CHAPTER 6
PROMOTING EQUALITY AND SOCIAL JUSTICE IN A CHANGING WORLD

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KEY MESSAGES

- The megatrends reviewed in this report present opportunities as well as challenges for the reduction of inequality. A number of countries have managed to protect the most vulnerable from the negative effects of these powerful trends while ensuring that the benefits arising from some of them are widely shared.

- There is broad agreement on the importance of universal access to quality education to break the intergenerational cycle of growing inequality and promote inclusive development. Sadly, the education system has often served to reinforce inequality rather than help to level the playing field.

- Changes under way in the world of work are major drivers of rising inequality. In order to manage these changes, Governments and the international community must strengthen labour market institutions, including those that represent workers.

- Greater redistribution through taxes and public spending is urgently needed. Yet emphasis on balancing public budgets has often resulted in declines in social spending and investments in infrastructure.

- Social protection is a crucial element of national strategies to reduce inequality. Currently, only 45 per cent of the global population is effectively covered by at least one social protection benefit.

- Mobilizing support for policies that promote more equitable societies can be difficult. Understanding the political constraints to reducing inequality and devising ways to overcome them is key to progress.

- High inequalities within and among countries are a global problem. Multilateral action is essential to address inequality and manage other megatrends – not least because the consequences of rising inequality do not respect national borders.

Rising inequalities are holding back progress towards poverty eradication and other SDGs. They are also contributing to social tensions and political instability. Technological innovation, climate change, urbanization and international migration have, in some cases, exacerbated inequality. However, the impacts of these megatrends are not set. The previous chapters show that they can be managed in an equitable manner to ensure that their benefits are broadly shared and their burdens do not fall disproportionately on those without the resources to cope and recover. Climate change, for instance, cannot be stopped or reversed in the short term, but social considerations can be made part of adaptation and mitigation policies as countries transition to green economies.

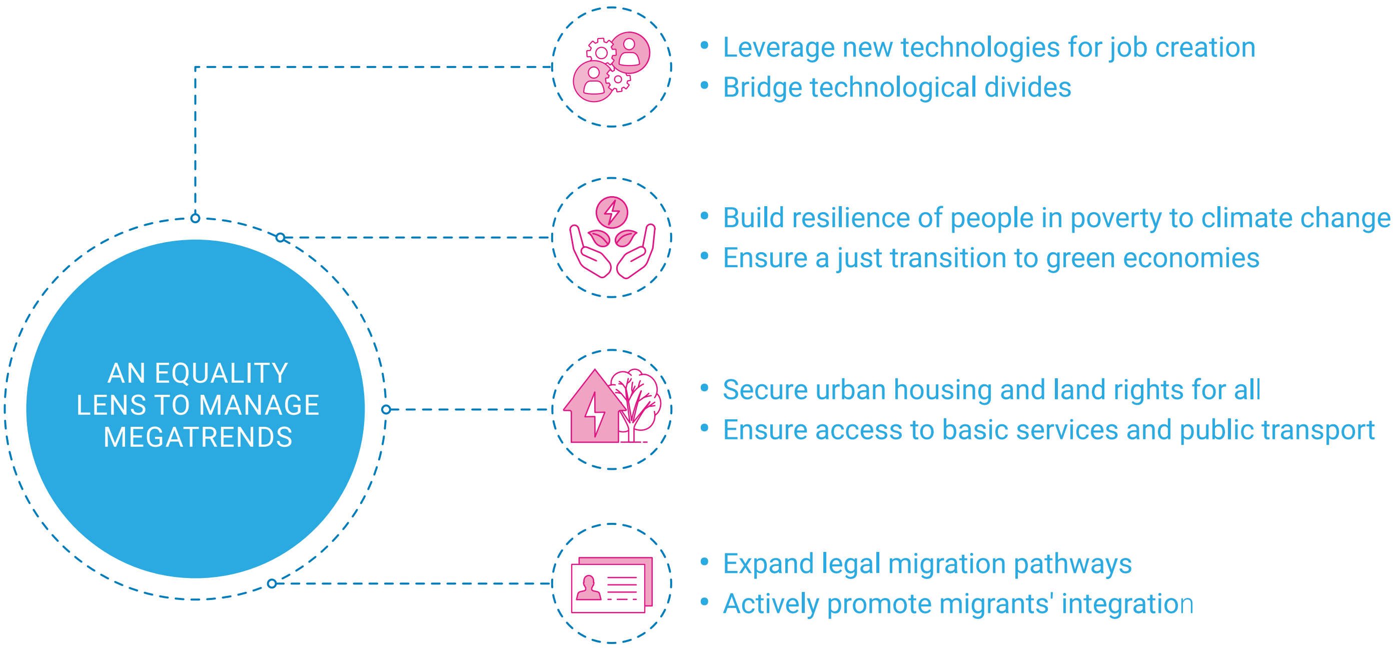
Applying an equality lens to policymaking calls for enhancing the positive impacts of these megatrends; it also means reconsidering policies that aggravate their harmful effects. While technological change may be contributing to job polarization and intensified wage inequality, for instance, financial and labour market deregulation, reduced corporate tax rates and declines in income tax progressivity have also contributed to rising inequality. Redoubling efforts to address the root causes of inequality today will open space to manage other global trends for the benefit of all. Section A points to concrete strategies to leverage the potential of the megatrends examined to reduce poverty and promote inclusion. Section B highlights the basic building blocks of an integrated policy strategy to reduce inequality within countries, based on a review of good practices. Section C emphasizes the importance of revitalizing multilateralism to address inequality among countries and other global trends.

BEYOND PROMOTING THE POSITIVE IMPACTS OF THESE TRENDS, IT IS IMPORTANT TO RECONSIDER POLICIES THAT AGGRAVATE THEIR HARMFUL EFFECTS

A. Managing global trends through an equality lens

In general, new technologies are expanding opportunities for highly skilled workers and benefiting mostly the wealthiest segments of society. Job disruption brought about by the current wave of automation and artificial intelligence is affecting mainly low- and middle-skilled workers. Furthermore, in many countries, productivity gains generated by new technologies are being captured by a small number of dominant companies.

An equality lens calls for policies and regulations that leverage the potential of new technologies to reduce poverty and create jobs, while narrowing technological divides. Currently, important differences are observed across countries in how jobs are being redesigned or made redundant in response to technological change. With the right incentives, businesses can regroup tasks into new jobs, train workers or align their workflows accordingly. The fact that some tasks traditionally performed by workers are being automated means that job profiles may change, but it does not have to lead to a loss of jobs, as new tasks are also being introduced (ILO, 2018b). Whether changes in skill needs must lead to the disappearance of jobs is as much a technological question as an institutional one.



THE POTENTIAL OF NEW TECHNOLOGIES CANNOT BE REALIZED IF ENTIRE SEGMENTS OF THE POPULATION LACK ACCESS TO THEM

Automation and digitalization may also allow many workers to improve their productivity and earn higher salaries, provided they are supported in adopting new tasks and making use of these new technologies. Strategies must also be in place to ensure a level playing field for businesses and to maintain a competitive environment, so that new technologies benefit the economy at large instead of reinforcing "first-mover" advantages. Without measures to prevent first-mover businesses from distorting markets in their favour, productivity differentials between businesses and workers may widen.

The potential of new technologies cannot be realized if entire segments of the population lack access to them. Even in contexts of broad access, the use of new technologies can exacerbate inequalities. Gaps in education, for instance, can widen if new technologies improve the learning outcomes of children in wealthier households disproportionately. Reducing inequality calls for closing the digital divide between and within countries. A number of countries, including some in the developing world, have made progress in extending the necessary infrastructure to rural and remote areas and in expanding education and training in the use of digital technologies.

An equality lens also calls for policies that build the resilience of those who are disproportionately exposed to the risks of climate change. This is even more pressing for people who lack the resources needed to cope and recover from its effects, including those living in poverty, small landholders and indigenous peoples. Rising temperatures and more extreme weather events are affecting both the prevalence and depth of poverty, making it harder for people to escape poverty and increasing the likelihood that they will fall into poverty. The effects of climate change may also reduce the livelihood opportunities of future generations, especially in the most affected countries, and exacerbate downward intergenerational mobility.

Climate action and the transition to green economies offer opportunities for the reduction of poverty and inequality but, like other processes of structural transformation, also entail challenges. In order to reduce inequality, adaptation strategies must prioritize people living in poverty and other disadvantaged groups. As countries undertake the economic restructuring needed for the greening of economies, training must be readily available to ensure that displaced workers are equipped to enter new sectors. Making sure that mitigation technologies, such as renewable energy production, are broadly diffused and adopted will also be of paramount importance.

The focus on equality should therefore be an essential component of policy frameworks for a just transition. Such a transition calls for integrating climate action with macroeconomic, labour and social policies aimed at job creation, skills development and adequate support for those who will be negatively affected. Environmental taxation can play a key role in supporting this transition. However, unless environmental fiscal policies are accompanied by measures to compensate or protect the most vulnerable, they can aggravate poverty and inequality by increasing prices of basic goods and services such as food, heating and transportation.

Urbanization brings opportunities for poverty reduction and social mobility, but it can also lead to increased inequalities and social exclusion. The uncontrolled growth of many cities has resulted in inadequate provision of public services and a failure to guarantee a minimum quality of life for all urban residents. The current speed of urbanization in developing countries makes urban governance and adequate planning increasingly urgent.

While there is no one-size-fits-all solution to reducing urban inequality, some Governments have been able to address the spatial, economic and social aspects of the urban divide and promote inclusive urbanization, including in rapidly growing cities. Their strategies have four elements in common. First, they have established land and property rights, paying particular attention to security of tenure for people living in poverty. Second, they have improved the availability of affordable housing, infrastructure and basic services and access to these services, since good transport networks, including between residential and commercial areas, is key to spatial connectivity and economic inclusion. Third, they have facilitated access to education and decent employment for all urban residents. Fourth, they have put participatory decision-making mechanisms in place to encourage input from all stakeholders in the allocation of public funds and in the formulation, monitoring and evaluation of all policies.

International migration can widen prospects for poverty reduction and social mobility as well. It can help reduce inequality between countries and does not necessarily increase inequality within countries. But the positive outcomes of migration are far from assured. Migration policies have often helped maintain inequalities within and among countries, rather than contributing to their reduction.

IF MIGRANTS ARE ADEQUATELY SUPPORTED AND MIGRATION IS PROPERLY MANAGED, THE BENEFITS OF MIGRATION WILL FAR OUTWEIGH ITS CHALLENGES

An equality lens calls for opening avenues to the movement of migrant workers at all skill levels, ensuring that they can use their skills productively and send remittances to their home country at a low cost. Countries of destination must also do more to promote the integration of migrants, uphold their rights, provide access to social services and address discrimination against them. If migrants are adequately supported and migration is properly managed, its benefits will far outweigh its challenges.

The megatrends examined in this report interact with each other in multiple ways, which may have implications for inequality. Advances in technology hold great potential for reducing carbon emissions and slowing climate change, for instance. Rapid urbanization can make people more vulnerable to the impacts of climate change, yet cities have been at the forefront of efforts to combat it. Although the synergies and trade-offs between these different trends are not the focus of this report, they make it even more apparent that the substantial challenges and opportunities they pose cannot be addressed in isolation.

B. Reducing inequality within countries: what experience can teach us

The commitment shown by Governments in adopting the 2030 Agenda for Sustainable Development and its Goal 10 has not yet been matched with effective action. Inequalities within many countries continue to rise.

Clearly, no single set of policies is applicable to all countries or in all contexts. Instead, this report highlights three basic building blocks of a coherent and integrated policy strategy to reduce inequality in all its dimensions.[103] First, addressing the root causes of inequality calls for promoting equal access to opportunities. Second, creating a policy and institutional environment conducive to the reduction of inequality requires macroeconomic policies and institutions oriented towards this goal. Third, in order to reduce inequality, countries must address prejudice and discrimination and promote the participation of disadvantaged groups in economic, social and political life.

[103] In December 2017, the General Assembly encouraged the United Nations Secretary-General to "include best practices in the reduction of inequalities within and among countries in the *Report on the World Social Situation 2019*" (A/RES/72/141, para.71). The findings and conclusions contained in this section respond to this request.

THREE BUILDING BLOCKS TO REDUCE INEQUALITY

1 Promote equal access to opportunity

2 Pursue more progressive taxation and strengthen social protection systems

3 Tackle prejudice and discrimination to ensure equal participation

Ample evidence points to what has and has not worked to reduce inequality under each of these basic pillars. As this section's policy review suggests, inaction is due not to lack of sound technical advice or even, in most cases, adequate capacity. Rather, mobilizing support for many of the policy responses to inequality can be an uphill battle: depending on how they are designed and implemented, efforts to reduce inequality will inevitably challenge the interests of certain individuals and groups. At their core, they affect the balance of power. Understanding the political constraints to reducing inequality and devising ways to overcome them is key to breaking the current stalemate.

UNDERSTANDING THE POLITICAL CONSTRAINTS TO REDUCING INEQUALITY AND DEVISING WAYS TO OVERCOME THEM IS KEY TO BREAK THE CURRENT STALEMATE

1. Expanding people's access to opportunity

Ensuring equal opportunity is an aspirational and distant goal. It calls for giving all children the same chances to advance their capabilities and to reap returns to their education through decent jobs, regardless of where they live and the conditions in which they were raised. Education, health and labour market policies affect the distribution of human capital, skills and wages. In principle, they should foster intergenerational mobility and affect how incomes are generated, reducing disparities in market (primary) income.

There is broad agreement on the importance of ensuring universal access to quality education, in particular, to expand access to opportunity. That said, the education system has often served to reinforce inequality rather than help to level the playing field.

a. Education: the great equalizer?

Increasing school enrolment and educational attainment should allow growing shares of the population to make a decent living and enjoy income security. In its initial stages, the expansion of education may result in increasing wage and income inequality. But as the number of people with secondary and higher education grows, wage differences between more and less educated workers (the "skill premium") should decline. The expansion of education should also promote meritocratic systems that primarily reward skill and effort, rather than wealth, social class or group ascription.

THE EDUCATIONAL SYSTEM HAS OFTEN SERVED TO REINFORCE INEQUALITY RATHER THAN HELP LEVEL THE PLAYING FIELD

In practice, improving access to education does not always result in lower inequality. Much depends on how educational policy is designed and implemented. While primary school enrolment has increased worldwide, many children are still out of school, particularly those living in poverty. The provision of education and other basic services remains fragmented and exclusionary in many countries. Moreover, vast differences are found in the quality of education provided to children in urban and rural areas, or from more and less wealthy families, even under conditions of near-universal coverage. Children in middle- and high-income households living in urban areas often benefit more from government spending on education than low-income groups in rural areas due to the unequal distribution of funding (UNICEF, 2015). At the global level, the share of government spending on education in national budgets is lower in low- and middle-income countries than in high-income countries. As a result, the education system has often served to reinforce inequality rather than give every child an equal chance of succeeding.

In some cases, increases in education have not kept pace with the changing demands of the labour market. Goldin and Katz (2008) argue, for instance, that rising inequality in the United States since 1980 stems, in part, from the fact that the education system has not supplied the type and amount of skills needed during this period of skill-biased technological change. The proportion of highly educated workers has grown, but not enough to keep up with the labour market's changing needs. As a result, the skill premium has increased.

In general, ensuring funding for the expansion of quality primary education and enforcing compulsory schooling up to lower secondary education have helped boost equitable access, as has the universal provision of pre-primary schooling. In Europe, the expansion of public pre-primary education has proven more effective in reducing earnings inequality than any other measures aimed at making educational systems more inclusive and equitable – such as raising the duration of compulsory schooling, prescribing standardized tests or strengthening school accountability (Checchi and van de Werfhost, 2014). Disadvantages faced by children based on their family background are more likely to manifest in situations where schooling starts at a later age.

In many developing countries, educational policies have prioritized funding for tertiary education, often to the detriment of funding for primary and secondary education, in what has been termed the "tertiary tilt" (Carnoy, 2011; Gruber and Kosack, 2014). This tilt has pushed income inequality upwards, as students from high-income families are better positioned to enrol in tertiary education and benefit from it than students from low-income families, who benefit the most from public investment in primary and secondary education.

What's more, the expansion of education has not been accompanied by systematic improvements in the quality of education. Large proportions of students do not achieve minimum proficiency in reading and, in some cases, learning outcomes are deteriorating (UNESCO, 2019). In fact, the data available suggest that improved access to education has often resulted in increased inequality in learning outcomes (Torpey-Saboe, 2018). Disparities between schools or programmes based on geography, socioeconomic status, race and ethnicity can be found in most education systems. Moreover, better-off families can fund private, supplementary forms of education for their children. If inequalities in learning outcomes continue unabated, education will contribute to rising inequality.

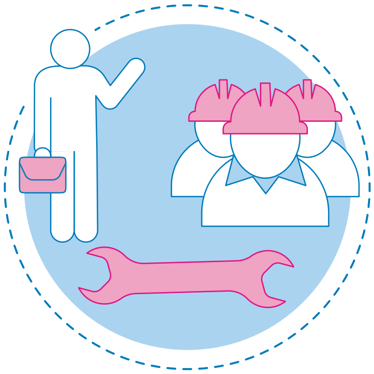
Countries that have made progress in improving learning outcomes have invested in training teachers and have increased their salaries; they have also made efforts to deploy teachers equitably across regions and areas. These include countries in developed regions, such as Australia, Finland, Japan and Sweden, as well as those in developing regions, including Brazil, China, Kazakhstan and the Republic of Korea (Wei, Andree and Darling-Hammond, 2009, and Global Campaign for Education and Education International, 2012). Some countries still need to establish minimum levels of proficiency and many must finance national assessments to evaluate learning outcomes, teacher training and curricula.

b. Investing in work

Improvements in education will have little effect on inequality without successful school-to-work transitions and decent job prospects. In its recent report, the Global Commission on the Future of Work noted the stark contrast between the transformative changes under way in the world of work and the level of preparedness of Governments and the international community to manage them (ILO, 2019). An initial step towards addressing this disconnect is to increase investments in labour market institutions, including those that represent workers, and policies such as minimum-wage laws and active labour market policies.

IMPROVEMENTS IN EDUCATION WILL HAVE LITTLE EFFECT ON INEQUALITY WITHOUT SUCCESSFUL SCHOOL-TO-WORK TRANSITIONS AND DECENT JOB PROSPECTS

Growing vulnerability in the world of work has taken place alongside declines in membership in trade unions. The percentage of employees who are members of trade unions declined in 60 out of 88 countries with data between 2004 and 2016.[104] In OECD countries, where the collective representation of workers has traditionally been highest, trade union membership is half of its 1985 level (OECD, 2017a).



The percentage of employees who are members of trade unions declined in 60 out of 88 countries with data between 2004 and 2016

[104] ILOSTAT database, trade union density rate (%). Available at: https://ilostat.ilo.org/data/. Accessed on 1 August 2019.

On average, unionized workers earn higher wages than their non-unionized counterparts, with the union-wage effect being greater among less-skilled workers than among skilled workers, especially in the public sector (Card, Lemieux and Riddell, 2018; Herzer, 2016; Freeman, 2009). However, unions organized around the traditional employer-employee relationship are not well-suited to giving voice to those who are self-employed or in informal employment.

The growing incidence of non-standard forms of employment and the persistence of informal employment have created momentum for different forms of collective representation. Associations of self-employed workers or cooperatives – two different types of membership-based organizations – have improved the terms on which workers in vulnerable employment engage in the labour market. Some of these associations represent members' interests with local authorities, rather than their employers, and so resemble social movements more than conventional trade unions (World Bank, 2012; Agarwala, 2013). The main limitation of these forms of organization is that they usually do not have a legal mandate to participate in collective bargaining directly. Supporting laws can make new forms of association fit for collective representation. For now, they cannot substitute for traditional trade unions.

Unions are also adjusting to changes in the world of work. Some have expanded membership to workers under non-standard contracts or have lobbied to promote their rights (OECD, 2019c). In the United Kingdom, for instance, drivers for the platform Uber were reclassified from independent contractors to workers covered by minimum wage laws and other basic provisions after a union took their case to an employment tribunal in 2018.[105] Ireland is considering a bill to prohibit "bogus self-employment" – when workers for a company are classified as independent contractors while working regularly for one business. There is also scope to expand union membership to workers in informal employment. Considering the ongoing changes in the world of work, unions will also have to find ways to connect with workers outside traditional workspaces, advocate for new forms of decent employment that ensure worker protection and offer new services, such as the sharing of information about portable benefits.

Wage-setting mechanisms must also be strengthened. Well-designed minimum-wage policies are key to ensuring income security. They have helped reduce wage inequality without reducing employment levels, partly because minimum wages are set at very low levels.[106] While these policies only cover workers in formal employment, evidence from developing countries indicates that minimum wages can drive increases in earnings in the informal sector as well, mainly because they are taken as a reference for less-skilled workers throughout the economy (Rani, 2017; Dinkelman and Ranchhod, 2012; Khamis, 2008).

[105] The state of California, in the United States, has recently reclassified Uber drivers from individual contractors to company workers as well.

[106] See, for instance, Bourgignon (2015), Godoy and Reich (2019), Freeman (2009) and Betcherman (2012).

All workers, regardless of wage or skill, will experience an increasing number of job transitions over the course of their lives. Active labour market policies can support these transitions by improving job matching and fostering new job opportunities. Such policies are well recognized and accepted by Governments. However, their ability to reach the poorest is contingent on how the programmes are designed and implemented. Often, they are not located in the neediest areas and not enough mechanisms are put in place to effectively target the poorest households. Traditional job search assistance, for instance, has not been effective in countries with large informal sectors, where most workers are self-employed and engaged in agriculture. New technologies can extend the reach of mediation and improve information on job opportunities.

Despite their significance during this time of transition, labour market policies alone will not bring about the structural transformations necessary to create decent work for all and promote inclusive economic growth. A policy environment conducive to the creation of more and better jobs requires macroeconomic policies oriented towards such goals.

2. Promoting redistribution and strengthening social protection

The strategies highlighted in the previous section should help curb disparities in market income and thereby reduce the burden on redistributive policies. However, the evidence available indicates that disparities in market income have risen in most countries in recent decades, including those that have seen inequality in disposable incomes decline.

Fiscal and monetary policies affect inequality not only because they have a direct bearing on income distribution, but also through their role in mobilizing resources for social policies, including social protection. Choices regarding taxes and spending are, in fact, at the heart of the social contract. Trust in Governments and institutions is higher where taxes and social transfers are perceived to be effective and equitable (OECD, 2019d). At the same time, confidence in public institutions is essential to ensuring fiscal performance and preserving the social contract.

Macroeconomic and social policies have often had opposing effects on the creation of decent work and the reduction of inequality. When aimed at short-term stability, macroeconomic policies have focused narrowly on keeping inflation at low levels and controlling fiscal deficits. Emphasis on balancing public budgets has resulted in declines in social spending and public investment in infrastructure and technologies, all of which are critical to reducing inequality. There is now global agreement on the need to enhance policy coherence.[107] A sustained reduction of inequality calls for aligning macroeconomic policy frameworks with social goals.

A SUSTAINED REDUCTION OF INEQUALITY CALLS FOR ALIGNING MACROECONOMIC POLICY FRAMEWORKS WITH SOCIAL GOALS

[107] Target 17.13 of the SDGs is to enhance global macroeconomic stability, including through policy coordination and policy coherence. Target 17.14 is to enhance policy coherence for sustainable development.

a. *The potential of progressive taxation*

The effect of fiscal policy on inequality depends on how progressive the tax system is and on how much people living in poverty benefit from social protection transfers and public services. Taxes and transfers play an important role in reducing income inequality in developed countries, yet they have failed to correct the trend towards rising inequality, as shown in chapter 1. Fiscal redistribution is much more limited in developing countries given their stronger reliance on indirect taxes, which are usually regressive. In fact, consumption taxes often increase the prevalence of poverty (Inchauste and Lustig, 2017). Their negative effect can be stronger than the poverty-reducing impact of public transfers and services.

Broadening the redistributive impact of taxation calls for increasing direct taxation, raising taxes at the top of the income distribution and lessening the tax burden on people at the bottom.

MORE REDISTRIBUTION CALLS FOR INCREASING DIRECT TAXATION, RAISING TAXES AT THE TOP OF THE INCOME DISTRIBUTION AND LESSENING THE TAX BURDEN ON PEOPLE AT THE BOTTOM

Narrow tax bases, high levels of informality, capital flight, illicit financial flows and weak tax administrations have typically limited the ability of Governments in developing countries to collect personal income taxes. Adjusting exemptions and deductions can help expand the tax base and improve the redistributive impact of income taxation in many of them. Despite a global commitment to enhance revenue administration, non-compliance with income tax requirements and tax evasion remains high.[108]

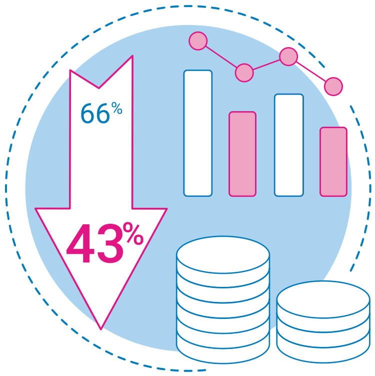
Given the increasingly globalized nature of trade and business, there are limits to what countries can achieve on their own. As global firms grow, production becomes more fragmented and the relevance of intangible assets such as intellectual property increases, making the taxation of capital increasingly challenging. International tax cooperation is essential to ensure sustained tax revenues. The United Nations Committee of Experts on International Cooperation in Tax Matters provides an inclusive venue for cooperation and standard-setting on international taxation with special attention given to developing countries.[109] Recent multilateral initiatives aimed at improving coherence and transparency in addressing tax avoidance are also steps in the right direction. They include the Global Forum on Transparency and Exchange of Information for Tax Purposes, the OECD/Group of 20 Base Erosion and Profit Shifting (BEPS) Project and the Inclusive Framework on BEPS, as well as the Addis Tax Initiative and the Platform for Collaboration on Tax.[110] Yet progress has been very slow.[111]

[108] In the Addis Ababa Action Agenda, Governments agreed to enhance revenue administration through modernized, progressive tax systems, improved tax policy and more efficient tax collection as well as to work to improve the fairness, transparency, efficiency and effectiveness of our tax systems (General Assembly resolution 69/313, para. 22).

[109] The Committee of Experts on International Cooperation in Tax Matters is a subsidiary body of the United Nations Economic and Social Council tasked to develop policy and practical guidance on international tax matters.

[110] The Platform for Collaboration on Tax is a joint effort launched in 2016 by the International Monetary Fund, the OECD, the United Nations and the World Bank Group to intensify the cooperation among these organizations on tax issues.

[111] The Inclusive Framework on BEPS currently has 135 members and 14 observers, including over 70 per cent of non-OECD and non-Group of 20 countries. They are now designing new international tax rules, including to address tax challenges arising from digitalization (OECD, 2019c). The Addis Tax Initiative coordinates technical assistance among its members, including 24 partner countries in the developing world, 19 developed countries and several supporting organizations, and broad-based capacity building in partner countries.



In countries of the OECD, top income tax rates fell from 66 per cent in 1981 to 43 per cent in 2018

In countries of the OECD, top income tax rates fell from 66 per cent in 1981 to 43 per cent in 2018 (OECD, 2019e). However, there is no empirical evidence to suggest that the top marginal rates common in the 1980s have been harmful for economic growth (IMF, 2017b; OECD, 2015a). In addition, the share of market income earned by the top percentiles has grown, and there may be scope for increasing top marginal tax rates. Enhanced tax collection and enforcement are also needed with respect to top earners who often escape taxation altogether.

Taxes on wealth and property can play an equally important role in increasing redistribution and have gained traction in recent political debates. Income from wealth (profits, interest and capital gains, in particular) is generally taxed at lower rates than labour income. This is in part because wealth income is more responsive to taxation – that is, there are more options to avoid taxation and savings can be invested abroad – and its measurement is more challenging. However, given the amount of revenue that can be raised through wealth and property taxes, Governments should consider devoting resources to their enforcement.

Addressing inequality also calls for lessening the tax burden on people at the bottom of the income distribution. Raising minimum income tax thresholds and reducing the burden of indirect taxation can help make tax systems more progressive. Lower tax rates on basic goods, such as staple foods, may be warranted.

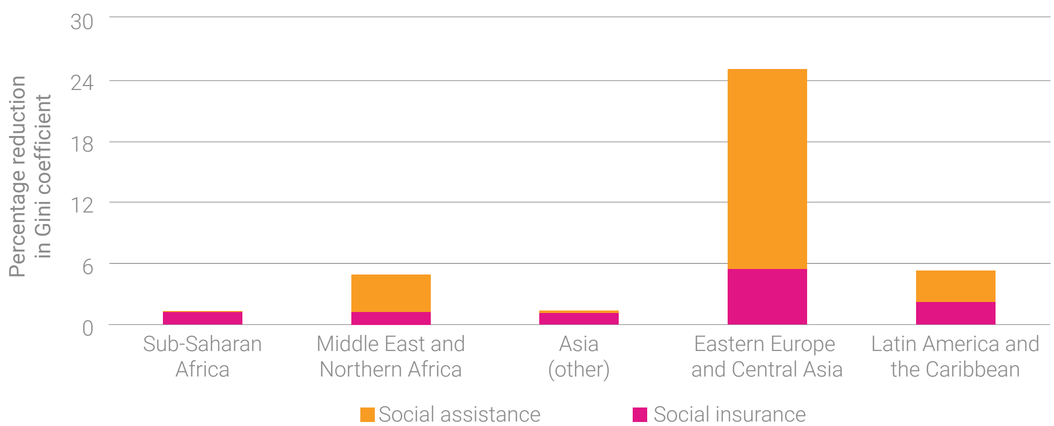
b. Strengthening social protection

The value of social protection to shield individuals and families from shocks and alleviate poverty has been broadly recognized. A system combining contributory social insurance and tax-funded social assistance programmes to cover unemployment and disability benefits, child benefits, old-age pensions and access to health care offers basic income security at all stages of the life cycle.

Coverage by at least one social protection scheme ranges from close to 90 per cent of the population in Europe to less than 15 per cent in Africa (ILO, 2017a). As a result, its impact on income inequality varies by region, as shown in figure 6.1. Among the regions shown, the combination of social insurance and social assistance has the greatest equalizing effect in countries of Eastern Europe and Central Asia. In countries and regions where informal employment is widespread and overall institutional capacity is weak, including many countries in Asia and sub-Saharan Africa, tax-funded social assistance programmes have the most impact on inequality as measured by the Gini coefficient. However, the situation varies considerably by country. Social protection transfers have had a strong equalizing effect in countries such as Brazil, Mongolia and South Africa, where expenditure in social protection is relatively high (United Nations, 2018a).

Countries often use a variety of universal and targeted social protection schemes. Social assistance schemes are usually means-tested or targeted to groups with observed disadvantages. Under perfect schemes, targeting can bring efficiency gains. However, accurate targeting requires administrative capacities that many countries lack. Inaccurate means targeting leads to significant undercoverage, excluding many potential beneficiaries (Brown, Ravallion and van de Walle, 2016). In general, simpler tests that exclude only the most affluent from accessing benefits reduce errors of exclusion and do not cause excessive leakage to those not living in poverty (United Nations, 2018a; Kidd and others, 2018).

FIGURE 6.1
Impact of social insurance and social assistance programmes on the Gini coefficient of income in selected regions



Source: World Bank, The Atlas of Social Protection Indicators of Resilience and Equity (ASPIRE) database. Available from http://datatopics.worldbank.org/aspire/home. Accessed on 30 July 2019.

Note: The figure shows weighted regional averages of the Gini coefficient reduction owing to social protection programmes as a percentage of the Gini coefficient of market (pre-transfer) income. The estimates are based on data from the most recent household surveys, conducted between 2000 and 2016, for 35 countries in Sub-Saharan Africa (Benin, Botswana, Burkina Faso, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Eswatini, Gabon, Gambia, Ghana, Kenya, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Niger, Nigeria, Rwanda, Senegal, South Africa, South Sudan, Sudan, Togo, Uganda, United Republic of Tanzania, Zambia, Zimbabwe), 6 countries in Middle East and Northern Africa (Djibouti, Egypt, Iraq, Jordan, Tunisia, Yemen), 23 countries in Asia (other) (Afghanistan, Bangladesh, Bhutan, Cambodia, Fiji, Kiribati, Lao People's Democratic Republic, Malaysia, Maldives, Marshall Islands, Micronesia (Federated States of), Mongolia, Nepal, Palau, Papua New Guinea, Philippines, Samoa, Solomon Islands, Sri Lanka, Thailand, Timor-Leste, Tonga, Viet Nam), 24 countries and areas in Eastern Europe and Central Asia (Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Hungary, Kazakhstan, Kosovo, Kyrgyzstan, Latvia, Lithuania, Montenegro, Poland, Republic of Moldova, Romania, Serbia, Slovakia, Tajikistan, Turkey, Ukraine, Russian Federation), and 21 countries in Latin America and the Caribbean (Argentina, Belize, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay).

Even in contexts of universal coverage, some groups of the population may face barriers to accessing benefits. For example, in many countries, persons with disabilities confront physical and administrative hurdles in having their eligibility assessed (United Nations, 2018a). For migrants, benefits earned in one country are rarely portable to other countries. Lack of information and discrimination can limit access to social protection by these and other groups.

EVEN IN CONTEXTS OF UNIVERSAL SOCIAL PROTECTION COVERAGE, SOME GROUPS OF THE POPULATION FACE BARRIERS TO ACCESSING BENEFITS

Removing barriers and promoting the effective coverage of disadvantaged groups can help reduce group-based inequality. Linking entitlement to unemployment benefits to individuals rather than jobs, for instance, can improve coverage for workers under non-standard contracts. Improving migrants' coverage calls for ensuring access to social protection in countries of destination and the adequate portability of benefits across borders. Multilingual and accessible information campaigns about eligibility can help increase coverage among people who are not fluent in the official national language/s. In all cases, beneficiary involvement in design and implementation is crucial to identifying and addressing barriers to access.

Measures to increase coverage will have little impact on reducing inequality and poverty if the benefits received fail to guarantee basic income security. Tax-funded transfers often fall short. In countries with data, the median level of benefits provided through tax-funded pensions, for instance, represents less than 40 per cent of the minimum wage, on average.[112] If social protection systems are to have a meaningful impact, many countries will need to increase investments in social protection and sustain such investments through economic cycles.

A growing number of countries in developing regions already spend significant proportions of their GDP on social protection. Brazil, for instance, spent over 18 per cent of its GDP in 2015 on social protection;[113] Mongolia spends over 15 per cent and Egypt over 11 per cent of GDP. Many countries have space to mobilize additional domestic resources. Some least developed countries will, however, need substantial development assistance to close gaps in social protection floors (Bierbaum and others, 2016). Dismantling administratively complex and costly targeted schemes would also help reduce costs. This is one argument used by proponents of a universal basic income, as discussed in box 6.1.

The right to social security is set forth in the Universal Declaration of Human Rights. Lack of comprehensive, well-functioning social protection systems challenge social solidarity and, as the next section argues, weaken public support for redistribution.

[112] Calculations based on the International Labour Organization's World Social Protection database. Available at: www.social-protection.org/gimi/Wspr.action. Accessed on 31 July 2019.

[113] Following the general elections in 2018, there is uncertainty concerning the future state of social protection and other social policies as described in chapter 1 (box 1.3).

BOX 6.1

The viability of a universal basic income: the jury is still out

Interest in a universal, unconditional cash transfer, or universal basic income (UBI), has been growing globally in the context of ongoing debates on changes in the world of work. Proponents see its potential to compensate workers for increasingly insecure employment and to avoid overly bureaucratic social protection systems. Opponents argue that it would discourage workers from finding or remaining in jobs. Concerns that recipients would spend funds unproductively are also widespread. Pilot trials of the UBI, including in Finland, in Ontario, Canada, in the Otjivero-Omitara area of Namibia and in the Indian state of Madhya Pradesh have been short-lived and politically contentious (Henley, 2018; Gollom, 2018; Banerjee, Niehaus and Suri, 2019). Their long-term effects are therefore unknown.

The feasibility of financing a UBI that would substitute for other public transfers and the trade-offs it would entail depend on the country context. Even in countries of the OECD, current spending on social protection would not be enough to cover a UBI at or even close to the poverty line – estimated at 50 per cent of the median disposable income (OECD, 2017b). For example, a basic income for working-age adults that would cost the same as existing transfers and tax exemptions would reach 21 per cent of the poverty threshold in Italy, 33 per cent in the United Kingdom and 50 per cent in France (ibid.). People living in poverty stand to lose the most from the dismantling of current, progressive transfers and services. Without targeting or much higher spending, the risks of falling into poverty can increase as current recipients of social protection lose out.

Proposals have been made for "partial" UBIs that would complement, rather than replace, existing schemes (IMF, 2017b; OECD, 2017b). Indeed, most developed countries and some developing countries already have a vast number of universal schemes, such as child and family benefits and social pensions. These countries should first focus on improving the coverage of these schemes, rather than replacing them.

3. The political economy of redistribution

In 2014, 60 per cent of respondents to a survey across developed and developing countries agreed with the statement that "the gap between the rich and the poor is a very big problem" (Pew Research Center, 2014). With changes in emphasis, the policy prescriptions summarized in this chapter have been recommended for decades. Despite widespread concern about inequality, mobilizing support for these policies has often proven challenging.

INEQUALITIES IN POLITICAL POWER AND INFLUENCE HINDER EFFECTIVE ACTION TO REDUCE INEQUALITY

Inequalities in political power and influence can hinder action in this regard. Some groups have more power, knowledge, resources and capacity to organize than others. When groups are well organized, they are more effective at blocking policy measures that undermine their interests or lobbying for those that promote those interests. Wealthy individuals, corporations and, in some countries, members of certain ethnic groups have more access than others to political institutions such as political parties as well as the media. Numerous historical examples can be found of economic elites ensuring that the policies and institutions that benefit them are maintained (see, for instance, Acemoğlu and Robinson, 2002 and 2012).

The failure of taxes and transfers to reduce the gap between the rich and those living in poverty may also have undermined the legitimacy of fiscal systems and trust in institutions. Two thirds of the population in the Group of 20 countries distrust politicians when it comes to the tax system (IFAC and ACCA, 2019). Lack of trust in institutions, in turn, hinders action to address inequality. Political institutions that fail to curb inequalities disenfranchise those segments of the population that may otherwise push for greater redistribution, including lower- and middle-income groups, as discussed in chapter 1.

In an historical review of social spending and economic growth, Lindert (2004) argues that as democracies matured and people were given the right to vote, the middle classes came to oppose targeted tax spending on programmes for people living in poverty. Instead, they gave support to social services, social pensions and comprehensive social insurance that, in principle, addressed the needs of most members of society. Targeting schemes at people living in poverty can indeed erode political support for redistribution and result in low funding (Gelbach and Pritchett, 2002). Korpi and Palme (1998) labelled this trend "the paradox of redistribution", noting that the more countries targeted redistribution, the less likely they were to reduce poverty and inequality.[114]

Under a universal social policy framework, demand tends to rise for well-functioning public services and good-quality programmes. Universal policies therefore enjoy broader public support in the long term. In addition, the empirical literature has failed to demonstrate that targeted programmes are more cost-effective at reducing poverty and inequality than universal ones (Ravallion, 2007b; Coady, Grosh and Hoddinott, 2004; Murgai and Ravallion, 2005). Clearly, even in policy frameworks grounded in universalism, certain segments of the population face greater challenges than others in overcoming poverty and exclusion. Targeted and other special measures may be necessary to reach these groups. However, targeted measures work best when they complement – rather than replace – universal policies (United Nations, 2018a).

INCLUSIVE AND PARTICIPATORY POLITICAL INSTITUTIONS CREATE CHECKS AND BALANCES THAT PREVENT THE ABUSE OF POWER

Historically, the creation of political coalitions among groups with common interests helped garner support for redistributive policies. Yet coalitions that proved essential in the past may be eroding. Piketty (2018) argues that global integration and the expansion of education have eroded traditional class-based coalitions for redistribution and have opened new cleavages, namely between groups that support global integration and those that do not, as well as between educated and wealthy elites, on one hand, and between different groups of less skilled workers, on the other. He argues that new egalitarian-internationalist political platforms will be necessary to unite low-income groups with low education from different backgrounds in support of redistribution.

[114] Lack of funding for measures targeted at people living in poverty led the American politician and social scientist Wilbur Cohen to state that "programmes for the poor will most likely be poor programmes" (American Enterprise Institute for Public Policy, 1972).

While broad support for policies that reduce inequality has often followed periods of social upheaval or economic transformation, political action should not require extreme circumstances. Institutions and norms that promote open and inclusive processes create the conditions needed for the reduction of inequality, as do accountable Governments that encourage such processes. Inclusive and participatory political institutions create checks and balances that prevent the abuse of power. They are necessary to avoid violent expressions of social discontent. Although a comprehensive account of the institutional transformations required is beyond the scope of this report, an essential first step is to actively address prejudice and discrimination.

4. Tackling prejudice and discrimination

Discrimination remains a pervasive driver of inequality. As shown in chapter 1, societies continue to make distinctions based on ethnicity, race, sex and other characteristics that should have no bearing on people's achievements or on their well-being. The 2030 Agenda calls for eliminating discriminatory laws, policies and practices and for promoting appropriate legislation, policies and action in this regard (target 10.3, Goal 10).

Historically, many laws and policies have explicitly limited or denied rights to specific groups. Democratization and the demand for equal rights have led many Governments to repeal discriminatory laws and policies that sustain unfair treatment. Most constitutions now enshrine the principles of equality and non-discrimination. However, formal discrimination persists. In 2006, for instance, 196 ethnic or religious minorities worldwide faced some form of overt political discrimination (University of Maryland, 2015; see also box 6.2). According to the World Bank, 104 countries have laws restricting the types of jobs that women can perform (World Bank, 2018d).

Governments are increasingly implementing legislation designed to prevent discrimination in areas such as employment, education, health, housing and political participation. However, the impact of this legislation is mixed, particularly in the case of measures intended to address discrimination in the labour market (United Nations, 2016a; Marcus Mdee and Page, 2016). Enforcement of anti-discrimination laws is challenging and often inadequate. Ministries of justice, the police force and other law enforcement institutions must have significant administrative capacities, as well as thorough knowledge of the law and resources, to respond. Meanwhile, acts of discrimination are grossly underreported. Many people do not know that they are legally protected against such acts and may not know how to report them.

Beyond repealing discriminatory laws and introducing preventive measures, many countries have resorted to affirmative action to favour groups that were discriminated against in the past. This includes quotas or reservations to improve the representation of women or minority ethnic groups in decision-making roles, quotas and scholarships to improve access to education, and preferential treatment in hiring for certain jobs.[115]

[115] As of 2015, 130 countries had some form of electoral quotas for women (Hughes and others, 2019).

BOX 6.2

The Rohingya in Myanmar: citizenship denied on the basis of ethnicity

In Myanmar, the Citizenship Law of 1982 states that, in order to become a citizen, an individual must belong to one of 135 recognized national ethnic groups or prove that their ancestors settled in the country before 1823 (Minority Rights Group International, n.d.). Citizenship is therefore based on ethnicity, which is prohibited by numerous international human rights agreements. Members of the Rohingya minority and other Muslim groups are not included in the list of recognized ethnic groups and could not document the date of their ancestors' arrival in the country. As a result, most members of these groups are effectively stateless.

Since 1982, the primary documents held by stateless persons, including the Rohingya, to confirm their legal residence in Myanmar had been temporary identity certificates. Those certificates expired in 2015 and the "identity card for nationality verification" that replaced them has been widely viewed with suspicion. Take-up has been very low and, as a result, most Rohingya today have no valid identity document. This discriminatory treatment has led to the denial of other rights, including the right to social security and basic social services.

Affirmative action campaigns have been effectively carried out in both developed and developing countries, especially to increase the responsiveness of Governments to the needs of women and ethnic minorities (Chattopadhyay and Duflo, 2004; Beaman and others, 2012). However, the implementation of such campaigns can be challenging. They can generate stigma and, at times, raise tensions among groups rather than dissipating them. In some cases, quotas have opened opportunities only for women or members of ethnic minorities of higher socioeconomic status, while leaving those living in poverty underrepresented (Marcus, Mdee and Page, 2016). The preferential treatment of some groups over others has also been questioned on the grounds that it violates the principles of non-discrimination and equal protection for all. Under the international human rights framework, affirmative action measures are justified when they present "reasonable, objective and proportional means to address discrimination".[116]

ADDRESSING THE ROOT CAUSES OF DISCRIMINATION CALLS FOR STRUCTURAL REFORMS, INCLUDING PROVIDING EQUAL ACCESS TO JUSTICE FOR ALL AND REMOVING OBSTACLES TO POLITICAL PARTICIPATION

Beyond these special measures, addressing the root causes of discrimination calls for structural reforms, starting with the justice system and other national institutions. Even though justice is fundamental to a fair and inclusive society, most people living in poverty and those who suffer from discrimination are denied access to it. Ensuring equal access to justice for all will involve, among other things, promoting campaigns to enhance legal awareness and literacy, scaling up services to provide advice and assistance, developing alternative dispute resolution mechanisms and, ultimately, improving the institutional framework for resolving disputes, conflicts and crimes (United Nations, 2016a; Manuel and Manuel, 2018).

[116] Committee on Economic, Social and Cultural Rights, General Comment No. 20, para. 9.

Discrimination challenges the ability of those affected to have their voices heard and their concerns translated into meaningful action. A key and basic step to promote their inclusion is to remove obstacles to political participation, including the right to vote. Creating an enabling environment for social movements and local associations that give disadvantaged groups a voice and agency to articulate their interests is also important. These grass-roots movements have traditionally raised and advanced issues that have subsequently become important priorities for Governments. They have helped avoid violent expressions of discontent and opened space for dialogue.

C. Reducing inequality in an interconnected world

While the role of Governments and other national stakeholders remains key, high inequalities within and among countries are a global problem, as are the other megatrends examined in this report. One country's action on climate change or international migration – or lack thereof – has costs and benefits for other countries. The imbalance, for example, between top greenhouse-emitting countries and those suffering the most from the impacts of climate change, has been well documented. Decisions taken by one country can also have ramifications for other countries through trade, finance and investment. None of these issues can be addressed unilaterally.

GLOBAL CHALLENGES CALL FOR STRENGTHENING THE MULTILATERAL ORDER, RATHER THAN DISMISSING ITS VALUE

Moreover, in an interconnected world, national policymaking is increasingly constrained by the decisions of other countries. For instance, Governments have little leeway in taxation policy when attempts at increasing taxes can be easily undermined by illicit financial flows and transnational tax competition. Cross-border trade, finance, intellectual property rights and official development assistance also affect inequality and require international cooperation.

At this critical time, multilateralism is under attack in many countries and trust in public institutions is lacking. Although the multilateral order could be more fit for purpose, the current world challenges call for strengthening it, rather than dismissing its value.

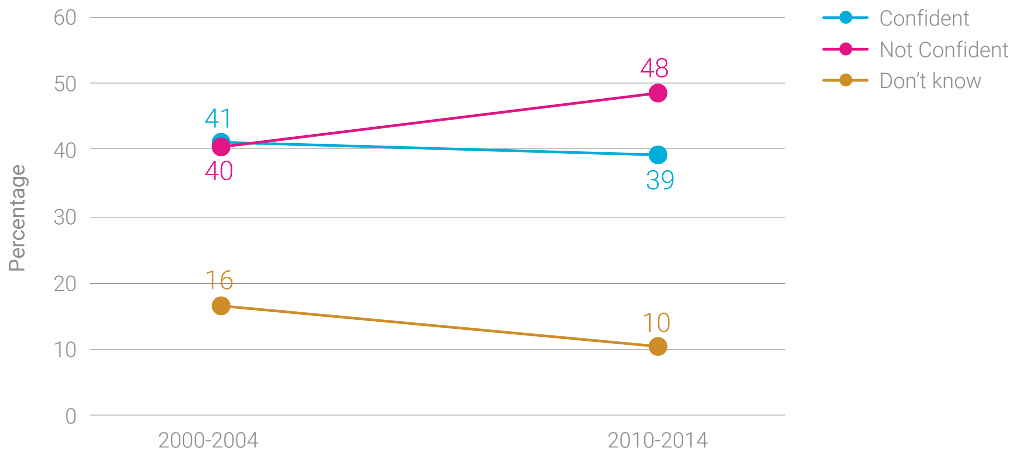
1. A crisis in multilateralism?

In his speech to the General Assembly in September 2018, United Nations Secretary-General António Guterres stressed that: "Trust is at a breaking point. Trust in national institutions. Trust among states. Trust in the rules-based global order... We must repair broken trust. We must reinvigorate our multilateral project."[117] The rise of nationalism in various countries, flaring trade tensions as well as the difficulty Governments face in reaching global agreements on trade and other issues are frequently cited as features of this crisis.[118]

[117] The full speech is available at: https://www.un.org/sg/en/content/sg/speeches/2018-11-09/strengthening-multilateral-ism-and-role-un-remarks-security-council. Christine Lagarde, former managing director of the International Monetary Fund, also gave a speech in 2018 in which she called for a "new multilateralism . . . more inclusive –open to diverse views and voices. It must be more people-oriented – putting human needs first. And it must be more effective and accountable – delivering results for all." This speech is available at https://www.imf.org/en/News/Articles/2018/10/11/sp101218-new-eco-nomic-landscape-new-multilateralism.

[118] For example, see speeches from over 50 national representatives at the United Nations General Assembly's commemorative meeting observing the United Nations International Day of Multilateralism and Diplomacy for Peace in 2019 (GA/12140). Available at: www.un.org/press/en/2019/ga12140.doc.htm.

FIGURE 6.2
Percentage of the global population with confidence in the United Nations



Source: World Values Survey Wave 4 (2000-2004) and Wave 6 (2010-2014). Available at: www.worldvaluessurvey.org/wvs.jsp. Accessed on 30 August 2019.

Empirically, the information available suggests some decline, even within a 10-year period, in levels of trust or confidence in international actors and cooperation at the global level. According to data from the World Values Survey, the percentage of respondents who do not have confidence in the United Nations, for instance, increased from 41 per cent in 2000-2004 to 49 per cent in 2010-2014 – while the percentage of those who trust the institution has remained close to 40 per cent (see figure 6.2).

Recent political trends in many countries indicate that growing sectors of the population have grievances with political institutions – and those who have them are voicing them louder, affecting political systems. Research has also shown that people's level of trust or confidence in national institutions and their trust in international ones go hand in hand (Armingeon and Ceka, 2014; Dellmuth and Tallberg, 2015; Brewer, Gross and Vercellotti, 2018). Growing concerns that national institutions are not representing the interests of the majority may be contributing to the sense that global institutions are only serving powerful economic interests (United Nations, 2019d). Decrease in general support for the European Union, for instance, has been linked to a decline in trust in national governments following the 2008 economic and financial crisis and its negative impact on the most vulnerable communities (Armingeon and Ceka, 2014; Algan and others, 2017). Indeed, in recent years, populist politicians in various countries have attacked globalization and multilateralism as an elitist package that has failed to promote the interests of voters.

An alternative view, however, is that multilateralism is simply undergoing a transformation due to shifts in relative global economic power and political influence in past decades. Grabel (2018) argues that the system governing global finance has become decentralized since the 2008 financial crisis. Gradual changes – including the proliferation of bilateral and regional investment treaties – have left global finance more fragmented and multipolar. This transition may be perceived as a crisis, but it may also bring opportunities for reform.

The emergence of new multilateral development banks has been interpreted as a response to the lack of representation of developing countries at the highest levels of decision-making in established multilateral institutions (Wang, 2017; Suchodolski and Demeulemeester, 2018).[119] The multilateral framework is indeed likely to change with the emergence of new economic powers. Whether this leaves multilateral institutions in crisis will depend largely on how able they are to adapt to the new reality.

2. Revitalizing multilateralism to reduce inequality

COOPERATION AMONG COUNTRIES REMAINS ESSENTIAL – NOT LEAST BECAUSE THE CONSEQUENCES OF RISING INEQUALITY AND UNSUSTAINABLE GROWTH DO NOT RESPECT NATIONAL BORDERS

Cooperation among countries remains essential for ensuring equitable and inclusive development – not least because the consequences of rising inequality and unsustainable growth do not respect national borders.

For many years, the United Nations system has been calling attention to the asymmetries between the pace of global integration and the prevailing regulatory framework.[120] Progress in strengthening the international regulatory framework has been lacking. Yet the multilateral system has been able to galvanize commitment on important issues and reach ground-breaking global agreements in recent years.

In 2015, world leaders agreed to a sustainable development agenda that is far-reaching and tackles issues on which there had not been prior consensus. Key among them is the reduction of inequality, including within countries. In 2013, the World Bank also adopted “promoting shared prosperity” as one of its twin overarching goals – the other being to end extreme poverty.

The Addis Ababa Action Agenda – also agreed to in 2015 – set out the means to implement the SDGs and commits countries to inclusive and equitable development through global cooperation in various areas.[121] This includes a pledge to enhance domestic tax systems, combat tax evasion and corruption and reduce opportunities for tax avoidance and international tax competition that undermines domestic resource mobilization efforts. It also contains commitments to ensure that borrowing and lending are sustainable and equitable and lays out the obligations of wealthier countries regarding official development assistance.

The Paris Agreement laid out a global framework to combat climate change and adapt to its effects through national actions, with enhanced support to assist developing countries in doing so. Developed-country parties to the United Nations Framework

[119] For example, the New Development Bank is a joint venture among Brazil, Russian Federation, India, China and South Africa to support infrastructure and sustainable development in developing countries. The Asian Infrastructure Investment Bank, initiated by China and jointly founded by 57 member countries from Asia and elsewhere, focuses on mobilizing resources to invest in infrastructure in Asia.

[120] The International Labour Organization established the World Commission on the Social Dimension of Globalization in 2002 and issued its Declaration on Social Justice for a Fair Globalization in 2008.

[121] The Addis Ababa Action Agenda of the Third International Conference on Financing for Development (General Assembly resolution 69/313).

Convention on Climate Change committed to jointly mobilize $100 billion annually by 2020 to support the climate financing needs of developing countries. Multilateral development banks have also stepped up their efforts to support climate action. The European Investment Bank recently pledged to shift 35 per cent of its lending towards sustainable economic activity; the New Development Bank, established by Brazil, Russian Federation, India, China and South Africa, pledged 66 per cent; and the Asian Development Bank 75 per cent (Larsen, 2018). These institutions have also effectively stopped financing upstream oil and gas, and coal-fired power plants. Last year development banks provided upwards of $35 billion in climate finance.

Most recently, in agreeing to the 2018 Global Compact for Safe, Orderly and Regular Migration, countries recognized that a cooperative approach is needed to optimize the overall benefits of migration for sustainable, equitable development. The Compact was also an acknowledgement that addressing the risks and challenges for individuals and communities in countries of origin, transit and destination will require intensive multilateral efforts.

Finally, progress has also been made in fostering concerted efforts by international organizations to support more equitable growth through tax cooperation, as discussed in section 6.B.[122]

Moving from commitments to a sustained reduction in inequality and an equitable sharing of the benefits of development requires concerted efforts and political will. Despite successes in reducing extreme poverty and infant mortality and expanding access to education, large regional disparities – as well as disparities among groups – persist, and many countries are off track on a range of SDGs (United Nations, 2019a). Recent estimates suggest an additional $2.6 trillion in funding annually would be required for 155 developing countries to meet the Goals in five areas – education, health, roads, electricity, and water and sanitation – by 2030 (Gaspar and others, 2019). The United Nations (2019e) recently called for governments to recommit to the Addis Agenda and strengthen collective action to address global challenges to sustainable development. This includes reforming the rules of global trade, addressing the sustainability of international borrowing and lending, as well as increasing levels development assistance.

The need for greater international cooperation to broaden and strengthen technology transfer and diffusion mechanisms remains clear. Bridging the persistent technological divide among countries will require a more flexible approach to international property rights to enable an easier transfer of technology. It will also require multilateral efforts to craft new regulatory mechanisms for managing frontier technologies in ways that do not exacerbate inequalities. These efforts should bring together all stakeholders:

[122] A global financial registry has also been suggested to support progressive taxation (World Inequality Lab, 2017). Tax and regulatory agencies would be able to check that taxpayers properly report assets and capital income independently of whatever information offshore financial institutions are willing to provide. This would also allow Governments to close corporate tax loopholes by enforcing a fair distribution of tax revenue globally for corporations with increasingly complex overseas operations.

MULTILATERAL INSTITUTIONS MUST THEMSELVES BE FULLY COMMITTED TO GOVERNMENT EFFORTS TO REDUCE INEQUALITIES

Governments, companies and scientists, as well as civil society and academia. They must strike a balance between fostering innovation and efficiency on the one hand, and fairness, equality and ethics on the other (United Nations, 2018b). Finally, despite the efforts of some countries, the world is currently off track in meeting the targets of the Paris Agreement (UNEP, 2019). Concerted multilateral efforts are required to avoid the worst consequences of climate change, including rising inequalities. These efforts may be less forthcoming, however, after the 2017 announcement by the United States of its withdrawal from the Agreement. Developing countries still require greater financial and technological support for adaptation and mitigation. This will involve the provision of dedicated climate finance to support disaster resilience and incentivize disaster risk reduction, among other things. It will also mean ensuring that new technologies to combat climate change are available equitably through green technology transfer and rethinking the rules on intellectual property rights – to give Governments the leverage to disseminate these technologies more broadly in the larger public interest (United Nations, 2019e). All countries need to find ways to decouple economic growth from unsustainable production and consumption.

The evidence presented in this report affirms the critical role of multilateral action to address the driving forces of inequality under the global social contract provided by the 2030 Agenda. Moving from commitment to action requires concerted political will from national Governments. Multilateral institutions must themselves be fully committed to government efforts to reduce inequalities. Effectively supporting those countries that need it the most calls for a more inclusive multilateralism, giving adequate voice to all regions and to different stakeholders within countries. It means setting global rules that people can trust – rules calibrated towards shared prosperity and social, economic and environmental sustainability.