

Reclaiming Leadership on Social Well-Being:

The Indispensable Role of Government in Promoting Social Protection and Transformative Fiscal and Wage Policy

Civil Society Declaration

United Nations 57th Commission for Social Development

Across the globe, in diverse cultural and national contexts, signs abound of a fraying of the social fabric. Longstanding institutions and social arrangements are buckling in the face of a long-simmering dissatisfaction with the prevailing order, which is now erupting to the surface. Despite the gains that this order has brought about in many metrics of human well-being, large numbers of people have seen their opportunities stagnate, improve negligibly, or even decline. In this context, some leaders have sought to curtail public institutions' traditional obligations, implementing austerity measures in the hope that free markets will pick up the slack. However, such an approach fails to reflect how long-term stability, prosperity, and trust are actually built within societies and the decisive role that government must play in bringing about such conditions.

Rather than shy away from their responsibilities, it is now—in this moment of a crisis of faith in leadership—that government can prove its indispensability. For this reason, we, speaking on behalf of civil society, commend the Commission on Social Development for choosing as this year's priority theme "Addressing inequalities and challenges to social inclusion through fiscal, wage and social protection policies." Although these often attract less political attention than other issues, they are precisely the measures that have direct, tangible, and lasting impacts on entire countries, and particularly on the lives of the most vulnerable.

In this enterprise, civil society stands ready to both complement and help shape state efforts at every turn, recognizing that greater access increases legitimacy and collective ownership—providing a grassroots perspective on program design, empowering people to participate and have a voice, nurturing an informed citizenry, and unleashing the capacity of ordinary people to be creative agents of their own communities' well-being. This extends beyond the traditional notion of organized NGOs to include campaigns, movements, petitions, and even the role of individuals. A justice oriented and socially conscious private sector has an important role to play in many cases, although people's ability to live dignified, healthy lives cannot be conditioned on the potential to turn a profit or the caprices of the market.¹ In the final analysis, national governments must take primary responsibility in this endeavor, and international bodies are needed to set standards and ensure implementation.

The advancement of constructive social protection, wage, and fiscal policies lies at the heart of this Commission's mandate to serve as the world's premier forum for the exploration and promotion of humanity's economic and social development, consistent with international human rights obligations. Because of this, we encourage Member States to take this opportunity to earnestly learn from one another's experiences, to reflect thoughtfully on devising locally-appropriate measures that will mean the most to those furthest behind, and to summon the political will to implement and defend them with resolve.

¹ In cases in which social services are provided by the private sector, it is essential to guarantee proper oversight—public institutions cannot simply outsource their obligations, but must collaborate with and regulate private providers to ensure access, affordability, and transparency (Magdalena Sepúlveda, "[What does human rights law have to do with social protection systems? Operationalizing the human rights principles of equality and transparency.](#)" United Nations 63rd Commission on the Status of Women, 2018).

In many low- and middle-income economies, wage inequality remains high and wages are frequently insufficient to cover the needs of workers and their families. This is unacceptable. When combined with corruption, nepotism, tax free zones, tax havens, and tax flight from monopoly-controlled markets, we see a mix that perpetuates exclusion. Collective bargaining and well-conceived minimum wages, are demonstrated strategies to counter such trends. Freedom of association allows for unions which can help amplify the voice of those who are too often unheard in order to address inequalities and ensure inclusive societies.

Social protection: A stabilizing force in a world of instability

We live in a time of economic freneticism—with precarious, temporary work and uneven development the norm in low-income countries, and increasing automation, the rise of the “gig economy” and “zero-hour” contracts,² and falling social mobility in high-income countries.³ As a result, people everywhere, and particularly marginalized groups, are too often deprived of solid footing on which to build a future and unsure of where to turn for support. In short, they live in social insecurity.

As we highlighted in our statement for the last session of this Commission,⁴ coherent social protection systems are consistent with human rights principles, are demonstrated to be a straightforward and effective way to address the most fundamental of needs, and promote constructive engagement in the life of society across sectors. Comprehensive systems in social security and health care, as well as housing and education, have proven a decisive and comparably low-cost⁵ means of improving public health, of combating poverty and building resilience, of bolstering decent employment and equitable economic growth, of promoting human rights, and of fostering more socially cohesive societies. Because of such successes, social protection has emerged as a central element of the 2030 Agenda, enshrined in Target 1.3. As mentioned in the Sustainable Development Goals Report of 2017, giving “people in every part of the world the support they need to lift themselves out of poverty in all its manifestations in the very essence of sustainable development.”

Comprehensive social protection is sometimes viewed as a luxury and/or a privilege of wealthy countries. However, in recent decades, many countries have found success in institutionalizing social protection programs that offer services and resources that families and local communities are unable to provide. Such measures have become more and more necessary as traditional, informal support systems have shown themselves unable to cope with the strains of increasing national and international migration, changing family structures, new demographics of aging populations, and the growing frequency of economic and environmental disasters.

In this connection, Southeast Asia offers several good examples of a state-led commitment to social protection. Following the Asian Financial Crisis of the 1990s and the consequent rise in awareness about employment and income vulnerabilities, as well as those related to illness and aging, most governments in

² Phillip Inman, “[Zero-hours contracts: what are they?](#)”, *The Guardian*, 2013.

³ Diego Alejo Vázquez Pimentel et al., [Reward work, not wealth: To end the inequality crisis, we must build an economy for ordinary working people, not the rich and powerful](#), Oxfam, 2018. See also Global Commission on the Future of Work Report “Work for a brighter Future”, ILO 2019

⁴ NGO Coalition on Social Development, [Social Protection: A Coherent Strategy for Shared Prosperity](#), Civil Society Declaration for the United Nations 56th Commission for Social Development, 2018.

⁵ A recent study of the Global Coalition for Social Protection Floors shows that at least a basic level of social protection is affordable nearly everywhere. About half of the 150 countries studied could close the gap by allocating less than 2% of their GDP to social protection, and 80% could do so with less than 5% of GDP. Only about 13 countries would need international assistance to finance minimum social protection (Mira Bierbaum et al., [Social Protection Floor Index, 2017 - Update and Country Studies](#), Friedrich Ebert Foundation, 2017).

the region expanded both targeted and universal social assistance.⁶ In 2001, for instance, Thailand introduced free universal healthcare that has helped decrease infant and child mortality, HIV infections, the effects of diabetes, and workers' sick days. Moreover, since 2008, its allowance for the elderly has reduced old-age poverty by providing cash payments to all citizens aged sixty and over who do not receive other public pensions.⁷ And in neighboring Cambodia, bolstered by robust economic growth over the past two decades, the government has recently resolved to accelerate falling poverty rates and tackle the country's significant fragmentation and gaps in its social assistance programming.⁸ In 2017, it approved a Social Protection Policy Framework—an ambitious 10-year roadmap designed to expand social protection services to all citizens and to “harmonize, concentrate and strengthen existing schemes or programs in order to increase the effectiveness, transparency and consistency of the whole social protection system.”⁹

In light of the above, we once again urge Member States to introduce language into the Commission's resolutions in accordance with the International Labour Organization's unanimously-adopted Social Protection Floors Recommendation, 2012 (No. 202).¹⁰ And as essential as it is to establish “floors”—social and economic baselines below which a society will refuse to let any members fall regardless of migratory status—it is important to not lose sight of the universality underlying the idea of social protection. Ultimately, social protection should be designed to reach the entirety of a society—addressing the varying types of need and vulnerability which people of all social classes pass through over the course of their lives. While maintaining this comprehensive approach, policies must be gender-sensitive, taking into account the crucial role women play as caregivers, the exceedingly high risk to single mothers and widows, all contributing to the reality that women are at a higher risk of poverty across the globe.¹¹

When universally applied and embraced, social protection ceases to be seen as unsustainable and dependency-fostering handouts, and rather helps reshape long-term relations within a society. It broadens and deepens the social contract, advances peace, reasserts notions of the common good, and reduces and promotes greater understanding of the fact that the well-being of the individual is dependent upon, and contributes to, the well-being of the whole, and it destigmatizes collectivism and altruistic policies established by institutions.

We call on Member States to institutionalize the ongoing National Social Investment Programme through appropriate legal frameworks

⁶ Sarah Cook and Jonathan Pincus. ["Poverty, Inequality and Social Protection in Southeast Asia: An Introduction"](#), *Journal of Southeast Asian Economies*, 2014.

⁷ International Labour Organization, ["Thailand: A regional example in social protection"](#), 2017.

⁸ Organisation for Economic Co-operation and Development (OECD), ["Social Protection Review of Cambodia"](#), 2017.

⁹ Kingdom of Cambodia, ["National Social Protection Policy Framework 2016-2025"](#), 2017.

¹⁰ The Recommendation (2012) stimulates that Member States introduce a basic level of social protection (i.e., social protection floors) that should be available to all and upon which higher levels of security should be built for as many people as possible, as soon as possible. It defines the twin objectives of income security and health security as the ability to access all essential goods and services—acknowledging that there needs to be a well balanced combination between cash transfers and the provision of services, and that different types of benefits and schemes (i.e., social insurance, social assistance, universal benefits or labor market measures) can achieve protection. Moreover, a constituent principle is the financing of protection on a solidarity basis: only solidarity-based formal social protection systems can effectively inequality, poverty, and insecurity. The Recommendation outlines provisions for effective access to quality health care, including maternity care, and basic income security for children (assuring access to nutrition, education and care), for persons in active age (with particular attention to sickness, unemployment, maternity and disability), and for older persons.

¹¹ OECD, "Women are at a higher risk of poverty than men, especially in old age: Relative poverty risk of men and women by age, OECD average, mid-2000s", in ["Closing the Gender Gap: Act Now"](#), OECD Publishing, 2012.

Progressive fiscal and wage policy: A leveling force in a world of extreme inequality

While comprehensive social protection is comparatively low-cost, in some cases it will no doubt require financing through the levying of new taxes. But beyond this, in many countries, a substantial restructuring of tax codes and, generally, major reforms in fiscal policy are sorely needed—including through the raising of the minimum wage, the curbing of illicit financial flows, as well as leveraging health promotion taxes.¹² Both within and across countries, income inequality has reached unprecedented and unconscionable levels in recent years. And it is growing exponentially: while in 2009 the combined wealth of the world's 380 richest people equaled that of the poorest 50% of the planet's population, by 2017 just 42 individuals had as much as the poorest half of the world—that is, 3.8 billion people.¹³ As this trend arises in part from an exploitation of unaligned policies across national boundaries, the international community must set well-considered global standards for decent wages and to address the practice of havening wealth away from the societies in which it was created. Now more than ever, there is a crying need for a paradigm shift in fiscal and wage policy.

Research from more than a 150 low-, middle-, and high-income countries over nearly four decades has shown that progressive personal and corporate income taxes—especially when combined with higher public expenditure on social protection and related programs—reduce income inequality.¹⁴ The same has also been found to be the case for reducing self-interested corporate spending, raising the minimum wage, as well as for expanding labor rights.¹⁵ Although increasing the minimum wage cannot be approached haphazardly, given its impact on the labor market,¹⁶ this remains an area in which governments can have immediate and direct impact on inequality and on the income of the lowest earners.

To take another regional example, for most of the 21st century, Latin America has largely bucked the international trend toward greater inequality. While the region presents a diversity of political and economic trajectories, in the mid-2000s numerous governments put in place measures to increase public revenues and social spending, and in a number of cases raise minimum wages. Such policies helped dramatically reduce the indices of poverty and especially extreme poverty in these countries. However, with the global financial slowdown and the fall of commodity prices, there has been an uptick in Latin American poverty rates since 2015. Coinciding with a flurry of scandal and plummeting public confidence in government, the political pendulum in many countries has recently swung in the opposite direction—toward reducing public spending and a return to more laissez-faire economic policies. As a result, much of the good is being thrown out with the bad, and many of the earlier gains toward increased equity are at risk of being reversed.¹⁷

In contrast, the small country of Namibia, once the most unequal in the world, has not only made major strides in tackling poverty through fiscal and wage policy reforms in the past two decades, but has accelerated such efforts in recent years. Through a combination of social spending (particularly on free

¹² Health promotion taxation is another critical tool of fiscal policy available to all governments in order to reduce inequalities and promote social inclusion and sustainable development. Scientific evidence and country examples show that leveraging taxes on health harmful products like tobacco, alcohol and sugar-sweetened beverages. It helps raise domestic resources for much needed government programs. It helps reduce health, social and economic harm and related inequalities. It helps promote inclusion, equality and sustainable development.

¹³ Inequality.org, [Facts: Global Inequality](#).

¹⁴ Jorge Martínez-Vázquez et al., "[The Impact of Tax and Expenditure Policies on Income Distribution: Evidence from a Large Panel of Countries](#)", *Review of Public Economics*, 2012.

¹⁵ Florence Jaumotte and Carolina Osorio Buitron, "[Inequality and Labor Market Institutions](#)", IMF Staff Discussion Note, 2015.

¹⁶ For example, in some southern European countries, strong unions and high minimum wages have led to high structural unemployment, particularly among youth, and declining levels of competitiveness (ibid.).

¹⁷ Development Finance International and Oxfam, [The Commitment to Reducing Inequality Index: A new global ranking of governments based on what they are doing to tackle the gap between rich and poor](#), 2017.

primary and secondary education and universal pensions), some of Africa's most progressive tax rates,¹⁸ and increases in minimum wages in low-income sectors,¹⁹ Namibia continues to defy the global inequality trend: its Gini coefficient²⁰ has fallen by some 15 points since 1993. And in the same timeframe, the poverty rate has more than halved, from 69% of the population to under 30%, with extreme poverty dropping from 53% to 23%.²¹

Collective bargaining can be helpful to counter low wage policies which are often driven by profit-seeking and constitute a revenue shift from wage-earners to shareholders. Globally, the GDP share from the wages has gone down relative to the profit-share of the economy. Collective bargaining can also close the equal pay gap. For example, Belgium has one of the lowest gender pay gaps in both Europe and the OECD. The latest 2017 figures from the OECD show the median monthly wage of a Belgian man is 3.3 percent higher than a Belgian woman – compared to an average gap across the EU of 19.2 percent. In the public sector, women are paid more on an hourly basis. The Belgian pay gap has closed rapidly in recent years – from 13.6 in 2000, 11.5 per cent in 2005 and 7 per cent in 2010. Moving towards equal pay has been a deliberate government policy for decades, and one thing that has made progress easier is having some of the highest and growing levels of trade union membership in Europe. Around 55 per cent of all Belgian workers are in a trade union – but an estimated 96 per cent of workers are covered by the collective bargaining agreements they sign.

As articulated during the priority theme panel at the 57th Session of the Commission for Social Development, despite continuous globalization and expansion of the global economy, the average rates of taxation of companies has steadily decreased. To the contrary, it is not a coincidence that high minimum wages and top-tier taxation rates tend to correlate strongly with high rankings in human development,²² happiness,²³ and many other measures of well-being.²⁴ In many societies that embrace such arrangements, the majority of the population seems to have embraced an ethic of reciprocity and responsibility to one another, and trusted the state to equitably and judiciously redistribute a share of the resources which membership in those societies—usually an accident of birth—has allowed some to acquire.

It is ideology, then, and not demonstrated experience, that often stands in the way of progress in advancing progressive tax policy and raising the minimum wage. At the heart of the problem is a vision of economic relations centered on self-interest rather than service to the common good, which values growth in absolute terms above all else, based on the mistaken belief that such an approach will naturally resolve all other concerns as a matter of course. This outlook also fails to grasp that people tend to understand their own well-being in relational terms—that one's own small step forward may appear imperceptible when others are advancing by leaps and bounds. If leaders wish to govern societies in which all members see their fortunes truly improving, they should act boldly on this front and make the case for policies that will meaningfully uplift the entirety of the population.

¹⁸ Ibid.

¹⁹ Glenneis Kriel, "[Namibian minimum wage increases 25%](#)", *Farmer's Weekly*, 2017; "[New minimum wage of N\\$1 502 for domestic workers](#)", *The Namibian*, 2017.

²⁰ The standard measure of income disparities.

²¹ Joseph E. Stiglitz and Anya Schiffrin, "[Learning from Namibia](#)", *Project Syndicate*, 2016.

²² United Nations Development Programme, [United Nations Human Development Index](#).

²³ John F. Helliwell et al., [World Happiness Report 2018](#).

²⁴ Including human rights, democracy, and freedom (Freedom House, [Freedom in the World Index](#), 2018).

Looking beyond the next election cycle to the next generation

In this historical moment of dislocation and disillusion, the importance of participation and a renewal of political leadership cannot be overstated. By resisting the pernicious influence of privileged vested interests, which have done so much to undermine their legitimacy in recent years, and by refocusing their policy-making on what will improve the lives of those in greatest need, traditional public institutions can reclaim their position as the foremost actor in fostering inclusive social development. To do so, they will need to open spaces for participation as well as implement social programs not as fleeting, isolated projects of the party in power but as institutionalized systems that can be counted on across generations.

As such, while not losing sight of the necessity to prioritize certain issues and social groups, we urge Member States to take up the challenge of developing ambitious, long-term plans—with an eye toward 2030 and beyond—for comprehensive social protection systems, covering the range of needs across a person's life cycle, as well as substantive fiscal and wage reforms necessary to finance such systems and to foster more equitable societies. The more voices are engaged in these processes from their inception, the greater will be their impact. While it is all too easy to be blinded by the political difficulties of such a call, it is critical to not lose sight of what is truly at stake: the ability of humanity to adapt and increasingly flourish amidst the challenges and opportunities of this historic inflection point.