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To answer global protests, tackle new inequalities -- UN report

2019 Human Development Report says business as usual will not solve new generation of inequalities

Bogota, December 9, 2019 – The demonstrations sweeping across the world today signal that, despite unprecedented progress against poverty, hunger and disease, many societies are not working as they should. The connecting thread, argues a new report from the United Nations Development Programme (UNDP), is inequality.

“Different triggers are bringing people onto the streets -- the cost of a train ticket, the price of petrol, demands for political freedoms, the pursuit of fairness and justice. This is the new face of inequality, and as this Human Development Report sets out, **inequality is not beyond solutions**,” says UNDP Administrator, Achim Steiner.

The [2019 Human Development Report \(HDR\)](#), entitled “*Beyond income, beyond averages, beyond today: inequalities in human development in the 21st Century*,” says that just as the gap in basic living standards is narrowing for millions of people, the necessities to thrive have evolved.

A **new generation of inequalities** is opening up, around **education**, and around **technology** and **climate change** - two seismic shifts that, unchecked, could trigger a ‘**new great divergence**’ in society of the kind not seen since the Industrial Revolution, according to the report.

In countries with very high human development, for example, subscriptions to fixed broadband are growing 15 times faster and the proportion of adults with tertiary education is growing more than six times faster than in countries with low human development.

“What used to be ‘**nice-to-haves**’, like going to university or access to broadband, are increasingly important for success, but left only with the basics, people find the rungs knocked out of their ladder to the future,” argues UNDP’s Pedro Conceição, Director of the HDR Office, which pioneers a more holistic way to measure countries’ progress beyond economic growth alone.

The report analyzes inequality in three steps: **beyond income, beyond averages, and beyond today**. But the problem of inequality is **not beyond solutions**, it says, proposing a battery of policy options to tackle it.

Thinking beyond income

The **2019 Human Development Index (HDI)** and its sister index, the **2019 Inequality-Adjusted Human Development Index**, set out that the unequal distribution of education, health and living standards stymied countries’ progress. By these measures, 20 per cent of human development progress was lost through inequalities in 2018. The report, therefore, recommends policies that look at but also go beyond income, including:

- **Early childhood and lifelong investment:** Inequality begins even before birth and can accumulate, amplified by differences in health and education, into adulthood. For example, children in professional families in the

United States are exposed to three times as many words as children in families receiving welfare benefits, with a knock-on effect on test scores later in life. **Policies to address it, therefore, must also start at or before birth**, including investing in young children's learning, health and nutrition.

- **Productivity:** Such investments must **continue through a person's life**, when they are earning **in the labour market and after**. Countries with a more **productive workforce** tend to have a lower concentration of wealth at the top, for example, enabled by policies that support stronger unions, set the right minimum wage, create a path from the informal to the formal economy, invest in social protection, and attract women to the workplace. Policies to enhance productivity alone are not enough, however. The growing market **power of employers** is linked to a declining income share for workers. **Antitrust** and other policies are key to address the imbalances of market power.
- **Public spending and fair taxation:** the report argues that taxation cannot be looked at on its own, but it should be part of a system of policies, including public spending on health, education, and alternatives to a carbon-intensive lifestyle. More and more, domestic policies are framed by global corporate tax discussions, highlighting the importance of **new principles for international taxation**, to help ensure fair play, avoid a race to the bottom in corporate tax rates, especially as digitalization brings new forms of value to the economy, and to detect and deter tax evasion.

Looking beyond averages

Averages often hide what is really going on in society, says the HDR, and while they can be helpful in telling a larger story, much more detailed information is needed to create policies to tackle inequality effectively. This is true in tackling the **multiple dimensions of poverty**, in meeting the needs of those being left furthest behind such as people with disabilities, and in promoting **gender equality** and empowerment. For example:

- **Gender equality:** Based on current trends, it will take 202 years to close the gender gap in economic opportunity alone, cites the report. While the silence on abuse is breaking, the glass ceiling for women to progress is not. Instead, it is a story of **bias and backlash**. For example, at the very time when progress is meant to be accelerating to reach the Sustainable Development Goals (SDGs) by 2030, the report's **2019 Gender Inequality Index** says progress actually is slowing.

A new "**social norms index**" in the Report says that in half of the countries assessed, gender bias has grown in recent years. About fifty per cent of people across 77 countries, said they thought men make better political leaders than women, while more than 40 per cent felt that men made better business executives. Therefore, policies that address underlying biases, social norms and power structures are key. For example, policies to balance the distribution of care, particularly for children, are crucial, says the report, given that much of the difference in **earning between men and women** throughout their lifecycle is **generated before the age of 40**.

Planning beyond today

Looking beyond today, the report asks how inequality may change in future, looking particularly at two **seismic shifts** that will shape life up to the 22nd century:

- **The climate crisis:** As a range of **global protests demonstrate**, policies crucial to tackling the climate crisis like putting a price on carbon can be **mis-managed**, increasing perceived and actual inequalities for the less well-off, who spend more of their income on energy-intensive goods and services than their richer neighbours. If **revenues from carbon pricing are 'recycled'** to benefit taxpayers as part of a broader social policy package, the authors argue, then such policies could reduce rather than increase inequality.
- **Technological transformation:** Technology, including in the form of renewables and energy efficiency, digital finance and digital health solutions, offers a glimpse of **how the future of inequality may break from**

the past, if opportunities can be seized quickly and shared broadly. There is historical precedent for technological revolutions to carve deep, persistent inequalities – the Industrial Revolution not only opened up the great divergence between industrialized countries and those who depended on primary commodities; it also launched production pathways that culminated in the climate crisis.

The change that is coming goes beyond climate, says the report, but a **‘new great divergence’**, driven by artificial intelligence and digital technologies, is not inevitable. The HDR recommends social protection policies that would, for example, ensure fair compensation for ‘crowdwork’, investment in lifelong learning to help workers adjust or change to new occupations, and international consensus on how to tax digital activities – all part of building a new, secure and stable digital economy as a force for **convergence, not divergence, in human development**.

“This Human Development Report sets out how systemic inequalities are deeply damaging our society and why,” said Steiner. “Inequality is not just about how much someone earns compared to their neighbour. It is about the unequal distribution of wealth and power: the entrenched social and political norms that are bringing people onto the streets today, and the triggers that will do so in the future unless something changes. Recognizing the real face of inequality is a first step; what happens next is a choice that each leader must make.”

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Michelle Bachelet, United Nations High Commissioner for Human Rights.

“There are success stories of better representation of women, more equitable participation in the labour market or driving out discrimination against sexual diversity. The paradox of having such longstanding inequalities is that we, as a society, have found pathways for positive change. What is needed in many cases is the political will.”

Thomas Piketty, Co-Director at the World Inequality Lab

“The UNDP Human development report offers a broad and innovative approach to inequality. It includes for the first time a transparency index regarding inequality statistics, covering different sources including administrative data. Even though everyone is concerned about inequality, not all governments are providing enough information about it. In fact, what this transparency index is showing is that we simply do not have enough data. We need relevant information for a meaningful debate.”

Mr. Tharman Shanmugaratnam, Senior Minister and Coordinating Minister for Social Policies of Singapore:

“The Report demonstrates both the seriousness and complexity of the challenge of inequality. It gives us a much broader understanding of the factors shaping unequal life chances, from birth and through life. That wider picture is critical to mitigating inequality on a lasting basis, and achieving fair and inclusive growth.”

Laura Chinchilla, President of Costa Rica (2010-2014) and Vice President of the World Leadership Alliance - Club de Madrid

“The report looks at inequality beyond income, beyond averages and beyond today. Beyond income because any assessment must consider money, but it must also go beyond to understand other inequalities, for instance in health and educations. Beyond averages, because they are not enough to capture the complexities of inequality (...). And beyond today because it is important to capture how inequalities will interact with the two major shift that will shape the 21th century: technological transformation and climate change.”

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2019 HDR Broadcast Package:

<https://www.dropbox.com/sh/vl0qjm3g1nvcg4k/AABXqgDA86UkT9MLTjURmGE4a?dl=0>

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