Goal 10. Reduce inequalities

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# The bottom 40

Goal 10 aims to lessen inequalities within the citizens of a nation, promoting wealth and sustained wellbeing for everyone. On that line, the fastest-growing incomes should be the ones of the most vulnerable. In 52 out of 90 countries with enough data, this is true; experiencing the earnings of poorest 40 per cent of the population an average growth above the national average.

Besides the considerable advancement in several countries, inequalities persist in many others. The income growth of the bottom 40 was less than the national average in 38 countries; of which in 9 their income diminished, while the aggregate did not. Interestingly, out of the 13 nations with a mean decrease in earnings, in 5 the bottom 40 was more severely hit, meanwhile in 5 they achieved a welfare improvement.

In a regional perspective, the bottom 40 of most of the countries of East Asia and Pacific, Europe and Central Asia, and Latin America and the Caribbean increased their income over the average; meanwhile, in South Asia, Middle East and North Africa, Sub-saharan Africa, and Other High Income countries their income improved less than the national average, with 100%, 75%, 66.67% and 54.55% of their countries exhibiting such behaviour, respectively.

An overview of income groups is largely meaningful. On the one hand, 57.14% and 79.17% of the Upper middle income, and High incomecountries’ bottom 40, respectively, raised their income more rapidly than the average. On the other hand, for the Low income, and Lower middle income the bottom earners experienced a lower welfare expansion compared to the mean, with the bottom’s growth out-performing the average only in 33.33% and 45.45% of the countries in each income group, respectively. The full information, on the countries with enough data, is summarized on the panel A of figure 1; the solid red dots represent the bottom’s growth, meanwhile, the average’s is represented by the hollow black circles.

It can be valuable to check how the countries have performed across time. Comparing the current growth rates (2012-2017) with the ones between 2008-2013, we found broad changes in the countries’ behaviour. Panel B of figure 1 shows the growth rates for the countries in which for the 2008-2013 period their bottom grew faster than the average; here the light blue figures correspond to the values for the 2008-2013 period. One of the first conclusions to arise is that for most countries the behaviour is volatile across time. Out of the 48 countries were that previously experiencing the fastest growth for the bottom, only 28 endured. Moreover, the changes in the countries’ overall growth seem to drive inequality changes. Out of the 11 countries with faster growth for the bottom in the past and experiencing an average recovery from a previous negative growth, 7 reverted their former inequality reducing trends. A similar shift is found when checking for an overall increase in the average income; in 11 countries, out of 23 perceiving an increase in their mean growth, the trend changed, and the bottom 40 started to displays slower growth compared to the mean. While, in the 25 countries with a reduction on the mean growth, in only 9 the bottom’s growth became slower.

Finally, for both growth rate windows, the following figure shows how the countries rank from the one with the fastest growth of the bottom compared to the average, to the one with the slowest. The black points represent the rank during the 2008-2013 period, while the coloured points are the new rankings. The colour of the new points depends on whether the country goes up in the rank (blue), or down (red). Once again, the temporal behaviour proves volatile, with no country remaining in the same position. The countries with the smallest relative change were Turkey and Chile, and those with the largest were Uganda and Iran, ranking 70 and 72 for the latest data, compared to a previous rank of 9 and 2, respectively. For 31 countries, of 34 going up in the rank, the bottom’s growth compared to the average improved; even if in 3 cases their growth still slower than the mean. At the same time, for the countries that worsen their ranking,  no country improved their bottom’s growth.