

22. Consequences and futures of inequalities (an introduction to Part II)

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Introduction

Inequalities matter for many reasons. To some, inequalities – especially the extreme examples we see across the world – are intrinsic issues of fairness and social justice. For others, they are important because of their consequences for the critical global issues of our times, for the voice and inclusion of particular groups, and for the well-being of societies as a whole. As is shown throughout this report, these inequalities are not only economic. They have social, cultural, spatial, environmental, political and knowledge dimensions. The rapid rise of these multiple forms of inequality, and the interactions between them, have galvanized new debates on inequality and its consequences among businesses, politicians, civil society and development actors worldwide.

In this section, we explore further how these multiple forms of inequality intersect with one another, with what consequences, and for whom. We turn then to the question, ‘What are the consequences of transitions towards greater equality?’ Recognizing that we live in a world full of uncertainty, we conclude by exploring relatively unknown inequality futures. If we continue on the pathway of growing inequality, what will the consequences be? What are the possibilities of alternative pathways which take us to a fairer world? What will be the critical tipping points along the way?

While inequality has long been a concern in the global arena (Jolly, 23), the Sustainable Development Goals (SDGs) 2015–30 represent a new strategic opportunity to place inequality and social justice at the centre of local, national and global strategies and priorities. Not only is ‘reducing inequalities’ a standalone goal (Goal 10), but the cross-cutting commitment of the SDGs to ‘leave no one behind’ provides a normative framework for the inclusion of groups affected by these inequalities. The universal framing of the goals also has implications for inequality discourses and actions for all countries, crossing old divides of North and South, and opening up new possibilities for a truly global agenda.

However, the inequality-related commitments of the SDGs cannot be dealt with in isolation, as they interact deeply with the other goals as well. Examining these interactions provides a useful lens through which to understand the consequences and interactions of multiple forms of inequality more generally.

The interactions of inequalities: the example of the Sustainable Development Goals

Multiple inequalities have multiple consequences. Their simultaneous intersections and interactions make it difficult to distinguish causes from effects. Nevertheless, certain patterns do emerge. Inequalities tend to associate with each other, and their impacts and effects accumulate for certain groups more than others. Drawing on the evidence from the longer analytical articles and the shorter case studies in this part, as well as on other parts of this report, we highlight here the consequences of multiple inequalities for four broad development outcomes: poverty and growth; conflict and access to justice; health, nutrition and education; and environment and sustainability. Cross-cutting each of these are consequences for a fifth, gender equality and inclusion. Each of these areas is critical to the success of the SDGs, as seen in *Figure 22.1*. Yet each is also deeply interconnected with the specific standalone goal of reducing inequality.

Inequality, poverty and growth

Goal 1 of the SDGs has to do with the elimination of poverty, while Goal 8 refers to decent work and growth, and Goal 9 to the pattern of growth. The question of whether and how inequality affects economic growth, and the ability to reduce or eliminate poverty, has long been debated in social science. The seminal works of Lewis (1954) and Kuznets (1955) argue that a certain degree of inequality is inevitable during the process of economic development.

Figure 22.1 Interaction of Inequality Goal 10 and the other SDGs



Source: Author's illustration.

Distribution does not matter – according to neoclassical theory – because benefits will be shared by all in the long term. In recent years, however, growing evidence has challenged this assumption of the trickle-down effects of economic growth (Ravallion, 2005; Ostry et al., 2014) and has also shown that distribution matters in terms of poverty reduction (Bourguignon, 2004). In this report economist Ravi Kanbur (24) reviews these controversial debates on the relationships between inequality, economic growth and poverty reduction, while also examining the mechanisms through which they occur. Recognizing that there are a variety of views on the theme, he finds the conclusion quite clear: ‘high and rising inequality dissipates the impact of growth on poverty, it can act as an impediment to growth, and is ethically objectionable in itself.’

Inequality, conflict and access to justice

SDG 16 highlights the importance of reducing conflict and of building peaceful and inclusive societies. Social science research suggests that violence and conflict are deeply related to multiple forms of inequality. For instance, Østby (25) examines the relationship between inequality and political violence, noting the importance of horizontal inequalities for conflict as well as the role of ‘sheer inequality between rich and poor nations.’

McLennan (32) points to the impact of spatial patterns of inequality, arguing that it is the proximity of the haves and have-nots that affects patterns of crime and violence (although he also argues that more research is needed on this theme). In their summary of future scenarios of inequality, Fleurbaey and Klasen (40) similarly argue that inequalities separate social groups, leading to reduced empathy, which in turn contributes to ‘gratuitous violence’ among the disadvantaged and feelings of insecurity among the elites. In areas affected by mass migration, perceptions of inequalities may also lead to violence, or at least the fear of violence, between refugees and others. For instance, as Harb (26) discusses in relation to the mass influx of Syrian refugees into Lebanon, 90 per cent of those in the receiving country (Lebanon) saw refugees as an existential threat to their value system and worldview, as well as to their economic opportunities. Goal 16 also speaks to the access of justice for all, yet achieving these goals is linked to the challenge of confronting other social, cultural and economic inequalities, as is illustrated in an earlier chapter of this volume on the deep inequalities experienced by African Americans in the penal system in the USA (Harris, 20).

Inequality, health, nutrition and education

Another set of the SDGs has to do with broader social goals, including zero hunger (Goal 2), health (Goal 3) and quality education (Goal 4). Yet engaging with each of these also means engaging with multiple inequalities. For instance, as Hossain points out (33), the area of hunger is witnessing new manifestations of inequality related to nutrition – the ‘stuffed and starved’ phenomenon of chronic undernourishment alongside rising obesity’ (quoting from Patel, 2013) – as well as other food insecurities related to finance, trade and climate shocks. Bayoumi (30) explores the evidence on health inequities in Egypt, arguing that these are very much based on a ‘complex web’ of other intersecting inequalities, which can be political, economic, educational and spatial. Wilkinson and Brima (31) elaborate on how the ‘corrosive effects’ of inequality contributed to the Ebola crisis. A lack of access to health care is part of the problem, but there are also deeper issues such as the impact of inequality on trust in institutions, their motivations and their ability to respond effectively. Attempts to ensure ‘inclusive and equitable quality education’ (Goal 4) are also affected by multiple forms of inequality, as Antoninis, Deprato and Benavot reminded us in Chapter 1 (10).

Inequality and environmental sustainability

The year 2015 was a deeply significant one for those concerned for environmental sustainability, as well as for those concerned with social development. No fewer than seven of the nineteen SDG goals link to issues of sustainability. In addition, the world celebrated in December as COP 21 established the first ever global framework for dealing with climate change. While each framework is significant in its own way, their success will be deeply affected by how successful they are in tackling intersecting inequalities. As Leach points out in Chapter 3 (27), inequality and environmental unsustainability are not only defining challenges of our age, they are also deeply interlinked in multiple ways. For instance, the earlier article by Murombedzi (9) in Part I argues that inequality of land and natural resources in the hands of the few has not led only to inequalities of wealth. It also allows the few to clear-cut, mine or farm the land in ways that may be ecologically unsustainable. Unless curbed, inequality is likely to continue to drive consumption of global resources in ways that are unsustainable, as Power, Wilkinson and Pickett describe (37). Focusing more on the experiences of those living in urban poverty, Narain (29) graphically describes how poor people are most exposed to air pollution, including the use of inefficient and dirty cook stoves and their exposure to emissions from the rising number of cars on the road, most of which are owned by the well-off. Strategies to provide clean water for all, she argues, must also be linked to strategies for affordable and equitable sanitation and waste management for all. Similarly, drawing on their research in Zambia and Malawi, Jafry and colleagues show how access to water in rural areas is a critical daily issue of survival (28) for millions in sub-Saharan Africa, one that is likely to be exacerbated if temperatures continue to rise due to climate change.

Consequences for whom? Gender equality and inclusion for all

The consequences of inequality affect economic, social, environment and peace-building goals. But they also raise the question of 'consequences for whom?' The SDGs speak strongly to the importance of addressing issues of gender equality and the empowerment of women and girls, in the standalone Goal 5 and across other goals. They also speak strongly to issues of greater inclusion and the need to overcome discrimination for other groups.

Subgoal 10.2 is concerned with the 'social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status'.

Achieving the gender equality and inclusion goals of the SDGs will perhaps be the most challenging target of all. Multiple inequalities not only intersect, but also affect and accumulate for some groups more than others. For instance, the problem of access to water for farmers in Malawi and Zambia discussed above particularly affects women, and is deeply rooted in other cultural and gendered inequalities and forms of exclusion from decisions that affect their lives (28). Exclusion at the local level is reinforced by the challenges of women's representation and inclusion in the formal political process, as Nazneen discusses further in the next part of the report (51).

Women and girls have multiple identities as members of excluded groups. Growing up in an increasingly unequal world has enormous consequences for children, both girls and boys, for their education, employment and nutrition, and for their aspirations and identities (Pasquier-Doumer, 34; Minujin, 72). People with disabilities continue to experience discrimination, which in turn affects their economic status as well as their access to resources, food, health care, personal development and well-being (Cain, 36). Refugees and displaced peoples also experience growing forms of hostility and discrimination, exemplified by the situation of Syrian refugees in Lebanon (Harb, 26). And in many parts of the world, race and ethnicity operate as strong axes of inequality and exclusion, as seen in South Africa (McLennan, 32) or the United States (Harris, 20). This list is not exhaustive, and could include the particular experiences of intersecting inequalities on other groups as well.

Such intersecting inequalities contribute to a lack of material well-being, and also have more psychological and intangible consequences, not only for those at the bottom of the inequality ladder, but also for the middle classes as well (Chauvel and Hartung, 38). For many it may be the lived experience of inequality, rather than the inequality itself, which affects people's attitudes towards it, as McLennan argues (32). The experience of inequality may also affect aspirations to challenge or move out of inequality. Pasquier-Doumer (34) explores the links between inequality and the aspirations of indigenous children in Peru, which in turn contribute to disparities in educational outcomes.

Building upon Appadurai's work in India on the 'capacity to aspire' (2013), Baillergeau and Duyvendak (35) demonstrate how social inequality affects not only the educational and occupational aspirations of young people in Europe, but also broader aspirations around consumption or social identity. Lower aspirations help reinforce other inequalities, leading to the acceptance and internalization of an unjust or unequal status quo, the reproduction of inequalities over time, and thus to a vicious circle of inequality which is hard to break.

The impact on particular groups of these enduring and intersecting inequalities provides huge challenges for SDG 10. For many commentators, the unequal accumulation and experience of inequalities raises fundamental moral questions of fairness and social justice. As Fleurbaey and Klasen argue (40), inequalities are unfair to those involved, but also have consequences for society as a whole, representing 'a huge waste of human potential'.

What difference does a transition to greater equality make?

While a large number of empirical studies in the social sciences outline the consequences and interactions of inequality on certain issues and for certain groups, we also can ask the counterfactual: what difference does greater equality make? Can the transition to more equal societies contribute to a reversal of some of these negative consequences?

In Chapter 4, Power, Wilkinson and Pickett (37) argue that a reduction in income inequality will lead to positive gains in other areas related to health, social well-being and sustainability as well. At a very general level, this argument seems to be supported by looking at what has happened at key moments of political and economic transition. For instance, from the 1960s to the mid-1990s, countries such as the Republic of Korea and Taiwan, China, experienced a rapid reduction of inequality, often referred to as the 'East Asian Miracle' (World Bank, 1993). At the same time, they recorded impressive results in terms of growth and nutrition. Kanbur (24), Cornia (46) and several other authors also refer to more recent cases, such as the extraordinary performance of Latin America during the first decade of the 2000s, during which Latin American countries recorded extraordinary rates of growth and a substantial decline in poverty and inequality. Over the same period, these

economies reported interesting progress in other dimensions such as education, health and social well-being, as well as in sustainability and the quality of institutions (Cornia and Martorano, 2012).

By contrast, a rise of income inequality as experienced by some Eastern European states after the dismantling of the Soviet bloc was associated with a parallel rise of poverty (Grigorieva, 17), decline of social well-being, and decline in life expectancy at birth (Leon and Walt, 2000; Nolte et al., 2005). In China and India, rapid economic growth has contributed to social gains in several areas. But this has occurred alongside rising income inequality, and the gains are experienced unequally (Ghosh, 16; Knight, 2013). These inequalities may in turn contribute to other negative outcomes in the longer term.

While further research would be needed to develop this argument, we can see in the above examples that there are some cases of a strong association between greater income equality and greater progress on other social and economic indicators, and vice versa. This suggests that while multiple inequalities are experienced in an intersecting and cumulative way, transitions towards greater equality can also have intersecting and cumulative effects. Yet far more needs to be understood about the sequence and complexity of these interactions. This in turn requires new data sources and new forms of investigation, a challenge that will be taken up in *Part IV*.

Inequality futures

The discussion above points to two contrasting futures for the impacts of inequality. On the one hand, there is a great deal of evidence to suggest that growing inequality will have negative consequences on other economic, social, environmental, peace-building and inclusion goals. On the other hand, there is at least some associational evidence at both country and regional levels to suggest that if one form of inequality can be reversed, then there is the likelihood of positive progress in other areas as well.

This then brings us to the question, 'What is the future of inequality?' In contrast to work on climate change, where thousands of studies have helped to develop a global consensus on the impact of a 2 °C rise in temperatures, we have no such consensus on either where the tipping points are for inequality, or indeed what would be necessary for its reduction (although this theme is picked up in *Part III*).

If inequality continues to grow unabated, what might be the further and broader consequences? What broad forces might drive the reduction of inequality, and with what alternative consequences?

We know from the social science literature that the large-scale social changes that would be required to reduce multiple inequalities around the world are likely to be uncertain, complex and nonlinear, making firm predictions risky. But while we have not found a great deal of social science research specifically on inequality futures, the articles in *Chapter 4* offer some basis for us to begin this discussion. Fleurbaey and Klasen (40), for instance, offer several possible scenarios, one of business as usual; a second in which countries do take action against inequalities at home, partly due to rising public concern; a third (geographic) scenario in which globalization and technical transfers contribute to declining inequality between countries; and a fourth more ideal scenario which combines intra-country action with a growing convergence between the regions of the world.

Much speculation on the future of inequality has argued that it depends in a globalized world on what happens with the BRICS countries (Brazil, Russia, India, China and South Africa), especially China and India. Gu and colleagues (39) reflect on this theme, looking at inequality futures within and across BRICS and in other parts of the world. Chauvel and Hartung (38) focus on the consequences of inequality on the Western middle classes, arguing that the gap between their aspirations and the reality of stagnant or downward mobility will contribute to greater frustration, loss of social cohesion, and political instability, which in turn will add to economic decay. Power, Wilkinson and Pickett (37) argue that a key strategy for constructing alternative futures has to do with economic democracy. This can contribute to lowering economic inequality, which in turn will have positive consequences for sustainability and well-being.

Others have argued that technology will play a key role, but debate what that role will be. Digital communications have the potential for increasing agency and action by those affected by the consequences of inequality, as the example in Uganda by Onyango-Obbo suggests (42). But they also pave the way for automation (Sayer, 41). The uncertain impacts of automation led Stephen Hawking to quip that 'Everyone can enjoy a life of luxurious leisure if the machine-produced wealth is shared, or most people can end up miserably poor if the machine-owners successfully lobby against wealth redistribution' (2015).

While inequality futures are unclear, there is evidence that we have a choice of pathways to those futures. A pathway of growing inequality will have serious negative consequences on other social, economic, environmental, peace-building and inclusion goals. A pathway of diminishing inequality offers greater prospects for progress on these and other indicators of well-being and social justice. Both pathways are possible, with many variations and crossroads along the way. Which we take will depend a great deal on how political will and pressure are developed to form policy. An elaboration of these transformative policy and political pathways is the focus of *Part III*.

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