Forum.

Inequality generates conflict

Besancon, ML. 2005. Relative resources: inequality in ethnic wars, revolutions, and genocides. *Journal of Peace Research*. 42(4):393–415.

Cramer, C. 2003. Does Inequality Cause Conflict? *Journal of International Development* 15:397–412.

Ember, CR, Ember, M and Russett, B. 1992. Peace between Participatory Polities - a Cross-Cultural Test of the 'Democracies Rarely Fight Each Other' Hypothesis. *World Politics* 44(4):573-599.

Lichbach, MI. 1989. An Evaluation of 'Does Economic-Inequality Breed Political-Conflict' Studies. *World Politics* 1989, 41(4):431-470.

Peters, PE. 2004. Inequality and Social Conflict Over Land in Africa. *Journal of Agrarian Change* 4(3):269-314.