



# INEQUALITY MATTERS

## BRICS INEQUALITIES FACT SHEET

AUTHOR: COURTNEY IVINS

This fact sheet outlines key dimensions of socio-economic inequality in the BRICS countries, highlighting trends and themes that can inform debates around developing a common framework for public policies.

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## INEQUALITY MATTERS

In international debates about inequality, dialogue on the emergence of the BRICS countries has focused largely on how this group has contributed to a shift in the global balance of power, raising hopes of a more egalitarian global governance architecture through international trade and development co-operation. Sharing similar patterns of resilience during the global economic recession, BRICS countries have played critical post-crisis roles through their growing influence and integration in the global economy. However, interest also needs to be paid to their approach in addressing shared challenges for reducing socio-economic inequalities, especially with regard to insights that can contribute to more effective and coherent public policy strategies.

In addition to being a prerequisite for more sustainable approaches to equitable development, growth, and integration, reducing inequality is also associated with lower crime rates, stronger trust and social cohesion and better population health. These benefits are important for stability, attracting investment and well-functioning government institutions. Reducing inequality in societies is also critical for understanding and eradicating poverty.

Growing inequality is not unique to BRICS countries. A 2012 Oxfam study ("Left Behind by the G20") indicates that income inequality is increasing in almost all countries in the G20, even while it is falling in many low income and lower - middle income countries. This evidence indicates that shared development of prosperity will depend on future strategies which tackle the linked, but distinct, challenges of equality and sustainability.<sup>1</sup>

In related discussions, inequality in BRICS countries has been drawn into the spotlight, particularly with regard to falling behind on Millennium Development Goals. While BRICS contributions have helped to significantly reduce world poverty in the past three decades<sup>2</sup> - especially extreme poverty<sup>3</sup> - and have eased international inequality between countries, levels of income disparities among global citizens have seen no significant change. As evidence below suggests, the gap between international inequality and global inequality has widened as a result of increased income disparities within countries. Examining the contributions of BRICS countries is key to reconciling these trends.

## MEASURING AND MAPPING INEQUALITIES

Inequality is conventionally measured through income-based disparities. The decline in weighted international inequality<sup>4</sup> - calculated using national Gross Domestic Incomes

1 Using a new dataset, this Oxfam Briefing Paper reveals that, "only four G20 countries - including just one high-income country, Korea - have reduced income inequality since 1990.

2 Considerable contributions in reductions of absolute poverty, particularly in Brazil and China, which together account for 25% of the world's population. India and South Africa's reductions were less dramatic, and among the group, India has the highest headcount poverty rate - with about 42% of its population living on less than USD 1.25 a day. By this measurement, Russia virtually eradicated absolute poverty since 2009. (OECD, 2011). However, the national level of subsistence is widely contested, and by some measurements, 12.8% of Russian population lives below it. (Ukhova, 2012).

3 Extreme poverty measured by the share in the total population living on less than USD 1.25 or USD 2 (in purchasing power parities).

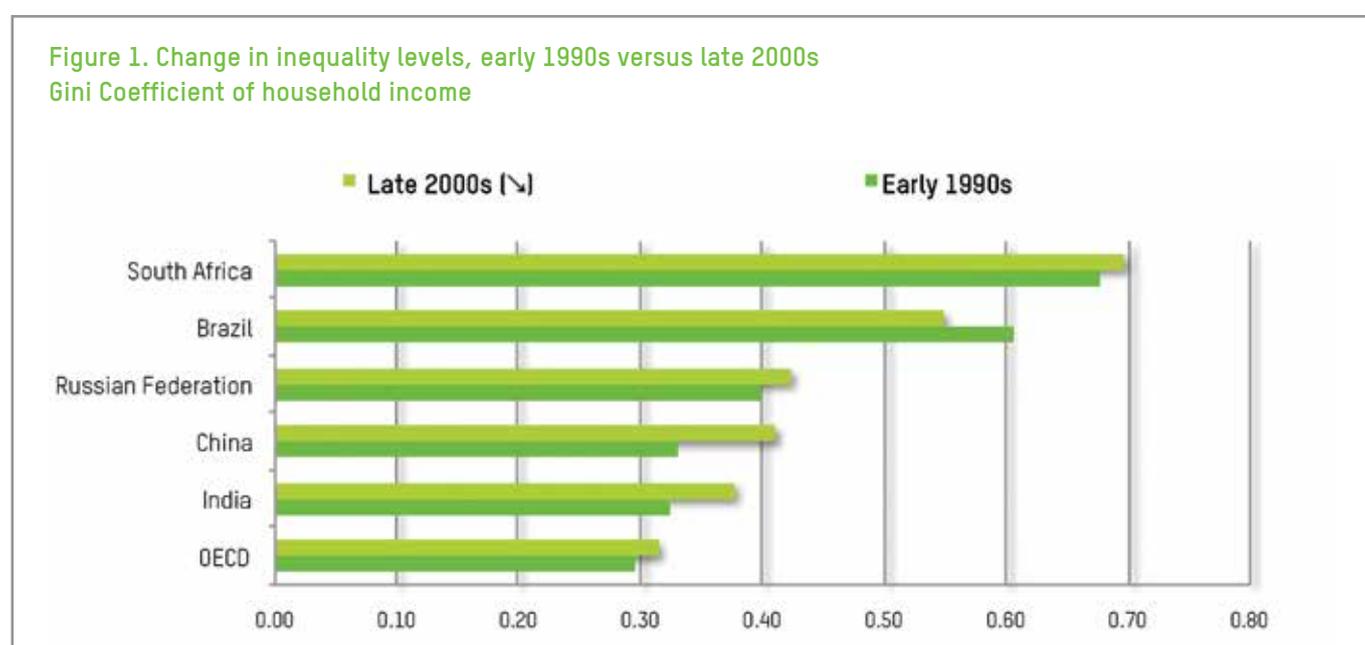
4 Taking into consideration the population of countries, relative to population of the world

(GDI) per capita - began in the 1980s owing largely to the rapid growth of China. More recent efforts have pointed to the failure of this measure to capture intra-country inequalities. Milanovic's (2012) calculation of global income inequality reveals a different picture. Based on household data from 122 countries, estimates based on a Gini coefficient of all global citizens suggest that global inequality is roughly the same today as it was in the late 1980s and is not decreasing.

Viewing these trends in the context of BRICS economies allows us to paint a more nuanced picture of global inequalities and their relationship to trends of economic growth. Bringing this picture into focus also requires a broader understanding of the impact of poverty. Comprehensive policy strategies address inequalities through an understanding of disparities in capabilities, taking into account forms of relative and absolute poverty (Sen, 1999), and human rights (implying that capabilities should not be permitted to fall below a universal minimum standard). Based on these principles, this Fact Sheet identifies different vectors of inequalities in and between BRICS countries, providing a frame of reference for addressing shared challenges in order to foster more sustainable and equitable development.

## BRICS COUNTRIES IN FOCUS

Data from household statistics<sup>5</sup> reveal that income inequalities in all BRICS countries have remained well above the Organisation for Economic Co-operation and Development (OECD) average. From the early 1990s to the late 2000s, China, India, the Russian Federation and South Africa all saw steep increases in income inequality. In the same period, Brazil's Gini indicator was almost twice as large as the OECD average and it is the only BRICS country in which income inequality had decreased.



Source: OECD-EU Database on Emerging Economies and World Bank, World Development Indicators. OECD Divided We Stand, 2011. Accessed at: <http://dx.doi.org/10.1787/888932535432>

1. Figures for the early 1990s generally refer to 1993, whereas figures for the late 2000s generally refer to 2008.
2. Gini coefficients are based on equalised incomes for OECD countries and per capita incomes for all EEs except India and Indonesia for which per capita consumption was used.

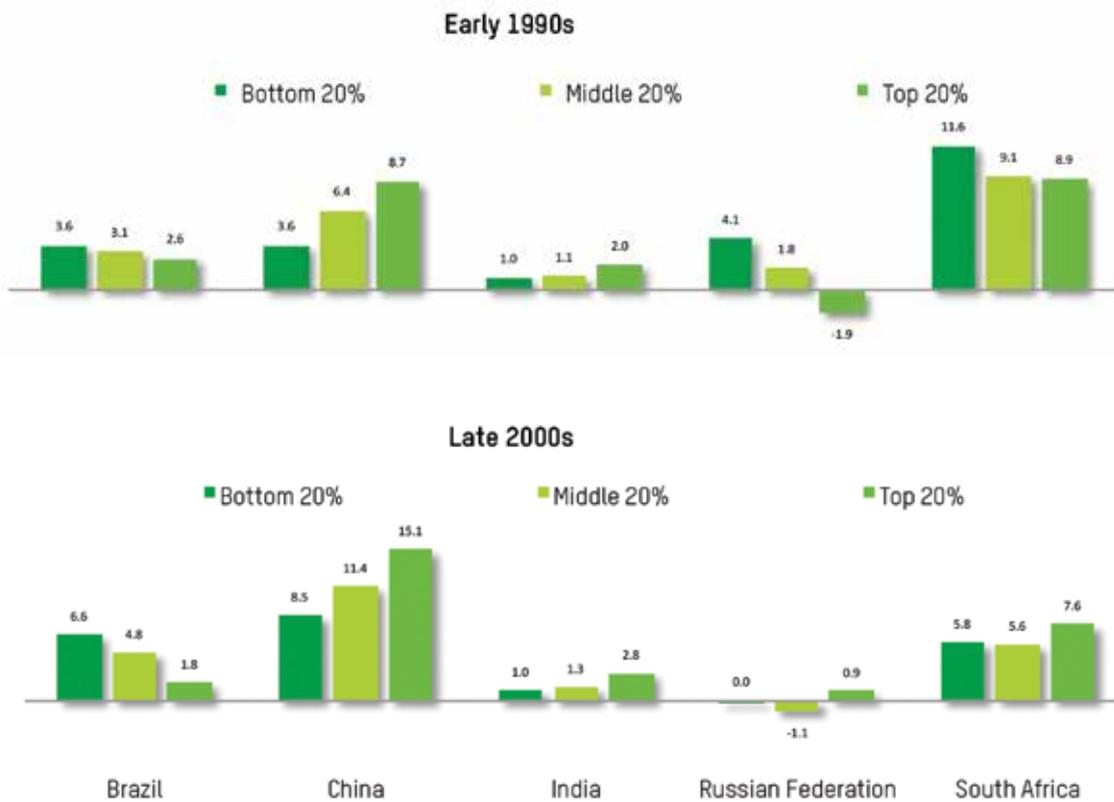
To understand these trends, it is useful to examine where the benefits of growth have been concentrated among groups at low, medium, and high income levels. As Figure 2 suggests,

<sup>5</sup> This data was provided by a 2011 report by the OECD entitled "Divided We Stand: Why Inequality Keeps Rising. Some BRICS countries rely on household income, others on consumption expenditure (the former tends to indicate higher levels of inequality than the latter), making income inequality complex to measure and compare.

while Brazil’s upper quintile still accounts for 60% of total income, Brazil’s growth at the bottom and middle quintiles was greater than growth at the top, driving poverty reduction through faster income increases to the poor. In other words, as Ricardo Paes de Barros illustrates, “the incomes of individuals in the lowest decile of the income distribution is growing at Chinese rates, while the income of the richest decile grows at German rates” (World Bank, 2012).

In China, India, the Russian Federation and South Africa, increases in real household income were concentrated at the top, with the upper quintiles reaching 75% of total income in South Africa.<sup>6</sup> In China and India, such concentration remained closer to the OECD average (ranging from 40-45%) (OECD, 2011).

**Figure 2. Change in real household income by quintile**  
Average annual change in %



Source: OECD-EU Database on Emerging Economies and World Bank Development Indicators Database. OECD Divided We Stand, 2011. Available at: [dx.doi.org/10.1787/888932535451](https://dx.doi.org/10.1787/888932535451)

1. Figures for the early 1990s generally refer to the period between 1992-93 and 1999-2000, whereas figures for the late 2000s generally refer to the period between 2000 and 2008.
2. For China data refer to urban areas only and data for India refer to real household consumption.

Oxfam’s model that extrapolates on inequality trends generates troubling predictions. For example, in South Africa, between 2010 and 2020, more than a million additional people will likely be pushed into poverty if interventions do not stem the country’s rapid inequality growth. Oxfam calculations also reveal similarly dramatic results for increased equality. In Brazil, reducing inequality to the level of Indonesia (close to the G20 median) could reduce the number of people in poverty by 90 per cent in just a decade.

Common public policy frameworks targeting key factors of inequality are critical to ensure the benefits of such rewards can be spread within and beyond the BRICS.

<sup>6</sup> While the ratio of South Africa’s income earnings distribution between the top and bottom deciles was compressed significantly in the 1990s, the highest earners increased their income at a faster pace thereafter, suggesting a partial regression of earlier progress (OECD, 2011).

## KEY FACTORS OF INEQUALITY

“Divided We Stand”, a 2011 OECD study on global inequalities, identified four driving forces of inequality that are common to emerging economies:

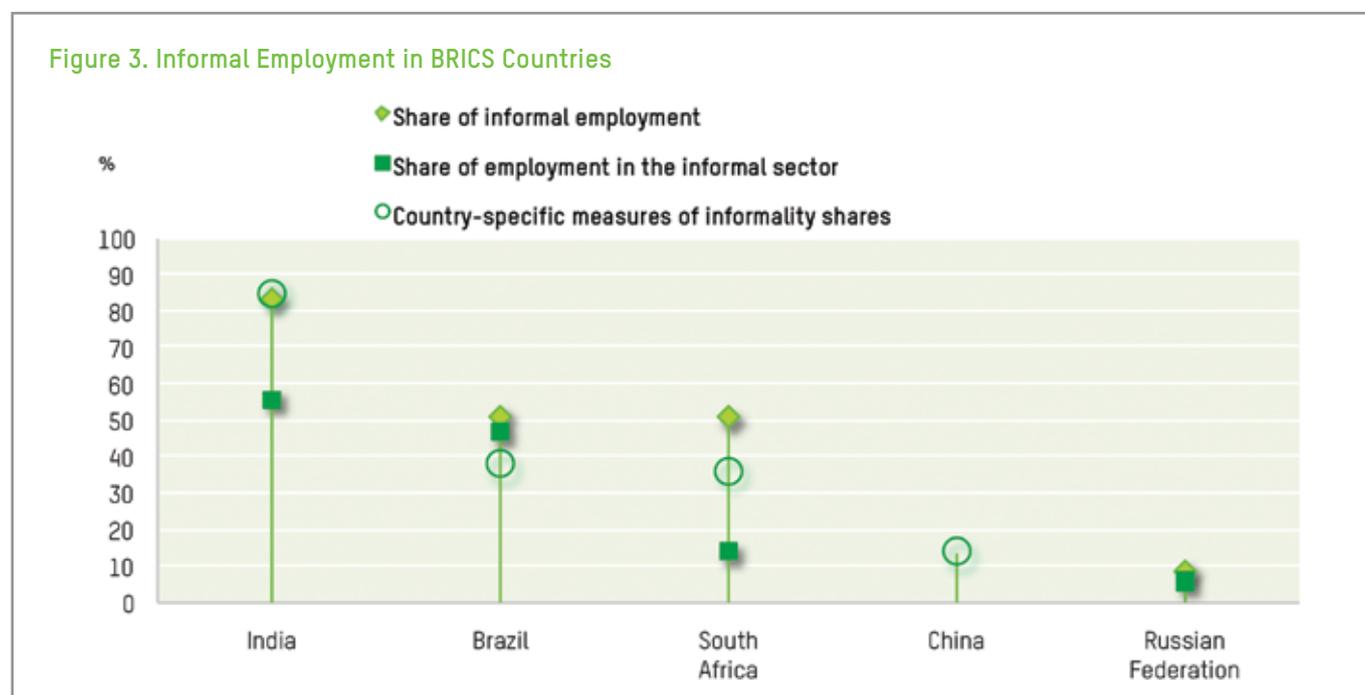
1. Labour force inequalities (formal-informal);
2. Spatial divides (rural-urban);
3. Gaps in education; and
4. Barriers to employment and career advancement for women.

These are intertwined with other key factors that shape the different ways in which inequalities are reproduced and experienced in BRICS countries, namely gender and ethnic disparities, healthcare and environmental inequalities, unequal labour market conditions and distribution of, and access to, public social expenditure.

### Informality

While informal employment (jobs not regulated by the state) contributes to increased income in poor households, evidence suggests that it is also closely associated with deepening inequality in BRICS countries where large labour pools of workers are often involuntarily subjected to wage penalties, job instability and limitations to their socio-economic mobility. Informal employment often disproportionately affects disadvantaged and marginalized groups who lack formal education and skills training. Working women, in particular, are more likely to take informal employment and earn substantially less. (Jutting and Laigesia, 2009).

Among the BRICS countries, indicators suggest that informal labour is most prevalent in India, particularly among women, street vendors and home-based and sub-contracted workers. While wage inequality has remained relatively consistent among those employed on a day-to-day basis, the gap between regular wage earners has increased (OECD, 2011).



Source: OECD (2010), *Economic Policy Reforms 2010: Going for Growth*. *Economic Policy Reforms 2010: Going for Growth - OECD* © 2010 - ISBN 9789264079960; Chapter 7: *Going For Growth in Brazil, China, India, Indonesia and South Africa*; Access: <http://dx.doi.org/10.1787/888932535489>

1. The share of informal employment is based on a standardized definition and excludes agriculture. Latest available estimates shown: 2000-07 (Brazil and South Africa); 1995-99 (India and Indonesia); unavailable for China. See [Jutting and Laigesia, 2009] for more details.
2. The share of employment in the informal sector is based on the ILO KLIM database. Definition for Argentina (2001): urban population only; Brazil: unincorporated urban enterprises employing five or less employees and producing for sale, excluding agriculture. India (2000): all unincorporated proprietary and partnership enterprises producing

all or some of their goods or services for sale. Indonesia (2004): all own-account and unpaid family workers and employees in agriculture, and own-account workers (unless professional, administrative or clerical workers) not assisted by other persons. South Africa (2004): business activities which are not registered for taxation, for professional groups' regulatory requirements or similar acts.

3. *Country-specific measures of informality shares based on OECD Economic Surveys (OECD, 2007a, 2008a, 2008b, 2009a) and OECD Employment Outlook (2007b). Definition for Brazil (2009): own-account workers and employees without social contributions. China (2008): self-employed. India (2004): workers not covered by the employee's provident fund. Indonesia (2004): own-account workers and unpaid workers. South Africa (2008): workers without pension and medical plans.*

In China, informal employment is concentrated among rural migrants and workers dismissed by urban state and collective enterprises. This informal employment is based largely in construction, the service industry, service dispatching, small workshops, domestic work and self-employment.

In Brazil, it is based largely in low-skilled intensive sectors such as agriculture, construction, hotels and restaurants, domestic service and wholesale and retail trade.

### Spatial Inequality

Regional inequalities within BRICS countries have taken shape in markedly different ways. In South Africa, and even more so in India and China, real per capita incomes for urban inhabitants have increased more than their rural counterparts. Brazil is the only BRICS country where per capita income growth in rural areas outpaced urban areas (by up to 40% since the 1990s), credited largely to an extensive pension scheme providing rural workers with benefits equivalent to the minimum wage.

While income inequality in Brazil has declined in urban and, in particular, in rural areas, it has risen in both rural and urban China and India since the 1990s. South Africa's income inequalities have fallen in rural areas and risen in urban areas. Despite improvements in non-monetary measures of well-being (including access to piped water, electricity, and formal housing) since 1993, the lack of access to basic essential services, both in rural and urban South Africa, has contributed to the country having one of the highest rates of public protests in the world. These protests are concentrated largely on issues of land and housing.

In Russia, with the world's largest territorial area, social insurance systems have tended to reduce urban-rural inequality over time. In China, with the world's largest population, they have historically favoured urban residents, particularly formal sector workers<sup>7</sup>. With the hukou system<sup>8</sup> restricting rural-to-urban migration, 50.3% of China's mainland population (674.15 million people) continue to live in rural areas and are excluded from many of the public benefits permanent urban populations enjoy, such as medical insurance coverage (OECD, 2009) and greater access to education (Herd, 2010). Most rural migrants are also excluded from these benefits, with a range of determinants influencing their access to social protections.<sup>9</sup>

Across many BRICS countries, regional and residential disparities are often intertwined with other forms of discrimination. In India, imbalances in growth benefits between states disadvantage the already poorer and most populous (i.e. Bihar, Madhya, Pradesh, Uttar Pradesh and Kerala), and in areas where historically disadvantaged ethnic, racial, and social groups are concentrated (World Bank, 2006; OECD 2011).

In South Africa, geographical divides still reflect apartheid legacies, disadvantaging African and Coloureds over Indians/Asians and Whites. However, household data on intra-group

7 Expansions in social insurance systems for rural Chinese initiated in the second half of the 2000s could help reduce these inequalities.

8 China's household-registrations system – dating back to the Maoist era – prevents rural migrants from becoming official urban residents, thus preventing them from accessing benefits, including public healthcare and education.

9 According to Nielson et. al (2005), "Of the factors which potentially explain which migrants receive social insurance, gender, past earnings, ties to the city to which the migrant had moved, the ownership type of the enterprise in which the migrant works and residential registration status are all found to be statistically significant predictors." The authors suggest the scepticism among migrants about their ability to access social protection is justified.

inequalities, especially among Africans in different labour market sectors, reveals that racial groups may become less effective indicators for targeting future redistributive policies (Leibbrandt et al., 2010). Nonetheless, figures remain striking, with Africans earning five times less than Whites in 1993, and four times less in 2008 (OECD, 2011).

## Education

Education gaps contribute significantly to inequalities in mobility and opportunity, as well as in well-being, social and health outcomes. Primary school attainment rates have increased across BRICS countries, and, with the exception of India and South Africa, are comparable to OECD averages for schooling. Secondary and tertiary enrolments remain lower (OECD-IL0, 2011a; OECD, 2010b, 2011).

	Gross enrolment rate for pre-primary education (%)		Primary		Lower Secondary		Upper secondary	
			(gender ration: male/female)					
	2000	2010	2000	2010	2000	2010	2000	2010
Brazil <sup>1</sup>	60.4	69.2	0.94	0.94				
Russia <sup>2</sup>	74.5	89.9	0.99	1.00	1.01	1.01	:	0.91
India <sup>3</sup>	23.8	54.8	0.84	1.00	0.73	0.93	0.68	0.82
China	38.3	53.9	:	1.03	:	1.06	:	1.02
South Africa <sup>2</sup>	32.2	65	0.95	0.96	1.06	1.01	1.14	1.08

Source: European Commission: Eurostat and the United Nations Educational, Scientific and Cultural Organisation (UIS: Education)

1. Data for 2005 instead of 2010. 2. Data for 2009 instead of 2010. 3. Gender Ratios, data for 2005 instead of 2010.

Benefits of increased enrolment tend to be unequally concentrated, both geographically and between population groups – disadvantaging children, and girls in particular, in rural areas, especially those transitioning from local primary to distant secondary schools and lacking access to transportation infrastructure. Girls may be obligated by gender roles and norms to interrupt studies to work and perform household chores lack role models and suffer unequal treatment inside and outside the classroom.<sup>10</sup> In addition to attendance, inequalities translate into cognitive outcome gaps, pointing to the need for greater investments to equalize the benefits associated with education.

## Gender

Performance in reducing gender inequalities can be revealing indicators of long-term national competitiveness. Beyond labour markets (which disparately structure and reward male and female labour), links between gender, poverty and inequality are also shaped in the household (through decision making about resource allocation and distribution), and nationally (through policy environments shaping the regulatory and provision roles of the state).

Facilitating a comparison of these factors in BRICS countries, the 2012 Global Gender Gap Index from the World Economic Forum captures the magnitude, scope and progress of reducing gender-based disparities of 135 countries using 14 indicators in four key areas (economic, political, educational and health) to determine rankings and scores on a scale between 0 (total inequality) and 1 (total equality)<sup>11</sup>.

<sup>10</sup> In India, the dowry system continues to create economic disincentives for many parents to invest in girls' education. However recent research observed that women's access to new sectors of the labour market, such as outsourced telemarketing, has contributed to improve outcomes for girls, including those from lower castes (Duflo, 2005).

<sup>11</sup> The index measures gender outcome gaps, rather than levels of development (i.e. gaps in enrolment rather than access to education).

Figure 4. Global Gender Gap Index Rankings: 2012

	Overall Ranking	Economic Participation	Educational Attainment	Health and Survival	Political Empowerment
	Rank Score	Rank Score	Rank Score	Rank Score	Rank Score
Brazil	62 0.691	73 0.650	1 1.000	1 0.980	72 0.134
Russia	59 0.698	39 0.720	35 0.998	34 0.979	90 0.095
India	105 0.644	123 0.459	121 0.852	134 0.93	117 0.334
China	69 0.685	58 0.675	85 0.982	132 0.934	58 0.150
South Africa	16 0.750	69 0.659	87 0.980	103 0.968	7 0.392

South Africa received the highest ranking (16) among the BRICS, and is one of two sub-Saharan Africa countries (other than Lesotho) that made the top 20, performing particularly well in indicators of political empowerment. However, gaps in economic participation remain large; in both 1993 and 2008, women were earning roughly 40% less than men in both of these years (with significant variation in between). Brazil jumped from the 82nd to 62nd position as a result of improvements in primary education and in the percentage of women in ministerial positions (from 7% to 27%) (OECD, 2011), boosted by the tenure of President Dilma Rousseff. Successfully closing gender gaps in health and education, Brazil is the strongest performer among the BRICS in these categories.<sup>12</sup> While barriers to women's economic participation remains formidable, there has been progress, such as narrowing the wage gap from half of the value earned by men in 1993, to two-thirds in 2008.

China and India were the four lowest-ranking countries on the World Economic Forum's sub-index of health and survival. China's ranking has also decreased in perceived wage equality for similar work. While India's rank improved for reduced gaps in education attainment and political empowerment, it remains the lowest ranked of the BRICS countries in all four categories, presenting barriers to India's growth. Unlike China, which saw minor reductions last year, India's disproportionate sex ratio at birth remains unchanged. Russia dropped to the 59th position this year owing to losses in the economic and political sub-indexes, but was the best performing country in the indicator of healthy life expectancy.

## Health

	Life expectancy at birth (2009)		Under-five mortality rate - 2010 (per 1000 live births)	Health expenditure per capita, PPP 2009 (constant 2005 international \$)	General government expenditure on health as % of total government expenditure - 2009
	Male	Female			
Brazil	70	77	19	\$940	5.9
Russia	62	74	12	\$1,040	8.5
India	63	66	63	\$130	3.7
China	72	76	18	\$310	12.1
South Africa	54	55	57	\$860	11.4

<sup>12</sup> The ranking of "1" is shared with the other ranked countries that have closed health and education gaps, 32 and 20 respectively.

Despite improvements and greater expenditure, health inequalities remain evident in and between BRICS countries. Some of the worst health indicators among the BRICS are found in India, which bears some of the highest global burdens related to infectious diseases and maternal, neonatal and child health. While India's advanced medical facilities attract one of the largest medical tourism industries in the world, many of the poorest lack access to basic healthcare. The persistent prevalence of malnutrition (impacting 43% of India's children) is associated with weaker productivity and education outcomes. Marking growing disparities, children in rural areas under the age of 5 are more likely to suffer from malnutrition than urban children, low-caste children more likely than higher-caste children and girls more likely than boys. Following a trend characteristic of emerging economies, India also has a growing burden of non-communicable diseases (NCDs), particularly cardiovascular disease, which caused 53% of deaths in 2008. The 2012-2013 health budget will focus largely on strengthening immunization, rural health and human resources, as well as initiative to improve health conditions in urban slums.

China also maintains a large infectious diseases burden, particularly TB, hepatitis and HIV/AIDS (low but increasing). As China's economy has grown, so has its burden of chronic NCDs, which constituted 83% of deaths in 2008 (up from 58.2% between 1973 and 1975). Like India, China also boasts top medical facilities, but health disparities based on region and income are significant, especially for rural (unregistered) migrants. Public health spending has become increasingly privatized since the early 1980s, to the particular detriment of rural dwellers. However, a health reform launched in 2009, committing a record US\$124 billion over three years, aims to make ambitious improvements, including making health insurance universal.

Constitutionally committed to guarantee universal access to primary, secondary and tertiary care, Brazil has targeted inequalities through expanding health programs since the 1990s, particularly through the Unified Health System (SUS). In 2010, the government's expenditure on health care - US\$734 per capita - represented 9% of Brazil's GDP. However, while 80% of the population receives care through SUS, coverage and quality also vary greatly by region. Like other BRICS, Brazil's NCDs burden has risen, causing 74% of deaths in 2008 and placing an increasing burden on the health system, which could test equity priorities in the future.

While public healthcare spending in Russia is the highest of all the BRICS countries (US\$1,040 per capita), life expectancy is lower than in China and Brazil, as well as many OECD countries, owing, in large part, to an even higher burdens of NCDs than the other BRICS. While Russia has made progress, for example, in cutting under-5 and infant mortality in half since 1990, unequal health outcomes are disproportionate among the poor.

In contrast to Russia, South Africa is the only BRICS country facing a burden of infectious diseases that is higher than the burden of NCDs. It continues to battle soaring rates of HIV/AIDS, with which roughly one fifth of the population is infected and which, together with TB, accounts for nearly 42% of deaths, significantly impacting productivity and growth. The government has sought to expand access to HIV prevention, treatment and care, including through a sizable, state-funded ARV program. The country spends more money on health per capita (US\$860 per person) than China (US\$310) or India (US\$130), with a significant portion of expenditure funded by donors. Despite these investments, socio-economic disparities compound remaining weaknesses in South Africa's health infrastructure and outcomes. In its attempts to revamp primary healthcare, the government has also targeted health inequalities through the recent introduction of a national health insurance scheme (NHI). For more information on health in the BRICS, see the 2012 report by the Global Health Strategies Initiative "Shifting Paradigm: How the BRICS Are Reshaping Global Health and Development."

## SOCIAL EXPENDITURE: SHAPING REDISTRIBUTION

As OECD reports argue (2010a, 2010b, 2011), less structured labour markets, social welfare institutions and tax infrastructure, compounded by evasion and administrative bottlenecks, all contribute to obstacles that BRICS countries face for reducing market-driven inequalities through tax and benefit systems. 10 BRICS INEQUALITIES FACT SHEET

As a proportion of GDP, spending on social protection is generally lower in BRICS countries than the OECD average (three to four times lower in China and India, and about three quarters lower in Brazil and Russia). Particularly in China and India, a large portion of public social expenditure is made through contributory social insurance programs, such as pension schemes for formal sector workers. The share of workers contributing to such schemes varies greatly – from 10% in India to 50-60% in Brazil and South Africa. Those who cannot meet contribution requirements remain outside the scope of benefits.

For those out of work, unemployment insurance and severance pay are often found lacking (particularly where firms evade severance commitments), making informal support structures more critical for the poor. To supplement these shortcomings, many BRICS governments have stepped up non-contributory social assistance over the last decade, particularly in the form of conditional cash transfers. Providing critical safety nets, such programs may account for 58% of household income for the lowest income quintile in South Africa, and about 15% of the same demographic in Brazil (OECD, 2011a). As examples like Bolsa Familia in Brazil demonstrate, these programs can have concentric benefits, improving family income and health as well as school attendance and gender equality<sup>13</sup>. Other forms of non-contributory social assistance to mitigate poverty and inequalities include food programs in India, means-tested cash transfers in China, and means-tested child support in the Russian Federation and South Africa.

Spending on public work programs (PWP) has also tended to be relatively high in emerging economies. In India, the largest example, the Mahatma Gandhi National Rural Employment Guarantee (ex-Maharashtra Employment Guarantee Scheme/NREGA) cost about 0.52% of GDP, covering about 10% of the country's labour force in 2008-9. South Africa's Expanded Public Works Program (EPWP) is another example, accounting for about 3.5% of the labour force in 2008-9. (In comparison, the OECD average in 2007 was 0.05% of GDP and 0.6% of the labour force).

Despite obstacles in collection, tax revenues have risen in India, Brazil, South Africa and, even more significantly, in China. As a percentage of GDP, tax revenue levels in Brazil, Russia and South Africa are similar to those in OECD countries, pointing to the availability of financing for public social programs to support the disadvantaged.

However, many emerging economies differ in their principle sources of tax revenues and from typical methods OECD countries use to reduce gross income inequality through redistributive taxes and benefits (for example, through progressive income taxes, insurance and income-related benefits or in-work tax credits). In emerging economies, with certain exceptions, little is derived from personal income tax (PIT), as compared to the relatively high rates of revenues from taxes on consumption (many of which may have regressive effects). Corporate income tax (CIT) also generates a greater share of revenues in BRICS countries, owing in part to royalties and profit taxes from oil and mineral extraction in countries like Russia and South Africa. Considering that many of the companies that are taxed are public, such taxes are easier to levy. CIT in Brazil (35%) is especially high, exceeded only by the United States in the OECD countries. While CITs can be redistributive, outcomes can be complicated when taxation leads to loss of investment, as multinational enterprises may flock to where taxes are lower, resulting in losses of jobs and wages.

Brazil also stands out as one of the only emerging economies in which the share of social security contributions in total revenues is comparable with the OECD average. In all others, the share is much smaller (2% in South Africa, 15% in China and the Russian Federation). According to the international definition, India does not collect any social security contributions.<sup>14</sup>

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<sup>13</sup> As the majority of recipients are female, Bolsa Familia in particular has been praised for contributing to women's empowerment (making them less dependent on partners) while helping break the cycle of intergenerational poverty. However, recent critiques raised suggested that, as women are often urged by their husbands to maintain roles of a full-time housewife to receive cash transfers, the program could inadvertently contribute to hampering women's participation in the labour market, where they could potentially earn minimum wage (four times greater than Bolsa Familia). (Garcia dos Santos, 2013. [http://jica-ri.jica.go.jp/topic/does\\_cct\\_program\\_in\\_bra-zil\\_empower\\_women.html](http://jica-ri.jica.go.jp/topic/does_cct_program_in_bra-zil_empower_women.html))

<sup>14</sup> For more data on tax revenue in BRICS countries, see "Divided We Stand: Why Inequality Keeps Rising", OECD 2011. Statistics available at: <http://dx.doi.org/10.1787/888932537427>

## LOOKING FORWARD: ENVIRONMENTAL JUSTICE AND SUSTAINABLE, EQUITABLE DEVELOPMENT

Looking forward, public dialogue for enhancing policy strategies to reduce inequalities must explore solutions to meet pressing current needs, without compromising the ability of future generations to meet theirs. With the detriments of climate change disproportionately impacting poor and vulnerable populations, strategies for “green growth” must also address inequalities in exposure to environmental risk.

Within and across BRICS countries, determinants of increased environmental risk often go beyond income poverty and may also include employment, education, gender, age, or ethnicity. More comprehensive analyses of socio-demographic variables of environmental health will be needed to address these dimensions through public policies.

Such policies are in keeping with shared commitment made by BRICS countries, for example, in the BRICS Leaders Meeting Declaration in Sanya, China, in April 2011, where representatives pledged to “commit ourselves to work towards a comprehensive, balanced and binding outcome to strengthen the implementation of the UNFCCC and its Kyoto Protocol... (and) enhance our practical cooperation in adapting our economy and society to climate change,” including through information and the development of renewable energy, and “in line with the principle of equity and common but differentiated responsibilities.”

While BRICS countries offer lessons and success stories, such as the development of renewable energy in China, sustainable urban planning in Brazil, and rural ecological infrastructure in India,<sup>15</sup> BRICS economic growth has generally come at high environmental costs. According to the International Energy Agency (IEA), the four BRIC economies alone account for over a third of global carbon emissions caused by land use and deforestation.<sup>16</sup> India and China are predicted to more than double their demand for coal by 2050, while oil demand in the two countries will increase fourfold by 2030. The economy of Russia, the world’s second largest oil producer, also depends heavily on extractive industries. Brazil is following suit with recent discoveries of offshore oil fields, which have also fuelled debates about how the future profits will be nationally distributed.

As the supply and demand for fossil fuels continues to drive economic growth in BRICS countries, and in turn, in the global economy, attention is increasingly turning to the grave consequences expected for both the climate, and for poor and vulnerable populations. For example, the Indian Council for Agricultural Research, has estimated that wheat production will decrease by 4 to 5 million tons for every 1° Celsius increase in average temperature (estimates predict an increase in 4° by the end of the century). Degradation in the biodiversity hotspots of BRICS countries, jeopardizing endemic species and ecosystems, are also expected to more visibly interrupt critical environmental processes and the provision of ecosystem services, disproportionately impacting those whose livelihoods and survival depend on them.

Against the backdrop of international inequalities, some advocates of emerging economies argue that a greater cost of curbing fossil fuel consumption should be borne by industrialized economies that have reaped its benefits for centuries. Others point to challenges in balancing priorities of environmental sustainability with those of needy populations. However, in the wake of the recent “triple crisis” (food, energy, finance), there is growing recognition that these priorities must be complementary, and that BRICS countries can provide insights to help pave the way forward.

This generates critical points of discussion for G20 countries which, in 2010, committed themselves to promoting inclusive and sustainable economic growth, promising to decouple economic expansion from environmental degradation, based on a fundamental agreement that, “for prosperity to be sustained, it must be shared.”

“We commit ourselves... to enhance our practical cooperation in adapting our economy and society to climate change...in line with the principle of equity and common but differentiated responsibilities.”  
BRICS Sanya Declaration

15 UNEP Green Economy Success Stories <http://www.unep.org/greeneconomy/SuccessStories/tabid/29863/Default.aspx>

16 In Brazil, such land use produced 75 percent of total emissions.

Studies from Oxfam and others will seek to build platforms for these discussions, demonstrating how development and resources use can be both sustainable and equitable, targeting inequalities so that the benefits of growth may equitably meet the needs of both current and future generations.

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# OXFAM

SCS Quadra 08, bloco B-50,  
sala 401, edifício Venâncio 2000  
70333-900 Brasília - DF  
Brazil  
[www.oxfam.org](http://www.oxfam.org)



BRICS Policy Center Centro de Estudos e Pesquisas - BRICS

Rua Dona Mariana, 63  
Botafogo 22280-020  
Rio de Janeiro - RJ  
Brazil  
[www.bricspolicycenter.org](http://www.bricspolicycenter.org)

### Design:

Kenia Ribeiro Graphic Design & Photojournalism

### Cover photo:

Tuca Vieira