



Report on the World Social Situation 2005: **The Inequality Predicament**

United Nations 2005 Report on the World Social Situation Finds Much of the World Trapped in an “Inequality Predicament”

World more unequal than 10 years ago

25 August 2005—Though some parts of the world have experienced unprecedented growth and improvement in living standards in recent years, poverty remains entrenched and much of the world is trapped in an inequality predicament.

The United Nations *Report on the World Social Situation 2005: the Inequality Predicament*, issued today, sounds the alarm over persistent and deepening inequality worldwide. The Report focuses on the chasm between the formal and informal economies, the widening gap between skilled and unskilled workers, the growing disparities in health, education and opportunities for social, economic and political participation.

“By detailing some of the most critical issues affecting social development today, the Report can help guide decisive action to build a more secure and prosperous world in which people are better able to enjoy their fundamental human rights and freedoms. Overcoming the inequality predicament is an essential element of this quest,” said United Nations Secretary General Kofi Annan.

Departing from approaches that have focused on economic growth as a panacea to development problems, the Report notes that a focus on growth and income generation neither sufficiently captures nor addresses the inter-generational transmission of poverty; it can lead to the accumulation of wealth by a few and deepen the poverty of many. In fact, despite considerable economic growth in many regions, the world is more unequal than it was 10 years ago.

“We will not be able to advance the development agenda without addressing the challenges of inequality within and between countries,” said José Antonio Ocampo, Under-Secretary General for Economic and Social Affairs. Ocampo also noted that “the timing of the Report could not be better. With 2015 as the target date for the achievement of the Millennium Development Goals, it is the right time to incorporate the goal of reducing inequality in our strategies to promote development, security and human rights for all.”

According to the *Report on the World Social Situation 2005: The Inequality Predicament*:

- ❖ **Inequalities between and within countries have accompanied globalization.** These inequalities have had negative consequences in many areas, including employment, job security and wages. However, there is still debate concerning the specific role of liberalization and deregulation policies in these trends.
- ❖ **Unemployment remains high in many contexts and youth unemployment rates are particularly high.** Youth are two to three times more likely than adults to be unemployed and currently make up as much as 47 per cent of the total 186 million people out of work worldwide. Most labour markets are unable to absorb all of the young people seeking work. The incapacity of countries to integrate younger labour market entrants into the formal economy has a profound impact, with effects ranging from the rapid growth of the informal economy to increased national instability.
- ❖ **Millions are working but remain poor; nearly a quarter of the world’s workers do not earn enough to lift themselves and their families above the \$1 per day poverty threshold.** A large majority of the working poor are informal non-



agricultural workers. Changing labour markets and increased global competition have spurred an explosion of the informal economy and deterioration in wages, benefits and working conditions, particularly in developing countries.

- ❖ **In many countries wage inequalities, especially between skilled and unskilled workers, have widened since the mid-1980s, with falling real minimum wages and sharp rises in the highest incomes.** China and India have seen considerable income growth, but differentials remain wide. In developed countries, the income gap has been especially pronounced in Canada, the United Kingdom and the United States.
- ❖ **Despite progress in some contexts, health and education inequalities have widened, especially within countries. Sub-Saharan Africa and parts of Asia are in the worst predicament.** Inequalities in life expectancy have widened dramatically. HIV/AIDS has aggravated these differentials, especially those between Africa and the rest of the world. There are also wide gaps in access to immunization, maternal and child care, nutrition and education. Gender gaps in access to education have narrowed somewhat, but persist. This situation contributes to a human capital crisis and threatens sustained poverty reduction.
- ❖ **Violence is often rooted in inequality.** It is dangerous for both national and international peace and security to allow economic and political inequality to deepen. Such inequalities, especially struggles over political power, land and other assets can create social disintegration and exclusion and lead to conflict and violence. Manifestations of such violence discussed in the Report include war, the use of child soldiers, and domestic and sexual violence.
- ❖ **Indigenous peoples, persons with disabilities, older persons and youth are typically excluded from decision making processes that affect their welfare.** These groups, which have been discriminated against throughout history, are still frequently denied their basic human rights. They are also often excluded from the political process.

Based on these findings, the *Report on the World Social Situation 2005* recommends that:

- ❖ **Worldwide asymmetries resulting from globalization should be redressed, with emphasis placed on more equitable distribution of the benefits of an increasingly open world economy. This should be facilitated by promoting democratic participation of all countries and peoples in the processes that determine the international development agenda.**
- ❖ **Democracy and the rule of law should be promoted and special efforts made to integrate marginalized groups into society. This effort must be backed by political will.**
- ❖ **To prevent global conflict and violence, attention should be paid to reducing the inequalities in access to resources and opportunities.**
- ❖ **Conditions in the informal economy should be improved by providing social protection programmes and better linkages between the formal and the informal economies.**
- ❖ **Opportunities for productive and decent employment should be expanded; youth should be a focus of employment policies and programmes. With decent employment those who are able to secure jobs and receive adequate compensation, benefits and protection under the law are also empowered to voice their concerns and participate more actively in society.**

Unless attention is paid to redressing global inequality and pursuing the comprehensive vision of social development agreed upon at the Social Summit in Copenhagen in 1995, the Report warns that the *inequality predicament* will be perpetuated, frustrating efforts to achieve the Millennium Development Goals.

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