

**Seventy-fourth session of the Economic and Social Commission
for Asia and the Pacific: High-level Ministerial Segment**

**Agenda item 9: Policy issues for the Asia-Pacific region: theme topic for the
seventy-fourth session of the Commission on “Inequality in the era of the 2030 Agenda for
Sustainable Development”**

Date and Time: Monday 14 May 2018, 2:00 p.m. to 5:00 p.m.
Tuesday 15 May 2018, 9:00 a.m. to 12:00 noon
Venue: ESCAP Hall, United Nations Conference Centre

Overview

Asia and the Pacific has emerged as the world’s fastest growing region over the past decades and has had impressive success in reducing poverty, lifting close to a billion people out of extreme poverty, and sharply increasing the life expectancy, among other achievements. However, this dynamism has been accompanied by a rising concentration of incomes and wealth among the top deciles of the population, widening the gap further. Compared with all other regions in the world, over the past 25 years Asia and the Pacific has seen the largest increase in the average Gini coefficient, a common measure of inequality. Wealth concentration is particularly high in the region. According to an ESCAP-Oxfam (2017) report, the richest 1 per cent control over 50 per cent of total wealth in the region, with the share of the richest 5 per cent close to 70 per cent. The emerging technological advances in artificial intelligence and other frontier technologies leading to the fourth industrial revolution are likely to further accentuate the trend of widening inequality by creating massive job losses.

While rising inequality of income and wealth within and among countries – or *inequality of outcomes* – has attracted a lot of attention in recent years, the importance of equality in access to basic needs has not been adequately explored in Asia and the Pacific. Average achievements tend to mask the fact that large sections of the region’s population have been left underserved. Gaps in access to education, health care, decent jobs, nutrition and other basic needs – or *inequality of opportunity* – therefore, continue to shape, accentuate and perpetuate inequalities in income and wealth. The external shocks such as natural or man-made disasters and environmental degradation disproportionately also impact vulnerable groups of people, such as poor, aged, migrants, minorities, persons with disabilities. The differential impact felt by different groups is referred to as *inequality of impact*.

The concern with growing inequality is highly justified and its corrosive impact no longer disputed. Widening inequalities can stifle economic growth, undermine the pace of poverty reduction, social cohesion and solidarity, and hamper environmental governance. Countries with high rates of inequality have lower growth rates and shorter growth spells. High inequality contributes to higher levels of social tension and even crime because it weakens the

social compact and undermines public trust in institutions. Societies with high levels of inequality show less public support for policies protecting the environment and regulating common goods.

With a pledge “to leave no one behind,” the 2030 Agenda for Sustainable Development has elevated the drive to reach the most marginalized. The Sustainable Development Goals include a stand-alone goal to reduce inequality within and among countries (Goal 10), in addition to addressing inequality as a cross-cutting issue in almost all other Goals, focussing on reaching the furthest behind first.

It is in this context that member States chose inequality as the theme topic for the 74th session of the Commission. The discussion on this timely theme will be supported by a study, “Inequality in Asia Pacific in the Era of the SDGs,” prepared by the ESCAP secretariat. The study has analyzed the patterns of inequalities of outcome, opportunity and impact in Asia and the Pacific and their drivers. In discussing driving forces, the theme study also examines how frontier technologies, such as FinTech, robotics and autonomous vehicles, are driving inequalities but can also be employed to mitigate them. It also outlines policy reforms for addressing the inequalities within and across the countries in Asia and the Pacific region and beyond.

The key drivers for rising income inequalities include technological advances and productivity improvements raising return to capital, jobless growth, globalization of financial, commodities and services markets, and urbanization. Inequality of opportunity is found to be closely associated with an individual’s wealth status, but also with education levels of their parents, residence in rural or urban areas, and gender. Environmental degradation also tends to worsen the already dire circumstances of the most disadvantaged groups, and contributes to a vicious cycle of inequality and vulnerability. Frontier technologies, such as artificial intelligence, are projected to lead to massive job losses and hence aggravate inequalities further. The policy reforms include redistributive policies such as progressive taxation, expanding the coverage of social protection, and active labour market interventions, among others.

Governments in the Asia and the Pacific region are slowly beginning to recognize the challenge of rising inequalities and have started undertaking reforms to address them. Indonesia, for instance, has set a target to reduce its Gini coefficient (to 0.37) by 2019. The Central Asian Republics are reviving attention to universal provision of public services, others are expanding coverage of social protection and increasing minimum wages. China has introduced a much discussed old-age pension scheme and Thailand is expanding the Universal Health Coverage Scheme to include migrant workers. India is strengthening its rural employment guarantee scheme and is implementing several other schemes to protect the vulnerable population groups including through financial inclusion, micro insurance and pensions. There is also a debate in the region on enhancing the progressivity of taxation policies, introduce wealth taxation and relevance of universal basic income, among other policies.

Session format

The session will be structured to begin with presentations by a mix of eminent policy makers, representatives from government, academia and the private sector who will present actionable ideas and approaches to addressing these issues, followed by statements by

member States. The questions that will be addressed by the speakers and member States include:

- What are the key drivers of rising inequalities in Asia and the Pacific? How has globalization of financial and commodity markets contributed to rising inequalities?
- How may frontier technologies and the fourth industrial revolution create and aggravate inequality? Should we be concerned?
- How can the technology be harnessed to foster equitable development?
- What tax reforms may help to address inequality at national and regional levels?
- What steps have governments taken to address inequality
- What reforms are needed to enhance the coverage of social protection to break the vicious cycle of poverty and inequality?
- What steps have governments taken to increase the resilience of poor and vulnerable groups to economic and other shocks?
- What is being done to mainstream the SDGs into national plans, budgets and investments? How about new methods and tools for integrated planning and resource allocation?
- How to promote women's economic empowerment to facilitate and accelerate progress across the SDGs?

Following the opening statements by the guest speakers, country statements may be up to 5 minutes each. Prepared texts of longer statements can be circulated. A copy of the written statement should be submitted to the secretariat, preferably before the commencement of the session if possible.

Expected outcome

This session will contribute to an enhanced understanding of the key trends and emerging drivers of inequalities in member States in Asia and the Pacific, and what policy reforms may help build more inclusive, resilient and equitable societies in the region. Member States will gain an understanding of national approaches and good-practices in addressing inequality of outcome, opportunity and impact and harnessing the potential of technology to foster equitable development.

* * * *