What does it mean to reduce inequality between countries?

Goal 10: “Reduce inequality within and among countries”

Summary

The second component of goal 10 – “reduce inequality…among countries” – is problematic. The content of the goal currently sidesteps the question of material inequality between countries. The right approach to understanding this goal fully is one based on a wider measure of per capital wealth, that involves measuring and reducing the inequalities in the value of each country’s financial and physical assets.

The challenge of targeting and measuring international inequality

Although some wording and sub-goals address the idea, the targets and indicators under goal 10 do not explicitly aim at reducing substantive inequality in wealth between countries or offer a metric for measuring progress towards this goal. So, how should we understanding this aim and idea?

In reducing inequality amongst countries, the challenge for the SDGs is to decide what aspects of countries should be compared and, potentially, equalised. Considering this issue is important because some traditional measurements of inequality offer misleading pictures. Historically, inequality between countries has often been articulated in terms of GDP, but that measurement does not take into account how the size of an economy relates to the size of a country’s population. An initial response is to measure per capita, thus taking population size into account. But there is also a further question of what should be measured per capita. Here are two options:

- A *GDP/capita* model that measures the final value of goods and services produced within a nation’s borders.
- A *wealth/capita* model that measures assets, including currency reserves, bond holdings, and physical goods, such as land, natural resources, and rights to global commons.

My suggestion is that this second approach is preferable and we should measure inequality through the gap in per capita national wealth between countries. Our goal should be to reduce the difference between countries’ per capita financial and physical assets. GDP/capita does not take full account of the aspects of a country’s circumstance that affects the welfare of its population. To take two clear examples, currency reserves and natural resources – which are considered in wealth/capita, but not in the GDP/capita measure – both allow a country to provide its population with economic security and future consumption.

Addressing international equality: a measurement and policy agenda:

- Cross-country comparisons should focus on inequality measured in national wealth, and this focus should be reflected in the indicators – at national, regional, and global levels. Doing so **requires establishing a national wealth index** and collecting data on countries’ financial and physical assets. This is an important area in which the SDG measurement needs to move beyond GDP (e.g. Target 17.19), as the outcome documents suggests.
- **Cross-country comparisons should focus on inequality per capita**. However, even aggregate measures of GDP/capita will not take account of all the aspects of a country’s circumstance that affect the welfare of its citizens. In order to pursue this aim in an appropriate manner, **it is necessary to consider the distribution, and redistribution, of financial and physical aspects across the world**. This concern is central if the SDGs are, as they claim, to “leave no one behind” - and it needs to be addressed by governments.
- Actors implementing this goal should **mind the gap** between the goal and the targets. If states want to reduce substantive inequality between countries, they should focus on realising specific targets within goal 10. For example, the **proper implementation of target 10.a** (adopting a progressive tariff regime) **and target 10.b** (increasing aid and investment in developing countries) are **vitally important for redistributing some of the world’s economic resources**.
- The interlinkages with other goal areas are crucial. Targets 17.10 - 17.12 on shaping international trade must focus on delivering an equal and equilibrated market to ensure that asset holdings can be fairly distributed. Target 16.7 emphasises ensuring responsive, inclusive, participatory, and representative decision-making; this is necessary if countries’ choices about asset holdings are to reflect the collective interest of their people.

Contact

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Further reading: The main ideas above are drawn from Walton’s current research project “On the Currency of International Equality”. For more information please contact the author.

Other relevant publications include:

Walton, A., ‘Global Democracy in a Society of Peoples’, Critical Review of International Social and Political Philosophy (2014).

Walton, A., ‘Justice, Authority, and the World Order’, Journal of Global Ethics (2009).