

**Economic and Social Committee: Topic 1**

## **SDG 10 – Addressing income inequality due to the Covid-19 pandemic**

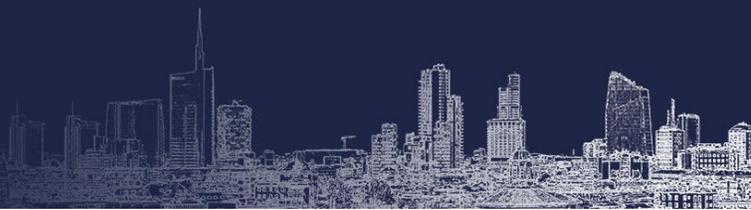
**Background:**

With the outbreak of Covid-19 in Wuhan, China in December 2019, the virus quickly spread across the world, reaching almost every single nation. Covid-19 has significantly upset existing sociopolitical balance, with economies crashing, businesses closing, and hundreds of thousands of people dying. This pandemic has significantly altered daily life for almost everyone in the world. Even once this coronavirus eventually dies out, whether that be in a few months or years, it is likely that it will take much longer for nations across the globe to fully recover. It is likely that the world will never be the same.

Before the pandemic, economic inequality was in decline in many countries. The GINI index, which measures income inequality from 0 to 100 (0 being wealth being shared equally and 100 being all wealth being held by 1 man), records that between 2010 and 2017 the value lowered in 38 out of 84 countries studied. However, with the Covid-19 pandemic, economic inequality has been significantly worsened. The most vulnerable groups are being hit hardest by the pandemic. Older individuals, people with disabilities, children, migrants, and refugees are among those worst affected by the pandemic. Moreover, more educated and wealthier workers have been better able to continue working digitally from home, while those reliant on physical work have been most negatively impacted. On the scale of nations, richer countries have been best able to support their wealthy citizens with furlough schemes and economic aid. COVID-19 has deepened existing inequalities on many levels, hitting the poorest and most vulnerable communities the hardest. It has put a spotlight on economic inequalities and fragile social safety nets that leave these vulnerable communities to bear the brunt of the crisis. At the same time, social, political and economic inequalities have amplified the impacts of the pandemic.

**Current Situation:**

On the economic front, the Covid-19 pandemic has significantly increased global unemployment and dramatically slashed workers' incomes. COVID-19 also puts at risk the limited progress that has been made on gender equality and women's rights over the past decades. Across every sphere, from health to the economy, security to social protection, the impacts of COVID-19 are exacerbated for women and girls simply by virtue of their sex. Inequalities are also deepening for vulnerable populations in countries with weaker health systems and those facing existing humanitarian crises. Refugees and migrants, as well as indigenous peoples, the elderly, people with disabilities and children are particularly at risk of being left behind. And hate speech targeting these vulnerable groups is rising they are fingered as possible scapegoats for spreading the disease.



To ensure that people everywhere have access to essential services and social protection, the UN has called for an extraordinary scale-up of international support and political commitment. This includes funding through the “UN COVID-19 Response and Recovery Fund”, which aims to support low- and middle-income countries and vulnerable groups who are disproportionately bearing the socio-economic impacts of the pandemic.

This time of crisis must also be used as an opportunity to invest in policies and institutions that can turn the tide on inequality. Leveraging a moment when policies and social norms may be more malleable than during normal times, bold steps that address the inequalities that this crisis has laid bare can steer the world back on track towards the Sustainable Development Goals.

### **Important bloc positions:**

#### **The European Union (EU):**

The European Union as a whole has united to work against income inequality, especially during the Coronavirus pandemic. In the EU Member States, Czechia and Slovenia had the lowest income inequality in 2017 (GINI of 3.4). These were followed by three other member states with ratios below 4.0: Finland (3.5), Slovakia (3.5), and Belgium (3.8). In contrast, income inequalities were much higher (above 6.0) in Greece (6.1), Latvia (6.3), Romania (6.5), Spain (6.6), Lithuania (7.3) and highest in Bulgaria (8.2). Economic inequality has been on the decline in many nations in the EU, being one of the world’s leaders in this issue. However, the coronavirus pandemic has meant that much of this progress has been stalled or even reversed.

#### **The United States of America (USA):**

Although income inequality has been growing in the United States for decades, progressive tax policies have meant that the bottom 50% of the United States now hold more than the top 1%. However, with the coronavirus hitting particularly hard in the United States, economic inequality has become a major issue. On the other hand, the recent election of Joe Biden of the Democratic Party suggests that the government will likely be fighting more directly against economic inequality in the United States.

#### **China:**

Although China's GDP has become the world's second largest, China's long-term economic growth with high speed and long-lasting “efficiency first” policy guidance has brought China into a complicated situation. Serious inequality now exists in China and it has become one of the most serious problems on the government’s social agenda. Despite China’s socialist ideology striving for equality between all citizens, income inequality has been on the rise in the last 20 years. This has been worsened by the economic impact of Covid-19.



### Possible solutions:

- Increase taxes on the wealthy to fund social services that aid those unemployed during the pandemic.
- Loosen quarantine restrictions and lockdowns to allow those depending on their work to survive to continue to have a stable income. If disease transmission is managed well, lockdowns as a whole could be dissuaded due to the effect they have on the lower working class that cannot work from home.
- Pass laws that force or encourage large corporations to allow their employees to continue to work from home or, alternatively, go on paid leave if they are unable to work when a lockdown is called.

### Further reading:

- [Article on how to lower inequality in light of Covid-19](#)
- [Measuring income inequality and the impact of the welfare state during COVID-19: Evidence from bank data](#)
- [COVID-19 is increasing multiple kinds of inequality. Here's what we can do about it](#)
- [COVID-19's impact on US income inequality: It's going to get worse before it gets better](#)
- [Working from home and income inequality: risks of a 'new normal' with COVID-19](#)
- [The pandemic has laid bare deep divisions, but it's not too late to change course](#)

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