



SOCIALLY JUST TRANSITION TOWARDS SUSTAINABLE DEVELOPMENT

The political economy of large wealth inequality

Expert Group Meeting 4 – 7 August 2020
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Key issues

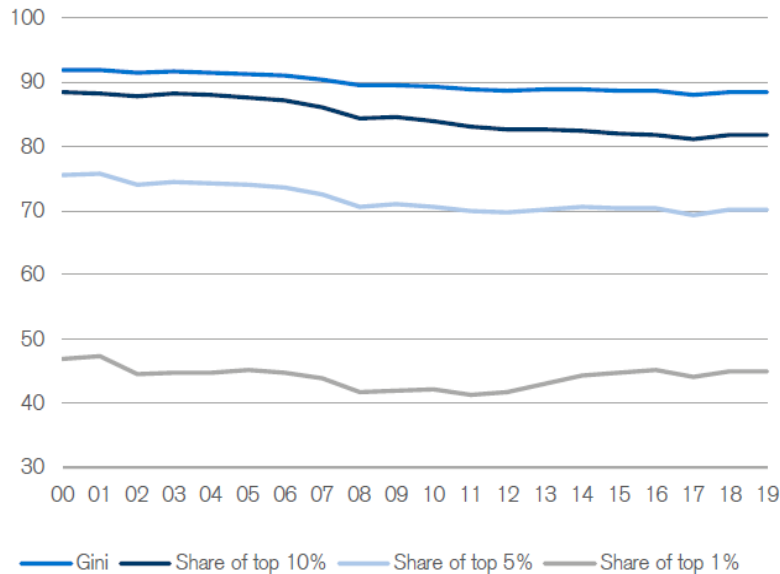
1. What is the level of economic inequality in the world?
2. Why is the concentration of wealth in the hands of a few a threat on sustainable development ?
3. What policies are necessary to achieve socially just transition?



Large wealth inequality

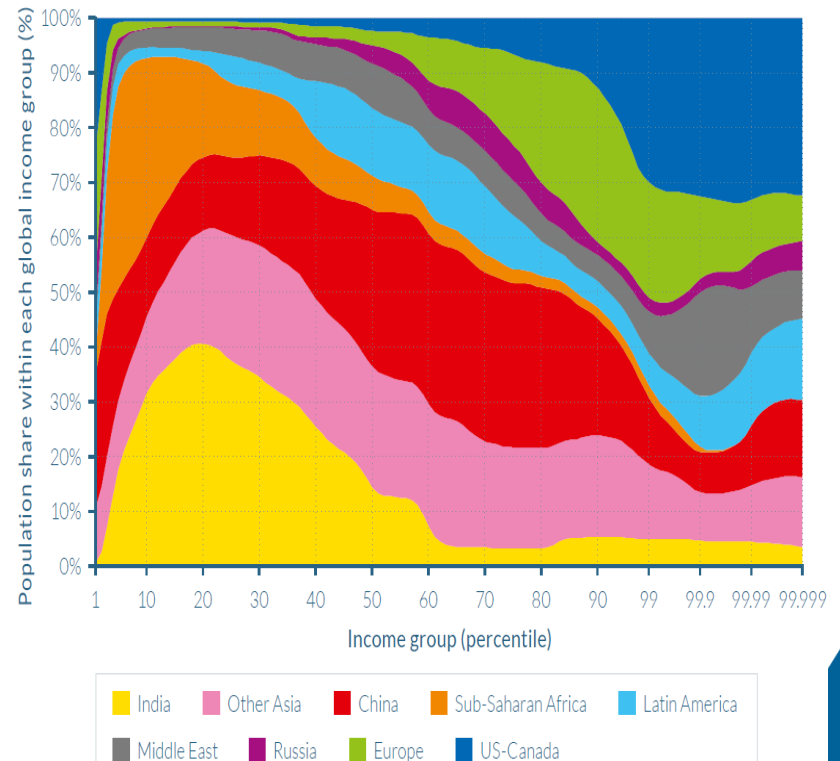
Today in the world the richest 10% owns more than 80% of global wealth, and nearly half of global wealth is owned by less than 1% of the world population. Nearly 1/3 of the super-rich live in North America

Figure 1: World wealth inequality, 2000–19



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global wealth databook 2019

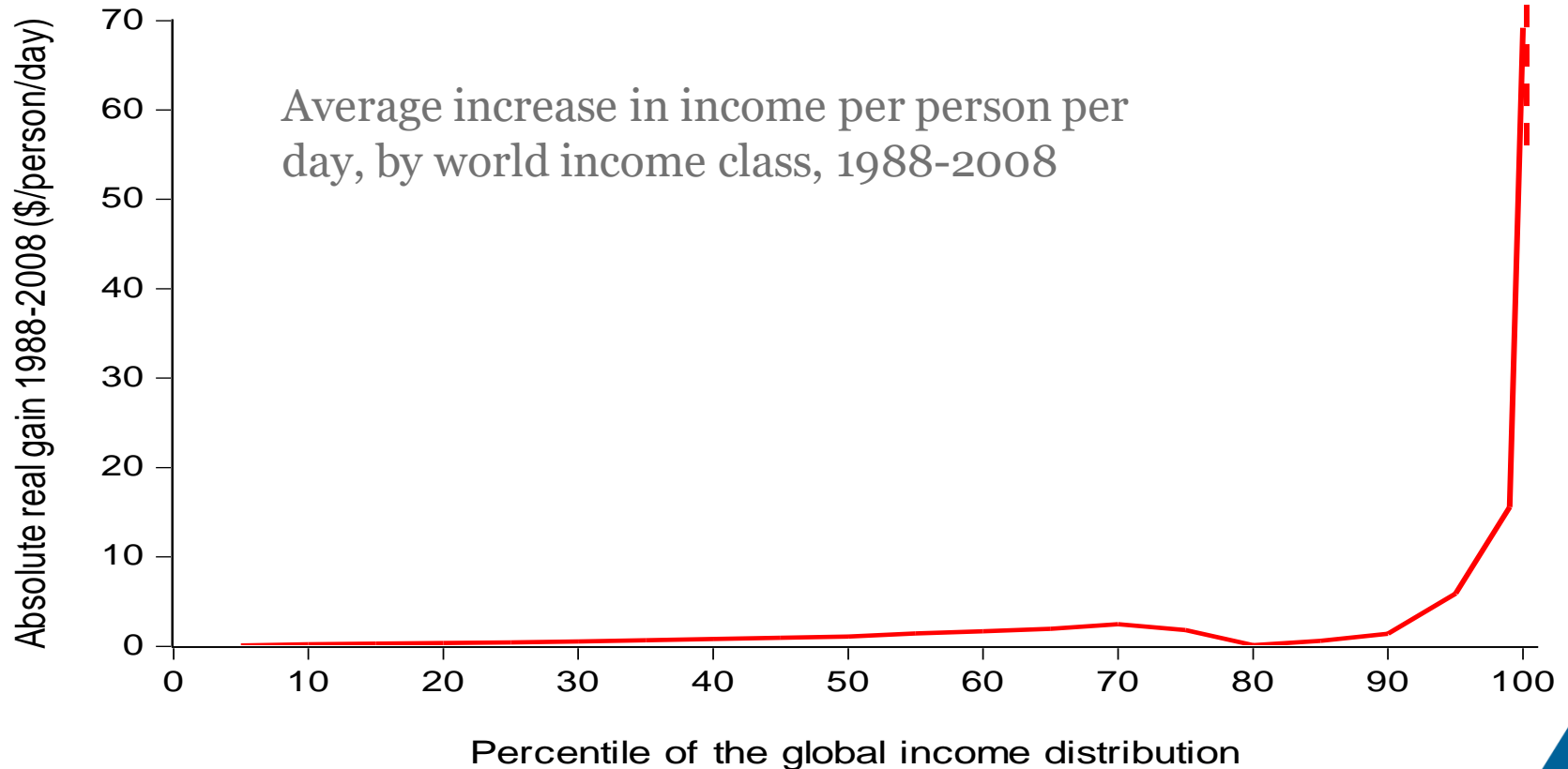
Geographic breakdown of global income groups in 2016





Trends in absolute real income gain

In recent years, only the super-rich have seen large increase in income

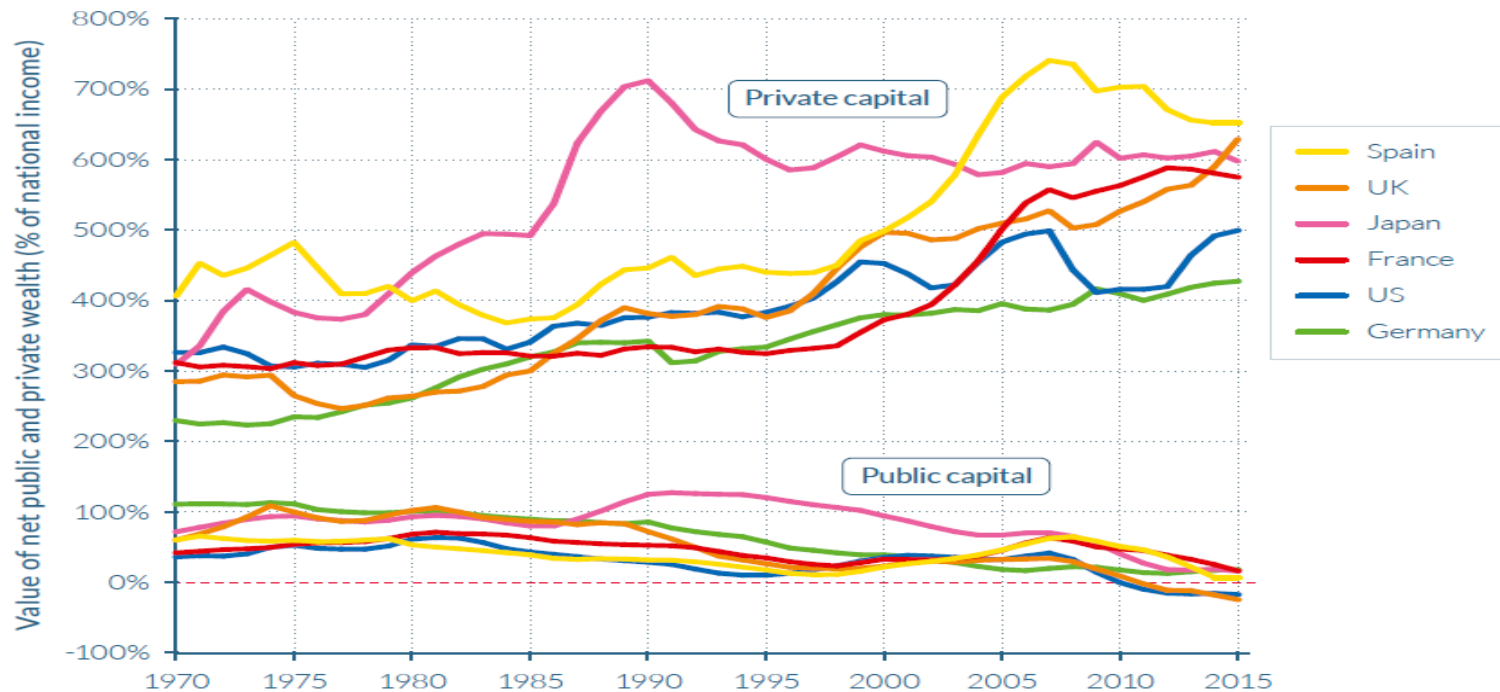


Source: Martin Ravallion, "Globalization and Inequality," *Journal of Economic Literature*, 2018



The fall in public wealth

Wealth inequality has increased as large amounts of public capital were transferred to private individuals as part of privatisation programmes



Source: Facundo Alvaredo, Lucas Chancel, Thomas Piketty, Emmanuel Saez, and Gabriel Zucman: World Inequality Report 2018.



Wealth concentration - a threat on sustainable development

Elite capture...

Wealth concentration in the hands of a few gives to a small minority of super rich a tremendous economic and political power that can influence national and global policy processes.

→ One exemple in the area of digital technologies is the difficulty to tax the GAFA and address market concentration in the tech industry market

Falling trust in governments and public institutions....

Through social movements and protests in both developing and developed countries, citizens are calling for more voices in decision making processes and new directions in policy choices and international negotiations



What policies are necessary to achieve socially just transition?

Key points

1. Promote better policies for better lives
2. Ensure greater policy coherence
3. Preserve the quality and quantity of public goods
4. Restore trust in governments and institutions through better governance



THANK YOU!