The financial district of Dhaka, Bangladesh. Despite economic growth, almost 40 million people in Bangladesh still live below the national poverty line. Photo: GMB Akrash/Oxfam

THE COMMITMENT TO REDUCING INEQUALITY INDEX 2018

A global ranking of governments based on what they are doing to tackle the gap between rich and poor

In 2015, the leaders of 193 governments promised to reduce inequality under Goal 10 of the Sustainable Development Goals (SDGs). Without reducing inequality, meeting SDG 1 to eliminate poverty will be impossible. In 2017, Development Finance International (DFI) and Oxfam produced the first index to measure the commitment of governments to reduce the gap between the rich and the poor. The index is based on a new database of indicators, now covering 157 countries, which measures government action on social spending, tax and labour rights – three areas found to be critical to reducing the gap.

This second edition of the Commitment to Reducing Inequality (CRI) Index finds that countries such as South Korea, Namibia and Uruguay are taking strong steps to reduce inequality. Sadly, countries such as India and Nigeria do very badly overall, as does the USA among rich countries, showing a lack of commitment to closing the inequality gap.

Development Finance International

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The report recommends that all countries should develop national inequality action plans to achieve SDG 10 on reducing inequality. These plans should include delivery of universal, public and free health and education and universal social protection floors. They should be funded by increasing progressive taxation and clamping down on exemptions and tax dodging. Countries must also respect union rights and make women's rights at work comprehensive, and they should raise minimum wages to living wages.

See the **CRI Index website: www.inequalityindex.org** for the data tool, and the full report and methodology details at http://policy-practice.oxfam.org.uk/publications/the-commitment-to-reducing-inequality-index-2018-a-global-ranking-of-government-620553

SUMMARY

THE INEQUALITY CRISIS, THE FIGHT AGAINST POVERTY AND THE ROLE OF GOVERNMENTS

Many countries across the world, rich and poor, have experienced rapid growth in the gap between the richest people in society and everyone else over the past 30 years.[1] Failure to tackle this growing crisis is undermining social and economic progress and the fight against poverty. Oxfam's research has shown that, since the turn of the century, the poorest half of the world's population have received just 1% of the total increase in global wealth, while the top 1% have received 50% of the increase.[2]

Inequality is bad for us all. It reduces economic growth, and worsens health and other outcomes.[3] The consequences for the world's poorest people are particularly severe. The evidence is clear: there will be no end to extreme poverty unless governments tackle inequality and reverse recent trends. Unless they do so, the World Bank predicts that by 2030 almost half a billion people will still be living in extreme poverty.[4]

The rise of extreme economic inequality also undermines the fight against gender inequality and threatens women's rights. Women's economic empowerment has the potential to transform many women's lives for the better and support economic growth. However, unless the causes of extreme economic inequality are urgently addressed, most of the benefits of women-driven growth will accrue to those already at the top end of the economy. Economic inequality also compounds other inequalities such as those based on race, caste or ethnicity.

Development Finance International (DFI) and Oxfam believe that the inequality crisis is not inevitable and that governments are not powerless against it. Inequality is a policy choice, and our findings this year show this clearly. All over the world, governments are taking strong policy steps to fight inequality. President Moon of South Korea tops the class, having increased tax on the richest earners, boosted spending for the poor and dramatically increased the minimum wage. But others are doing well too. Ethiopia has the sixth highest level of education spending in the world. Chile has increased its rate of corporation tax. Indonesia has increased its minimum wage and its spending on health.

These positive actions shame those governments that are failing their people. Nigeria remains at the bottom of the CRI Index, failing the poorest people, despite its president claiming to care about inequality. Hungary has halved its corporation tax rate, and violations of labour rights have increased. In Brazil social spending has been frozen for the next 20 years. And Donald Trump has slashed corporation tax in the USA, in one of the biggest giveaways to the 1% in history.[5]

THE COMMITMENT TO REDUCING INEQUALITY INDEX

This is the second edition of the Commitment to Reducing Inequality (CRI) Index, which ranks 157 governments across the world. The full rankings, along with regional rankings, can be found in Annex 1. The Index is based on our comprehensive database, including countries where DFI has strong data and research contacts or Oxfam has country programmes or affiliates, to build up a unique perspective on the extent to which governments are tackling the growing gap between rich and poor in three key policy areas. This year's Index has seen significant changes in methodology from 2017, including new indicators on tax avoidance and on gender-based violence.

The CRI Index was reviewed by the Joint Research Centre of the European Commission in both 2017 and 2018. Following the 2017 review, several adjustments were made to match best practice in constructing composite indicators. A number of refinements along the 2018 review are in the pipeline for next year's version. Thereafter, both indexes were statistically audited. In 2018, the JRC concluded that the CRI is robust statistically and is 'paving the way towards a monitoring framework that can help identify weaknesses and best practices in governments' efforts to reduce the gap between rich and poor'. The 2017 audit is available at https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620316/tb-cri-index-statistical-audit-170717-en.pdf;

The 2018 audit is available at: http://policy-practice.oxfam.org.uk/publications/the-commitment-to-reducing-inequality-index-2018-a-global-ranking-of-government-620553

The CRI Index measures government efforts in three policy areas or 'pillars': social spending, taxation and labour. These were selected because of widespread evidence[6] that government actions in these three areas have in the past played a key part in reducing the gap between rich and poor.

1. **Social spending** on public services such as education, health and social protection has been shown to have a strong impact on reducing inequality, particularly for the poorest women and girls who are the most dependent on them. For example, a study of 13 developing countries that had reduced their overall inequality levels found that 69% of this reduction was because of public services.[7] Social spending is almost always progressive because it helps reduce existing levels of inequality. Despite this, in many countries, social spending could be far more progressive and pro-poor. Social spending can play a key role in reducing the amount of unpaid care work that many women often do – a major cause of gender inequality – by redistributing child and elder care, healthcare and other domestic labour.[8]
2. **Progressive taxation**, where corporations and the richest individuals are taxed more in order to redistribute resources in society and ensure the funding of public services, is a key tool for governments that are committed to reducing inequality. Its potential role in reducing inequality has been clearly documented in both OECD countries[9] and developing countries,[10] and highlighted recently by the International Monetary Fund (IMF) in its October 2017 Fiscal Monitor.[11] However, taxation can be progressive or regressive, depending on the policy choices made by government. Equally, a belief that taxation is gender-neutral has led to a lack of attention to how taxes levied have increased the gender gap. The ability of countries to collect progressive taxes is also undermined by harmful tax practices which facilitate tax dodging.
3. There is strong evidence that **higher wages** for ordinary workers and **stronger labour rights, especially for women,** are key to reducing inequality.[12] Governments can have a direct impact here by setting minimum wages and raising the floor of wages; they can also have an indirect impact by supporting and protecting the right of trade unions to form and organize. Evidence from the IMF and others shows that the recent decline in trade union organization has been linked to the rise in inequality, as workers lose bargaining power and

more of the value of production goes to profits and the owners of capital.[13] Women are disproportionately represented in the lowest-paid jobs, with poor protection and precarious conditions of employment.[14] Governments can help correct this by passing and enforcing laws against discrimination and violence against women, and laws that promote equal pay and parental leave.

Actions across all three areas are mutually reinforcing. While progressive taxation is a good thing in itself, its impact is greatly increased when used for progressive spending, and the CRI Index reflects this in the scoring of countries' efforts.

Clearly, tackling inequality requires other policy interventions: but, like the UN's Human Development Index (HDI), the three critical variables – action on social spending, taxation and labour – can arguably be used as a proxy for a government's general commitment to tackling inequality.

Why monitor government policy? Why not just monitor levels of inequality?

There are three reasons why DFI and Oxfam have chosen to measure the commitment of governments to reducing inequality.

First, in 2015 governments across the world made a commitment to reduce inequality and eradicate poverty through the Sustainable Development Goals (SDGs) and specifically Goal 10 on reducing inequality. Goal 10 will be reviewed in 2019, and the CRI Index will contribute to this in enabling citizens to hold governments to account for their progress or lack of it.

Second, DFI and Oxfam strongly believe that the different levels of inequality that exist from one national context to another show that inequality is far from inevitable; rather, it is the product of policy choices made by governments. There are, of course, contextual challenges to consider in every situation, as well as contextual advantages in some cases. All countries are also subject to global forces that they cannot fully control (e.g. pressure to reduce wages and tax rates), and this is particularly true of developing countries. The worldwide system of tax havens, which undermines scope for government action, is a clear example.

Nevertheless, despite these global issues, DFI and Oxfam believe that governments have considerable powers to reduce the gap between rich and poor women and men in their countries. If this were not the case, there would not be so much variation in the policy actions of different countries. Therefore, it is vital to be able to measure and monitor government policy commitments to reducing inequality.

The final reason for developing the CRI Index is that existing systems to measure incomes and wealth (e.g. national household surveys) collect data infrequently and contain major data errors – notably under-reporting of the incomes and wealth of the richest people.[15] This means that the data are very weak and rarely updated, especially for the poorest countries, so they are a poor measure by which to hold governments to account. There is a need for urgent and significant improvements in both the coverage and frequency of national data on levels of inequality.

The relationship between the CRI findings and the level of inequality in a given country was discussed at some length in last year's report.[16] In short, there was no automatic relationship, but a more complex one. Some countries, like Namibia, have very high levels of inequality but are strongly committed to reducing them. Others, like Nigeria, have high levels of inequality and are failing to do anything about it. Other countries, like Denmark, have relatively low inequality levels because of policies they have followed in the past but which they have increasingly stepped away from, which is now leading to an increase in inequality. This is true for most high-income, low-inequality countries. However, others, like Finland, remain committed to keeping inequality levels low.

METHODOLOGY IMPROVEMENTS TO THIS YEAR'S INDEX

Figure 1: The CRI 2018 pillars and indicators

SPENDING ON HEALTH, EDUCATION AND SOCIAL PROTECTION

1. SOCIAL SPENDING AS % OF TOTAL SPENDING
- Education spending
- Health spending
- Social protection spending

2. INCIDENCE OF SPENDING ON INEQUALITY (GINI COEFFICIENT)
- Education spend % GDP*incidence coefficient
- Health spend % GDP*incidence coefficient
- Social protection % GDP incidence coefficient

PROGRESSIVITY OF TAX POLICY

1. PROGRESSIVITY OF TAX STRUCTURE
- Personal income tax minimum and maximum rates + thresholds
- Corporate income tax rate
- VAT rate, exemptions + thresholds

2. INCIDENCE OF TAX ON INEQUALITY (GINI COEFFICIENT)
- VAT Revenue % GDP
- CIT Revenue % GDP
- PIT Revenue % GDP
- Excise Revenue % GDP
- Customs Revenue %GDP

3. TAX COLLECTION
- Tax productivity: VAT, PIT and CIT revenue compared to rates and GDP or consumption
- Tax effort compared with potential

4. HARMFUL TAX PRACTICES
- Harmful tax practices
- Anti-tax avoidance rules
- Evidence of negative impact

LABOUR RIGHTS AND MINIMUM WAGES

1. WORKERS AND LABOUR UNION RIGHTS
- Government efforts to protect workers in law and in practice

2. WOMEN'S LEGAL RIGHTS AT WORK
- Laws on equal pay for equal work
- Laws against gender discrimination
- Laws against rape
- Laws against sexual harassment
- Parental leave

3. MINIMUM WAGE
- Minimum wage in local currency
- Per capita GDP

The first edition of the CRI was launched in July 2017, covering 152 countries (CRI 2017). It was published deliberately as a 'beta' version, and comments were sought from experts across the world. These invaluable inputs have led to some significant refinements to the Index this year (CRI 2018). The core methodology remains unchanged, focusing on the three pillars of spending, tax and labour. Nevertheless, at a more detailed level there have been some important additions and changes.[17]

The most significant change is the inclusion of three new sub-indicators, one in the tax pillar and two in the labour pillar. One of the concerns voiced by many who commented on the Index last year was that we had not considered the extent to which a country was enabling companies to dodge tax. This meant that countries like Luxembourg or the Netherlands were getting higher scores than they should. The negative role played by the Netherlands as a corporate tax haven has become a hot topic in the country and Oxfam and allies are putting pressure on the government to take clear steps to stop this.[18] This year we have added a new indicator on harmful tax practices (HTPs) to address this.

In the labour pillar, many suggested that women's labour rights are fundamentally undermined by violence and harassment against women at work.[19] Working women can sometimes experience greater levels of domestic violence in response to greater economic autonomy.[20] In India for example, 6% of women (15–49 age group) have experienced spousal sexual violence in their lifetime, with 5% experiencing this type of violence in the past 12 months.[21] This has led to new indicators on the quality of laws against sexual harassment and rape.[22]

In addition to these new indicators, there has been a lot of detailed work on improving data sources, ensuring that we are using the most up-to-date sources. Across all pillars, major progress has been made on including more recent data. In CRI 2018, virtually all tax and labour data are for 2017, compared with 2015 in CRI 2017. The average years for education and health spending data have improved from 2014 to 2016, and for social protection from 2012 to 2015. The cut-off for data for this year's Index is the end of 2017, so any policy changes from 2018 are not included, although we do refer to some of the more notable ones in the text. We have also managed to add five new countries this year, bringing the total to 157.[23]

These changes to the methodology and improvements in the quality of data mean that a straight comparison between the scores of a country this year and last year may not give an accurate picture of its performance. Countries' movements up and down in terms of their scores are the result of a combination of changes in their policies and changes to the methodology of the Index.

For this reason, our analysis does not focus on simple comparisons of the scores for countries between CRI 2017 and CRI 2018. However, it is possible to compare concrete policy changes between the two editions of the CRI Index; for example, increases in health spending, or cuts to the top rate of personal income tax, or increases in maternity leave; so we have highlighted these. We also look at some of the key overall trends emerging since the first CRI Index.

WHAT ARE THE MAIN FINDINGS OF THE CRI INDEX?

All countries could do more, even those near the top

The first and most important point is that no country is doing particularly well, and even those at the top of the listings have room for improvement. Even the top performer, Denmark, does not get a perfect score and could be doing more. Furthermore, 112 of the 157 countries included in the Index are doing less than half of what the best performers are managing to do.

WHICH COUNTRIES ARE DOING BEST?

The full CRI rankings, along with regional rankings, can be found in Annex 1 of the full report. The top 10 performers in this year's Index are highlighted in Table 1.

Table 1: CRI Index ranking out of 157 countries – the top 10[24]

	OVERALL CRI RANK	SPENDING ON HEALTH, EDUCATION AND SOCIAL PROTECTION	PROGRESSIVITY OF TAX POLICY	LABOUR RIGHTS AND MINIMUM WAGES
Denmark	1	5	2	2
Germany	2	8	6	4
Finland	3	2	8	11
Austria	4	6	9	7
Norway	5	14	10	1
Belgium	6	7	5	21
Sweden	7	19	12	5
France	8	3	22	16
Iceland	9	24	26	3
Luxembourg	10	20	34	8

Box 1: The best and the worst

Denmark tops this year's CRI Index with the highest score. The northern European country has some of the most progressive taxation policies in the world. It also has some of the best labour market policies, and its protection of women in the workplace is the best in the world.

Nigeria has the unenviable distinction of being at the bottom of the Index for the second year running. Its social spending (on health, education and social protection) is shamefully low, which is reflected in very poor social outcomes for its citizens. One in 10 children in Nigeria does not reach their fifth birthday,[25] and more than 10 million children do not go to school.[26] Sixty percent of these are girls.[27] The CRI Index shows that in the past year Nigeria has seen an increase in the number of labour rights violations. The minimum wage has not increased since 2011. Social spending has stagnated. The CRI Index shows that there is still significant potential for Nigeria to raise and collect more tax,[28] so it scores very badly on this aspect too. There have however been very recent improvements in this area in 2018, which will show up in next year's CRI. The IMF has given clear advice on the importance of tackling inequality, referring to Nigeria's score in the CRI Index.[29] The president of the country has also said that tackling inequality is important, as inequality leads to political instability.[30] Yet little has been done.

Most of the countries near the top of the index are OECD countries, headed this year by **Denmark**. In this way, the rankings are similar to those of the HDI. With more national wealth, these countries have much more scope to raise progressive tax revenues because there are more citizens and corporations with higher incomes that can pay more tax; likewise, they have greater scope to spend those revenues on public services and social protection. The leading countries are also trying to tackle wage inequality by increasing the minimum wage and supporting labour rights and women's rights. Finally, they have a smaller informal sector than is typical in developing countries, although precarious forms of employment are on the increase.

For most rich countries, the main body of policies measured by the Index was introduced in a different period of history, when significant action in these areas was broadly accepted as the right thing to do and paid dividends in terms of social and economic progress. Today, however, in many rich countries, political support for these measures has eroded, with governments across the industrialized world chipping away at progressive spending, taxation and labour rights (see Box 4).

Most of the highest-ranked non-OECD countries in the CRI are in Latin America, the most unequal region in the world (see Box 3). They are headed by **Argentina**, followed by **Costa Rica** and **Brazil**. In the last decade, in all of these countries, governments have made strong efforts to reduce inequality and poverty through redistributive expenditure and (in some) by increasing minimum wages. In Argentina, for example, the Gini coefficient fell from 0.51 in 2003 to 0.41 in 2013[31] and the poverty rate fell from 23% to 5.5%, with 40% of the reduction in inequality and 90% of the reduction in poverty due to redistributive policies.[32] Unfortunately, however, the new governments in Brazil and Argentina have already moved to reverse many of these policies. In Brazil social spending has been frozen for 20 years.[33] In Argentina, government austerity[34] has led to sweeping cuts in the social protection budget (see Box 3).[35]

Lower-middle-income countries (LMICs) can also show strong commitment to reducing inequality. The CRI 2018 shows that **Lesotho**, for example, spends 14% of its national budget on education and 12% on health, and has a progressive tax structure as well as progressive policies on trade unions and women's labour rights; **Georgia** has strong and progressive social spending and progressive tax collection and has implemented big increases in education spending. Low-income countries can also demonstrate strong commitment to tackling inequality. For example, since the 2017 CRI, **Ethiopia** has increased its budget for education to

23% from 22%, the sixth highest proportion in the world. This continued high investment has seen the numbers of children going to school increase dramatically.[36]

Namibia remains one of the highest-ranked African countries in the Index and is fifth among the middle-income countries. It is a good example of the difference between a country's CRI ranking and traditional measures of inequality. Despite being one of the most unequal countries in the world, its high CRI score reflects the commitment of the Namibian government to reducing inequality, particularly through its high levels of social spending (with secondary education free for all students) and some of the most progressive taxation policies. Its commitment has been recognized by economist Joseph Stiglitz and others and, although inequality remains very high, it has been continually reducing inequality since 1993 and is no longer the world's most unequal country.[37] Since CRI 2017, the government has increased spending on social protection and has also increased the minimum wage substantially, and a new study has shown that its taxation and spending policies are reducing inequality significantly.[38]

WHICH COUNTRIES HAVE IMPROVED THEIR PERFORMANCE SINCE LAST YEAR?

While we cannot make a general comparison of last year's rankings with this year's, due to improvements in methodology, we have been able to carry out a detailed analysis of countries that have made significant positive or negative policy moves. The most positive story this year across all three pillars is from **South Korea.**

Box 2: Showing real commitment to reduce inequality – South Korea

President Moon Jae-in took office in early 2017, promising to tackle inequality in South Korea. The country's inequality levels have been increasing rapidly. Over the past two decades the income growth of those at the bottom has stagnated while the top 10% have seen their incomes grow by 6% each year, so that they now lay claim to 45% of national income.[39] South Korea comes second to bottom of the OECD countries in the CRI Index.

To pursue a reduction in inequality and an increase in inclusive growth, President Moon has acted in all three areas measured by the Index. He has committed to dramatically increasing the minimum wage and in his first year in office has delivered, increasing it by 16.4%.[40]

He has also increased taxation on the most profitable and largest corporations in South Korea, raising their corporate income tax (CIT) rate from 22% to 25%, which is expected to raise revenues of US$2.3bn annually.[41] He has also raised income tax for the highest earners, a move that had the support of 86% of Koreans.[42]

Finally, he has embarked on a programme of expanded welfare spending. South Korea has some of the lowest welfare spending in the OECD.[43] President Moon has increased spending, including provision for a universal child support grant.[44]

In an address to the UN General Assembly on 21 September 2017, President Moon stated: 'As of now, my Administration is pursuing bold measures to change the economic paradigm in order to deal with economic inequalities that stand in the way of growth and social cohesion…. This is what we call a "people-centered economy".'[45]

The CRI 2018 also shows that there are quite a number of other governments which have taken clear steps in one or more of the CRI Index policy areas since the CRI 2017, demonstrating that progress is possible. **Indonesia** stands out for its moves to increase the minimum wage substantially and to equalize it across the country, and in its move to increase spending on health, to help finance the move towards universal health coverage (UHC), although at 7% of the government budget, Indonesia still needs to increase this substantially in the coming years to deliver health for all. **Mongolia** and **Guyana** have substantially increased income tax for high earners, and **Mali** and **Colombia** have increased taxes on corporates significantly. **Colombia** has also increased health spending, although the privatization of the health system and corruption scandals undermine the value of this increase.[46] Colombia has also extended maternity leave. **Mozambique** has increased maternity leave by 50%.

Iceland has given social protection a big increase and has passed a law requiring companies to obtain official certification that they are paying women and men the same.[47] **Guinea** and **Liberia** have both increased education spending significantly, although in the case of Liberia this is likely to be linked to its controversial moves to privatize primary education.[48]

The new president of **Sierra Leone,** Julius Maada has made some promising steps to tackle inequality. The minimum wage has been increased, as has personal income tax, and new steps taken to improve tax collection, including cracking down on unnecessary tax incentives. His recent move to make primary education free is particularly encouraging.[49]

WHICH COUNTRIES ARE DOING WORST?

Table 2: CRI Index ranking out of 157 countries – the 10 countries at the bottom of the Index

	OVERALL CRI RANK	SPENDING ON HEALTH, EDUCATION AND SOCIAL PROTECTION	PROGRESSIVITY OF TAX POLICY	LABOUR RIGHTS AND MINIMUM WAGES
Bangladesh	148	146	103	148
Singapore	149	91	157	71
Lao PDR	150	153	44	146
Madagascar	151	135	142	143
Bhutan	152	81	153	147
Sierra Leone	153	143	132	150
Chad	154	145	138	154
Haiti	155	133	145	156
Uzbekistan	156	42	156	132
Nigeria	157	157	104	133

The degree to which rich OECD countries are using government policy to tackle inequality varies dramatically. The USA and Spain among the major economies, for example, are much further down the list of rich countries in the CRI Index

As this report highlights, many middle-income countries (MICs) have the scope to do far more to tackle inequality than they are doing currently. For example, Indonesia today is richer in terms of per capita income than the USA was when it passed the Social Security Act in 1935.[50] Yet Indonesia has some of the lowest tax collection rates in the world, at just 11% of gross domestic product (GDP); the new finance minister has made increasing this her priority.[51] Recently, a paper from the Center for Global Development demonstrated that most developing countries could if they chose raise enough resources of their own through tax to eliminate extreme poverty.[52] This also echoes Oxfam's previous research into inequality in the BRIC countries, Turkey and South Africa.[53]

India also fares very badly, ranking 147th out of 157 countries on its commitment to reducing inequality – a very worrying situation given that the country is home to 1.3 billion people, many of whom live in extreme poverty. Oxfam has calculated that if India were to reduce inequality by a third, more than 170 million people would no longer be poor.[54] Government spending on health, education and social protection is woefully low and often subsidizes the private sector.[55] Civil society has consistently campaigned for increased spending.[56] The tax structure looks reasonably progressive on paper, but in practice much of the progressive taxation, like that on the incomes of the richest, is not collected. On labour rights and respect for women in the workplace India also fares poorly, reflecting the fact that the majority of the labour force is employed in the agricultural and informal sectors, which lack union organization and enforcement of gender rights.

Box 3: Latin America – making a wrong turn[57]

In the past 15 years, Latin America as a region has bucked the trend in terms of reducing inequality. Although there are, of course, some exceptions, governments in Brazil, Uruguay, Bolivia, Ecuador and other countries had put in place strong policies to tackle inequality, mostly by increasing public revenues and social spending and, in some countries, raising minimum wages. This is reflected in the CRI Index, with a number of Latin American countries ranking relatively highly.

However, the global economic slowdown since 2010 and the fall in commodity prices (on which many countries in the region depend) has led to an increase in poverty rates since 2015. In some countries this has combined with a shift of government towards the centre-right, with less interest in reducing inequality. As a result, inequality reduction is already slowing.

The impact of these policy changes is yet to show up in the data. Our data for this year for the Latin America region is 2015, so before these cuts had taken effect. They will show up in subsequent iterations. Countries taking regressive actions are likely to begin to slip down the Index unless they make further policy changes, and will start to show contrasts with those countries in Latin America which remain on a progressive path.

These are just some of the many stories behind the numbers in the CRI Index. There is, of course, a story for every country, and we encourage readers to share them with us.[58]

Which countries have got worse since last year?

Singapore is now in the bottom 10 countries in the world in terms of reducing inequality. This is partly because of the introduction of the new indicator on harmful tax practices, because Singapore has a number of these.[59] It has increased its personal income tax (PIT) by 2%, but the maximum rate remains a very low at 22% for the highest earners. Apart from tax, its low score is also due to a relatively low level of public social spending – only 39% of the budget goes to education, health and social protection combined (way behind South Korea and Thailand at 50%). On labour, it has no equal pay or non-discrimination laws for women; its laws on both rape and sexual harassment are inadequate; and there is no minimum wage, except for cleaners and security guards.

Hungary this year more than halved its corporate tax rate to just 9%, the lowest in the European Union. Violations of labour rights have increased, and social protection spending has fallen. **Croatia** and **Egypt** both cut their maximum rates of personal and corporate income tax.[60]

Mongolia had the highest cut in social protection spending. It has recently been forced by the IMF to end its universal child benefit, so further cuts could well be on the way.[61] The **Democratic Republic of Congo (DRC)** has also cut both education and health spending.

WHAT ARE SOME OF THE OVERALL TRENDS EMERGING FROM THE NEW CRI INDEX?

Overall, the average proportions of **government spending** going to the three key anti-inequality social sectors have risen marginally since CRI 2017, from 43.15% to 43.22% of total spending. The countries increasing their spending the most were Guinea, Georgia, Mauritania, Saint Lucia, São Tomé and Príncipe, Angola, Ukraine, Kazakhstan, Liberia, Indonesia and South Korea. In the OECD, key upward movers were Iceland, Portugal and Slovenia.

- Spending on **education** has risen from an average 14.7% to 14.8% of government budgets. Significant increases were registered by Georgia, Saint Lucia, Guinea, Saint Vincent and the Grenadines, the Dominican Republic, Liberia, Uruguay, São Tomé and Príncipe, Bhutan and Cameroon. DRC, Vanuatu and Singapore saw some of the biggest decreases.

- Spending on **health** has risen from 10.36% to 10.6% of budgets, with significant increases by Kazakhstan, Colombia, Lithuania, Georgia, São Tomé and Príncipe, Thailand, Niger, Jamaica, Lao PDR and Indonesia. Australia and DRC were among the biggest cutters of health spending.

- Spending on **social protection** appears to have stayed broadly the same at 18.5% on average. Within the OECD, Iceland, Australia, Cyprus, Latvia and Portugal have increased their spending. Since the installation of their new governments, South Korea and Indonesia have also considerably increased their social protection spending. China, Mongolia and Serbia saw some of the biggest decreases in spending.

The top 10 spenders and cutters in each area of education, health and social protection can be found in section 1 on social spending.

The impact of spending on inequality has also increased somewhat, potentially reducing the average national Gini score by 18%, compared with 17.7% in CRI 2017.[62]

There has also been mixed progress on making taxation more progressive:

- On **value added tax (VAT),** a few countries reduced rates last year (Brazil, Romania and Trinidad), but just as many increased them (notably Colombia and Sri Lanka). In addition, a few countries, such as Burkina Faso and Senegal, made VAT exemptions more pro-poor, and Cambodia increased its minimum threshold for paying VAT, leaving out small traders. Overall, average rates fell slightly to 15.5%.

- On **corporate income tax**, global average rates fell very slightly, from 24.65% to 24.48%. Although 15 countries cut their CIT rates in 2017 compared with only 10 raising them, some of these cuts were limited to smaller companies (e.g. in Australia) which can be positive,[63] and most cuts were relatively small at under 2.5%. Those cutting rates tended to be more frequent in economically significant countries.[64] Hungary stands out as the worst performer for having cut CIT to 9% from 19%, but several other countries have gradually been introducing cuts over the last 4–8 years, resulting in major reductions over time in Israel, Norway, Pakistan, Spain and the UK. On the other hand, Colombia, Mali, Jordan, Greece and Peru were among those increasing. However, these changes are dwarfed by the USA's 2018 federal rate cut from 35% to 21%. This change will appear in next year's CRI, and the key question will be whether many countries will follow suit (so far, based on 2018 tax codes, the opposite seems to be the case, with only Argentina and Belgium cutting CIT, and Burkina Faso, Ecuador, South Korea, Latvia and Taiwan increasing their rates).

- On **personal income tax**, average top rates rose very slightly from 30.5% to 30.8% in 2017. Governments increasing top rates in 2016–17 included Mongolia, Guyana, Uruguay, Austria, South Africa, Jamaica and Zambia. On the other hand, Chile, Croatia and Egypt all cut their top rates. Countries increasing rates in 2018 (not represented in this year's Index, but will be in next year's) include Barbados, Colombia, Ghana, South Korea, Latvia (which has moved from a flat to a progressive tax structure), the Philippines and Sri Lanka. There are still two countries with no CIT or PIT (Bahrain and Vanuatu) and two others with no PIT (Maldives and Oman), all of which therefore have highly regressive tax systems.

However, at the same time as tax rates have been rising, effectiveness in collecting the more progressive income taxes has been falling. Tax collection effectiveness as measured by productivity has fallen by around 3%. On the other hand, countries such as Luxembourg, Togo, Fiji, Japan, Bolivia and Ukraine managed to increase their tax collection considerably in 2017.

Because of this weaker collection, the impact on inequality, or incidence of taxes has also fallen, so that taxes are likely to be reducing inequality by only 2.7%, down from 3.5% last year. Clearly a lot more could be done to improve the inequality-reducing impact of taxation. More positively, though, countries like Morocco, China and Ukraine have also managed to make their tax collection less regressive, by collecting more of the progressive taxes and less of the regressive ones.

On **labour**, much remains unchanged, but there have been positive changes on minimum wages since last year:

- On **labour rights**, the Global Labour University reports that there has been a small improvement in country scores from 4.107 to 4.165 on its scale of 1 to 10.[65] This is due almost entirely to countries that have reduced the number of legal violations of trade union and worker rights. On the other hand, virtually no countries have improved their laws and none of the countries which ban independent trade unions has changed its laws (Belarus, China, Equatorial Guinea, Eritrea, Iran, Iraq, Lao PDR, Libya, Qatar, Saudi Arabia, Sudan, Syria, Turkmenistan, UAE, Uzbekistan, Vietnam).

- As for **women's rights at work**, relatively few countries – only Barbados, Liberia and Lithuania – have introduced stronger anti-discrimination and equal pay laws since 2015. This still leaves 27 and 23 countries respectively without such laws. Unlike general labour rights, there is no global system for measuring whether such laws (and the laws measured in the new CRI 2018 indicator on violence against women) are actually being implemented and are improving women's lives.[66]

- There has been much more progress on **parental leave**, with improvements in at least 13 countries. Notable among them are Bhutan and India, which doubled both maternity and paternity leave in 2016 and 2017 respectively; Mozambique, which increased maternity leave by 50%; and Paraguay, which will increase the proportion of prior salary paid from 75% to 100% from November 2018. Colombia, the Dominican Republic and Israel have increased maternity leave by small periods (although for the Dominican Republic this has taken 15 years since ratifying the relevant ILO convention), Cyprus has introduced 14 days' paternity leave and compared with 2016, Spain more than doubled paternity leave to 35 days in 2017, adding one more week in 2018. New Zealand is gradually increasing maternity leave from 18 to 26 weeks by 2022, and there are ongoing parliamentary efforts in Guyana and the Philippines to reach the same levels. There are still five countries (Lesotho, Papua New Guinea, Suriname, Tonga and the USA) that have no statutory paid parental leave for all employees.

- More than half of countries have increased their **minimum wages** more rapidly than per capita GDP. The most dramatic increases include those in Korea and Indonesia (which have increased the minimum wage by 16% and 9% respectively) and in Burkina Faso, Madagascar, Mali, the Gambia, Kiribati, Sierra Leone, Timor-Leste, Ecuador, El Salvador and Costa Rica. A few OECD countries have also increased minimum wages considerably: Portugal, Malta and Japan. Other countries are taking dramatic steps to change their systems: Indonesia is trying to equalize wages by increasing them more rapidly in poorer regions, Austria supplemented its industry-specific bargaining with a nationwide minimum wage last year, and India introduced a nationwide floor to try to limit regional divergences. Other countries are in the process of introducing national minimum wages (e.g. South Africa, planned for 2019 and its content remains hotly debated) or least for some sectors (e.g. Cambodia for the textiles sector). This puts pressure on countries which do not yet have minimum wages (like Djibouti, South Sudan) or which limit them to specific sectors (Cambodia, Saint Lucia, Singapore, Tonga, Jordan).

In addition to these trends since last year, the following general conclusions made in 2017 still stand:

- Many countries are doing relatively well on the scale of social spending. The overall average for all 157 countries is that they are spending more on social protection (18% of budgets overall) than on education (14.8%) or health (10.6%). The average spending levels for education and health are still well below the political commitments to which many countries have signed up, as part of the Abuja and Incheon Declarations (20% and 15% respectively).[67] In most low- and lower-middle-income countries, social protection spending also remains well below the levels needed for basic social protection floors, as estimated by the Bachelet Commission (3–5% of GDP).[68] Most countries across the world still need to increase their spending on all three sectors dramatically.
- Many countries are doing rather poorly in ensuring that their social spending benefits their poorest citizens more than the wealthy and thereby reduces inequality. In 85 of the countries analysed, social spending is reducing the Gini coefficient by less than one-tenth. Countries need to do much more to ensure that their social spending reaches the poorest citizens through universal, free public provision, which is the best way to reduce inequality
- On tax, corporate taxes have fallen slightly from last year's CRI to this year's, and a number of economically significant countries have already made – or are planning to make – cuts to their corporate tax rates, as the broad pattern of the race to the bottom on corporate tax rates continues. Personal income taxes have risen a little, but the long-term trends are unclear. Reversing the race to the bottom means making both PIT and CIT more progressive and ensuring higher rates of collection from richer individuals and companies. Rates of the much less progressive VAT have stopped rising, having reached high levels in many countries. It remains to be seen whether the huge income tax cuts announced in the USA's 2018 budget will provoke a round of copycat measures elsewhere. It remains essential in many countries to ensure that rates of progressive taxes are higher, and to make VAT less regressive by exempting basic foodstuffs and small traders.
- Most countries are also doing very poorly on collecting personal and corporate income taxes, with collection levels averaging well below 15%, compared with 40% for VAT. To improve the impact on inequality, countries need to collect a much higher proportion of their potential corporate and personal income taxes, by clamping down on exemptions for large corporations and deductions for rich individuals, renegotiating tax treaties and ending the era of tax havens.
- On labour, the average minimum wage is only just over half of national GDP per capita. Over 80% of the 157 countries have laws mandating equal pay and non-discrimination in hiring by gender (a much higher figure than last year due to new primary research); but only 45% and 40% respectively have adequate laws on sexual harassment and rape, and these gender equality laws are poorly enforced in almost all countries. Countries are only scoring 6.4 out of 10 (on average) on the CRI labour rights indicator, with a much lower score on enforcement than on the existence of laws. In addition, across the world, 8% of the workforce have no labour rights because they are unemployed, while 38% often have minimal labour rights because they work in the informal sector. A further 35% have reduced rights due to non-standard employment contracts. Countries need to increase their minimum

wages, reinforce gender equality laws, implement labour rights laws much more rigorously and extend labour rights and minimum wages to employees on non-standard contracts.

The patterns vary dramatically for countries with different levels of income.

- Developing countries are spending 16% of their budgets on education, compared with only 12% among OECD countries. However, the lower a country's income, the less it spends on health (8% for low-income countries compared with 15% for OECD countries) and on social protection (7% for low-income countries compared with 37% for OECD countries).
- Developing countries (especially low-income countries (LICs)) often have a more progressive tax system on paper than OECD countries because of VAT exemptions for basic goods and small traders, and higher corporate tax rates. Nevertheless, OECD countries reduce inequality more effectively because they are better at collecting income taxes. There are different priorities here for different countries, according to their level of income: developing countries (especially MICs) should collect more personal and corporate income taxes; OECD countries need to improve their tax structures (enhance pro-poor exemptions from VAT and reverse the race to the bottom on corporate tax rates); and OECD countries and upper-middle-income countries (UMICs) must end harmful tax practices that affect the ability of other countries to collect corporate taxes.
- OECD countries generally score much higher than developing countries on labour and gender rights – especially on the existence of relevant laws and paid parental leave. On the other hand, low-income countries perform best on statutory minimum wages, due to far-sighted minimum wage increases by a small number of governments (albeit potentially undermined by poor enforcement). A large number of developing countries still need to adopt and enforce laws guaranteeing labour and gender rights, while many OECD and middle-income countries need to focus on increasing minimum wages.

LIMITATIONS OF THE CRI INDEX

The CRI Index can only ever be a simple tool that gives one measure of how countries are fighting inequality. The subsequent sections discuss the specific limitations of each of the three pillars, but there are also some overall limitations that are worth mentioning here.

What is clear is that the Index can never substitute for context-specific knowledge and the story of each country's path to reducing inequality, or for detailed analysis of each government's proposals or positions. Wherever possible, DFI and Oxfam have worked with colleagues in each country to ensure the most accurate representation of their government's efforts, and in many countries Oxfam continues to work on detailed country reports on inequality that are far more comprehensive. In the online tool accompanying the Index, many countries have added additional narrative sections with links to the work they are doing to combat inequality at country levels.

Nevertheless, in a broad index such as this, some individual countries may be unfairly praised (see Box 4), while others may be unfairly penalized. But on balance, DFI and Oxfam consider that the Index provides a strong foundation from which to gauge the commitment of a government to tackle the inequality crisis.

Box 4: Trading on past glories – when is commitment not commitment?

DFI and Oxfam have called this index the Commitment to Reducing Inequality (CRI) Index because we want to highlight the purposeful and proactive role that *committed* governments can play in tackling inequality. Nevertheless, this is not without its problems. Although we use the most up to date data we can, it can mean that some governments may be receiving credit for commitments based on policies or approaches developed by previous administrations. In some cases, current governments actively oppose these policies and are seeking to undo them.

In a significant number of rich countries, many of the policies that have seen them perform well were actually put in place in a previous era and are now under serious threat. In the UK, for example, while the key hallmarks of the welfare state such as the National Health Service remain in place and contribute to a relatively good ranking, recent governments of all parties have been nervous about reducing inequality as a specific aim of government.[69] Some analysts have highlighted how current tax policies and the recently introduced cuts to welfare benefits will significantly contribute to a forecast increase in inequality.[70]

Denmark comes top of our Index, based on its high and progressive taxation, high social spending and good protection of workers. However, recent Danish governments have focused on reversing all three of these to some extent, with a view to liberalizing the economy, and recent research reveals that the reforms of the past 15 years have led to a rapid increase in inequality of nearly 20% between 2005 and 2015.[71] Germany's longstanding welfare institutions significantly reduce inequality. However, since the early 1990s, income gains have predominantly gone to those earning more, leading to increases in the level of income inequality before redistribution by the state. Regressive tax reforms over the last 20 years have in turn diminished the redistributive impact of government policy.[72] Together, these factors have led to growing inequality. The French government is progressively tumbling down in the tax ranking following its tax reform in 2017, taking the corporate tax down from 33% to 28%. Further cuts should occur soon, with the corporate tax rate progressively being taken down to 25% by 2022. Together with the removal of the wealth tax and the increase of regressive taxes, this tax reform in France illustrates the global trend towards more regressive tax systems. This will be reflected further in the next iteration of the Index as the impact on revenues is felt.

Equally, across Latin America, new governments have been elected that are not as committed as their predecessors to reducing inequality and are even (in some cases) taking steps to reverse progressive policies.

Nevertheless, the majority of the data that have been collected for the Index are recent and are based on budgets, which means that the Index can be updated each year, with countries moving up or down the rankings depending on changes in their policies. If a country substantially increases the minimum wage or boosts education spending in the next budget, then it will be rewarded with an increased CRI Index score. Over time, this will enable a more accurate assessment of the commitment of governments.

The CRI Index focuses mainly on redistributive actions that governments can take, rather than those that would prevent rising inequality in the first place. While it looks at how a government can intervene to make the labour market fairer, it does not, for example, look at corporate governance (to reduce excessive shareholder control of the economy), land redistribution or industrial policy as ways to ensure greater equality. The situation in countries such as South Africa, which has rising levels of inequality despite a relatively good score on the Index, can only be explained by looking at these structural issues. Oxfam's recent papers, *An Economy for the 99%*,[73] and *Reward Work, Not Wealth*[74] also address these issues directly.[75]

Data constraints have prevented the inclusion of these structural policies and many other suitable indicators, because the Index has aimed to cover the largest group of countries possible. Many potential indicators have not been used because they do not extend beyond a small range of countries, usually those with higher incomes. A massive, concerted effort to improve data on inequality and its contributing factors is urgently needed, especially within poorer countries. Gender-disaggregated data are also essential. Later in this report is a discussion of some other areas that the Index might explore in subsequent versions.

Finally, the CRI Index does not aim to cover all actors in the fight against inequality. Other key players – notably the private sector and international institutions such as the World Bank and the IMF – have an important role to play, as do rich individuals. However, while Oxfam's campaigns and those of its allies target all of these actors, governments remain the key players. Democratic, accountable government is the greatest tool for making society more equal, and unless governments across the world do much more in these three policy areas, there will be no end to the inequality crisis.

AREAS FOR IMPROVEMENT AND FURTHER DEVELOPMENT

Economic inequality and gender

Within each of the three areas – spending, tax and labour rights – action to combat economic inequality overlaps significantly with action to combat gender inequality. Gender inequality is exacerbating the growing gap between rich and poor, while growing inequality is in turn making the fight for gender equality harder in countries across the world. Oxfam has shown in its recent papers[76] that the fight against economic inequality is inextricably linked with the fight against gender inequality. Women are hardest hit by regressive taxation and by low or regressive public spending, and they are consistently among the worst paid in the most precarious jobs, while both laws and social conventions limit their ability to organize for their rights. They also provide the majority of unpaid care work and so are most affected when public services are inadequately funded, further entrenching inequality.

Each section of this report has specific sections on gender. Sadly, the availability of data allows for specific indicators only in the labour pillar. This year we have added two more indicators to this pillar, so it now has indicators on parental leave and legal protections for equal pay, gender discrimination, sexual harassment and rape. While there are datasets with gender-related statistics available (such as the World Bank's Women, Business and the Law database and the OECD's Social Institutions and Gender Index), unfortunately we were not able to use some or all of the data due to issues with their reliability and age, nor could we carry out an exhaustive corroboration of the gender indicators with our country programmes for this version of the Index due to time constraints. There are also not currently enough reliable data for enough countries to look at either spending or taxation from a gender perspective for the purposes of this Index. Only relatively few countries have engaged in sustained gender budgeting, so no overall comparative assessment is possible of the degree to which tax and spending policies fight gender inequality, although the benefits of gender budgeting are well documented.

However, there are upcoming initiatives to close the gender data gap, whose data may be used to bolster future iterations of the CRI Index. For example, UN Women is helping to collect data related to gender-responsive budgeting, specifically on the SDG indicator that tracks public allocations for gender equality and women's empowerment. They are also working with the United Nations Statistics Division on the Evidence and Data for Gender Equality (EDGE) initiative to improve the integration of gender issues in statistics. Oxfam strongly supports efforts to increase both gender-responsive budgeting and the collection of gender-disaggregated data, as the gender data gap can prevent countries from understanding the effects of inequality on women and girls, leading to the creation of programmes and policies that are gender-blind and ultimately further reinforcing gender inequality.

Economic inequality and youth

Inequalities between young men and women and older generations are growing across the world. The major accumulation of wealth to those at the top of the income spectrum has created a difficult present and an uncertain future for the majority of today's youth. Extreme economic inequality has been shown to inhibit social mobility,[77] which means that the children of poor parents will stay poor themselves. Unless they come from privileged backgrounds, in many countries young people have fewer opportunities to make the most of their skills and talents, because of the huge and growing gap between rich people and everyone else.

Young women and men both face significant, though often very different, hurdles. Race, age, gender and other inequalities intersect to reinforce the barriers that confront young people. For example, where education is not freely and widely available, young women are more likely to lose out, and the public services that young women particularly need, including family planning services, are chronically underfunded, making it harder for them to escape poverty. Young men and women – as in the USA, for example – can have their ability to ascend or hold their place on the economic ladder affected by factors beyond their control, like racial discrimination. Young men are much more likely to die violently,[78] often at the hands of the police. In a study by the Equality of Opportunity Project, researchers found that American Indian and black youth have a much higher rate of *downward* mobility compared with other races, even those who had initially started at a higher socio-economic level.[79]

Progressive social spending and taxation can counter the growing inequality between young and older women and men by reducing the wealth handed down between generations directly, and by using revenues to spend more on education, health and a full range of the public services that young women and men need. Equally strong labour rights are key to helping young people secure a fair wage. Many minimum wages do not apply to young people, so eligibility criteria need to be extended.

Economic inequality, elite capture and political participation

Many decades ago, US Supreme Court Justice Louis Brandeis famously said: 'We may have democracy, or we may have wealth concentrated in the hands of a few, but we can't have both'. Across the world, faced with growing gaps between elites and the rest of society, politicians are clamping down on democratic rights and closing the space for civil society.[80] Inclusive policy making processes which respect the rights and voice of all people are important as an end in themselves – but also to secure the best policies. Conversely, policy making processes dominated by elites undermine democracy and have been shown to result in policies that predominantly benefit those elites.[81] Poor and marginalized women, who have struggled to maintain a foothold in political processes, are often the hardest hit by political capture and shrinking civil society space.[82]

Currently, the CRI Index has no explicit measure of political openness or corruption. Many of the poorest-performing countries also experience high levels of corruption and low levels of political participation. They also have high levels of elite control of government, media and businesses, with extensive networks of patronage and clientelism. While the Index does not measure this directly, there is a link between poor government performance and levels of corruption and poor governance. This connection is something that DFI and Oxfam intend to investigate in greater depth in future years, perhaps including indicators on corruption or governance and participation, as well as women's participation.

Other policies of relevance to inequality

Social spending, tax and labour rights are not the only areas in which governments can take action to reduce inequality. Other policies – for example, on small and medium-sized enterprises (SMEs), rural development and financial inclusion – can and do have an impact. However, concerted action on spending, taxation and labour rights is a common feature of success stories in reducing inequality, and any government seeking to tackle inequality should therefore prioritize action in these three areas.

RECOMMENDATIONS

1. **Policy action**

   Governments must dramatically improve their efforts on progressive spending, taxation and workers' pay and protection as part of National Inequality Reduction Plans under SDG 10.

   Ahead of the review of SDG 10 in July 2019, countries must produce national plans to show how they will reduce inequality. These plans should include increases in taxation of the richest corporations and individuals, and an end to tax dodging and the harmful race to the bottom on taxation. Spending on public services and social protection needs to be increased and improved. There needs to be systematic tracking of public expenditures, involving citizens in budget oversight. Workers need to be better paid and better protected. The situation of women and girls, who are concentrated in the lowest-paid and most precarious forms of employment, needs to be understood and addressed, as well as the role of the unpaid care economy.

2. **Better data**

   Governments, international institutions and other stakeholders should work together to radically and rapidly improve data on inequality and related policies, and to accurately and regularly monitor progress in reducing inequality.

   Throughout this report, we highlight the many areas where data constraints prevent a robust assessment of the progress being made on reducing inequality; yet it is imperative that people can understand and hold governments to account for the policies that are in place and the outcomes they affect. Data on inequality remain extremely poor and irregular; official data on spending, tax and labour policies should be collected regularly as part of the SDG monitoring process. Gender-disaggregated data are essential. There is also a wide range of additional data priorities (notably on the impact of policies on gender issues and youth, but also on social protection spending, capital gains and property/wealth taxes, minimum wages and non-standard employment).

3. **Policy impact**

   Governments and international institutions should analyse the distributional impact of any proposed policies, and base their choice of policy direction on the impact of those policies on reducing inequality.

   Data are of little use without an analysis of the impact of policies on reducing inequality. There must be greater investment in analysis (across more countries, more regularly, and in a wider range of policy areas) of the impact of government policies on inequality. The top priorities are to analyse the composition and impact of spending on inequality, the impact of taxes on inequality and the amount of tax that could be collected, tax haven behaviour, trends in and coverage/enforcement of labour rights, gender equality and minimum wage rights in all countries.

Table 3: CRI Index 2018 country rankings

Country	Overall CRI rank	CRI rank on spending	CRI rank on taxation policies	CRI rank on labour rights and wages
Denmark	1	5	2	2
Germany	2	8	6	4
Finland	3	2	8	11
Austria	4	6	9	7
Norway	5	14	10	1
Belgium	6	7	5	21
Sweden	7	19	12	5
France	8	3	22	16
Iceland	9	24	26	3
Luxembourg	10	20	34	8
Japan	11	10	30	20
Slovenia	12	11	33	14
Australia	13	31	1	37
United Kingdom	14	15	19	27
Croatia	15	12	37	22
Italy	16	21	13	36
Netherlands	17	22	41	12
Canada	18	32	16	15
Portugal	19	26	36	30
Poland	20	1	114	33
Malta	21	44	11	13
Spain	22	13	52	35
United States	23	25	39	34
Ireland	24	4	99	28
Israel*	25	40	31	10
Estonia	26	28	105	6
New Zealand	27	17	100	25
Czech Republic	28	9	112	26
Hungary	29	30	90	24
Slovak Republic	30	18	121	17
South Africa	31	34	3	65
Namibia	32	27	29	56
Switzerland	33	23	137	9
Argentina	34	33	45	45
Chile	35	35	60	39
Costa Rica	36	41	48	38
Greece	37	16	102	60
Uruguay	38	37	66	48
Brazil	39	38	64	49
Tunisia	40	59	17	50

Country	Overall CRI rank	CRI rank on spending	CRI rank on taxation policies	CRI rank on labour rights and wages
Belarus	41	29	38	97
Lithuania	42	39	146	18
Ukraine	43	45	106	41
Cyprus	44	51	135	29
Seychelles	45	104	35	31
Bulgaria	46	49	130	32
Romania	47	57	83	43
Latvia	48	36	148	23
Georgia	49	48	4	117
Russian Federation	50	61	72	55
Guyana	51	65	32	63
Antigua and Barbuda	52	102	129	19
Turkey	53	62	42	70
Bolivia	54	54	25	89
Lesotho	55	71	65	52
Korea, Rep.	56	60	81	61
Colombia	57	46	56	95
Mongolia	58	78	77	47
Jordan	59	82	14	74
Moldova	60	43	140	51
Armenia	61	55	67	88
Kyrgyz Republic	62	69	63	77
Mauritius	63	52	143	44
El Salvador	64	77	54	78
Ecuador	65	96	27	76
Albania	66	53	75	105
St. Lucia	67	63	87	79
Maldives	68	90	131	42
Barbados	69	97	110	53
Paraguay	70	68	108	75
Kazakhstan	71	64	119	72
Trinidad and Tobago	72	75	118	66
Serbia	73	50	144	57
Thailand	74	56	82	112
Malaysia	75	99	74	73
Kiribati	76	72	76	92
Cabo Verde	77	84	124	59
Samoa	78	111	84	64
St. Vincent and the Grenadines	79	66	136	62
Algeria	80	94	69	86
China	81	67	57	115
Peru	82	79	68	102

Country	Overall CRI rank	CRI rank on spending	CRI rank on taxation policies	CRI rank on labour rights and wages
Botswana	83	85	71	94
Mexico	84	47	125	109
Occupied Palestinian Territory**	85	100	127	58
Guatemala	86	76	98	96
Malawi	87	108	7	121
Tajikistan	88	92	111	82
Dominican Republic	89	73	109	98
Indonesia	90	98	23	116
Swaziland	91	83	92	99
Zimbabwe	92	74	20	135
Yemen, Rep.	93	118	116	68
Philippines	94	114	91	84
Honduras	95	136	24	81
Jamaica	96	80	123	91
Central African Republic	97	137	147	40
Morocco	98	112	78	101
Vietnam	99	89	46	126
Bahrain	100	119	149	46
Solomon Islands	101	58	113	130
Sri Lanka	102	142	51	80
Mauritania	103	123	94	90
Egypt, Arab Rep.	104	124	43	110
Papua New Guinea	105	122	55	111
Zambia	106	86	40	136
Tanzania	107	95	15	144
Fiji	108	134	96	83
Panama	109	138	126	69
Kenya	110	141	18	108
Angola	111	125	89	103
Senegal	112	103	85	122
Oman	113	126	152	54
Ghana	114	130	28	120
Belize	115	70	154	67
Azerbaijan	116	140	70	100
São Tomé and Principe	117	87	141	104
Lebanon	118	117	133	93
Mozambique	119	115	21	142
Djibouti	120	116	53	137
Cambodia	121	129	95	118
Gambia, The	122	120	93	125

Country	Overall CRI rank	CRI rank on spending	CRI rank on taxation policies	CRI rank on labour rights and wages
Côte d'Ivoire	123	109	115	129
Liberia	124	113	120	127
Togo	125	121	59	134
Burkina Faso	126	88	79	153
Afghanistan	127	152	107	87
Mali	128	105	101	145
Guinea	129	110	150	106
Uganda	130	131	47	140
Ethiopia	131	101	86	152
Timor-Leste	132	147	128	107
Rwanda	133	128	88	138
Cameroon	134	144	49	139
Congo, Rep.	135	148	80	128
Vanuatu	136	150	97	124
Pakistan	137	154	61	119
Myanmar	138	156	62	113
Nepal	139	149	117	123
Benin	140	132	73	149
Guinea-Bissau	141	139	151	114
Niger	142	107	134	151
Burundi	143	106	122	157
Congo, Dem. Rep.	144	155	58	131
Tonga	145	93	139	155
Kosovo	146	127	155	85
India	147	151	50	141
Bangladesh	148	146	103	148
Singapore	149	91	157	71
Lao PDR	150	153	44	146
Madagascar	151	135	142	143
Bhutan	152	81	153	147
Sierra Leone	153	143	132	150
Chad	154	145	138	154
Haiti	155	133	145	156
Uzbekistan	156	42	156	132
Nigeria	157	157	104	133

*** Israel**

These figures relate to the Government of Israel's national budget, tax system, labour conditions and gender equality and related laws that the State of Israel applies to its citizens. It must be noted, however, that Israel is the occupying power in the Occupied Palestinian Territory (OPT). In this capacity, Israel maintains various degrees of control over the occupied Palestinian population. Those under complete Israeli control in Area C of the West Bank do not benefit from the protections of Israel's labour laws while Israeli settlers unlawfully residing in the same geographic locations do. The key drivers of inequality and injustice for Palestinians in the OPT are the protracted occupation, recurrent conflict and the systematic and ongoing denial of Palestinian rights. While this Index measures fairness of taxation, levels of social spending and work conditions, it is not designed to capture elements related to a situation of military occupation. The results of Oxfam's CRI Index as they relate to Israel's control of the OPT should be interpreted in the light of these facts.

**** Occupied Palestinian Territory**

The figures are related to the parts of the Occupied Palestinian Territory (OPT) that fall under the jurisdiction of the Palestinian National Authority (PNA). The OPT refers to the Palestinian territory occupied by Israel since the 1967 war: the Gaza Strip and the West Bank, including East Jerusalem. The OPT is recognized as one territorial entity under international law. The key drivers of inequality and injustice for Palestinians in the OPT are the protracted occupation, recurrent conflict and the systematic as well as ongoing denial of Palestinian rights. While this Index measures fairness of taxation, levels of social spending and work conditions, it is not designed to capture elements related to a situation of military occupation. It should be noted that the PNA and Palestinian economy remain heavily constrained by the ongoing occupation. Taxation in the OPT is subject to the Oslo Accords (Protocol on Economic Relations or Paris Protocol) and the PNA is not fully sovereign in determining tax policies as they pertain to indirect taxation, the majority of which are collected by the occupying power and transferred to the PNA. However, the PNA retains power to levy and collect direct taxes under its authority and Oxfam partners are seeking to encourage it to address issues of tax inequality where it can, within the constraints outlined above. The results of Oxfam's CRI Index as they relate to the OPT should be interpreted in the light of these facts.

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Country	Spending on health, education and social protection	Progressive structure and incidence of tax	Labour market policies to address inequality	Total CRI Rank
Denmark	5	2	2	1
Score	0.74	0.92	0.97	0.87

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For more information, or to comment on this report, email max.lawson@oxfaminternational.org or matthew.martin@dri.org.uk

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