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Reducing inequalities and strengthening social cohesion through inclusive growth: a roadmap for action

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Abstract
The authors propose a policy compact to achieve more inclusive growth in G20 countries so that economic growth regains the ultimate sense of improving all people's lives. Guiding principles are: 1) prosperity is not just about income but about all relevant outcomes of well-being and capabilities to overcome the initial social disadvantage; 2) it is also about including people in participatory decision-making to enhance their dignity and control over their lives; 3) excluding people from reaping the benefits of growth will thwart social cohesion and well-being; 4) integrated policy approaches are needed to achieve inclusive growth, across policy domains and between national and global actions, including responsible management of migratory movements. Concrete policy actions are described that span education, labor, fiscal instruments, public and private governance.

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The Challenge

Income inequality has risen within many countries, especially among the advanced G20 economies, since the 1990s. According to some aggregate indicators global income inequality has decreased as a consequence of convergence from fast-growing economies. In particular, Hellebrandt and Mauro (2015) show a shift in the Lorenz curve computed for the world income distribution that led to a decrease in global inequality between 2003 and 2013 (see Figure 1).

Lakner and Milanovic (2016) also show a reduction in the global Gini index during the 2000's. In spite of this reduction, global inequality remains high by all standards. Studies may differ according to methodology and data, but concur in estimating the current global Gini coefficient at values around 70%. Worldwide income inequality is thus higher than inequality in even the most unequal countries in the world (see Klasen et al., 2018, for an extensive discussion).

Moreover, the process of economic growth worldwide has been uneven. More than a billion people have been lifted out of extreme poverty, but the world's poorest and the middle classes in the developed world have seen, on average, no significant income gain over the past 30 years. Conversely, people at the top of the world income distribution have reaped a high share of the income growth. Alvaredo et al. (2018), combining different data sources, estimate the polarization of world income to be even higher than previously estimated (Milanovic, 2016). People occupying the top 1% of the world income distribution appropriated 27% of total growth between 1980 and 2016, while the entire bottom half only captured 12% of total growth (see Figure 2)[1]. The same process of income polarization has characterized OECD countries over the period 2007-2014, as shown in Figure 3. People in the bottom 10% of the distribution in OECD countries lost disproportionately in 2007-2010 and recovered little in 2010-2014, so their gap from the mean national income widened. Conversely, people in the top 10% of the income distribution earned well above the mean income in 2010-2014.

Those who are left behind are confronted with economic insecurity, while lacking the means and skills to adapt to a changing economy and fast technological change. In their own perception, they have not benefitted from globalization and are calling economic openness into question. As shown in Figure 4, trust in national governments has decreased in the last decade in a sample of OECD countries, and so has voter turnout. A backlash against globalization and global economic integration and a rise in populism may turn out to further hurt the least advantaged.

[1] This result is not necessarily in contrast with the decreasing pattern we observed for the global Gini coefficient. First of all, the periods over which these trends have been calculated are different. The global Gini coefficient showed signs of reduction only during the 2000's. In this period, even the process of income concentration toward the top 1% income share showed a moderate reduction. According to Alvaredo et al. (2018: 7), the global top 1% income share increased from 16% in 1980 to 22% in 2000, and declined to 20% afterwards. Moreover, the datasets used to estimate the global Gini coefficient have typically been based on household surveys, and these most likely underestimate the magnitude of top incomes (Milanovic, 2016). Alvaredo et al.'s (2018) estimates include fiscal data coming from income tax, which permit a better estimation of top incomes. It may thus be the case that the decreasing trend reported for the global Gini coefficient during the 2000's would be less pronounced or would even be reversed, should the dataset of Alvaredo et al (2018) be used.

Figure 1: Lorenz curve of the world distribution of household per capita disposable income (2003 and 2013)

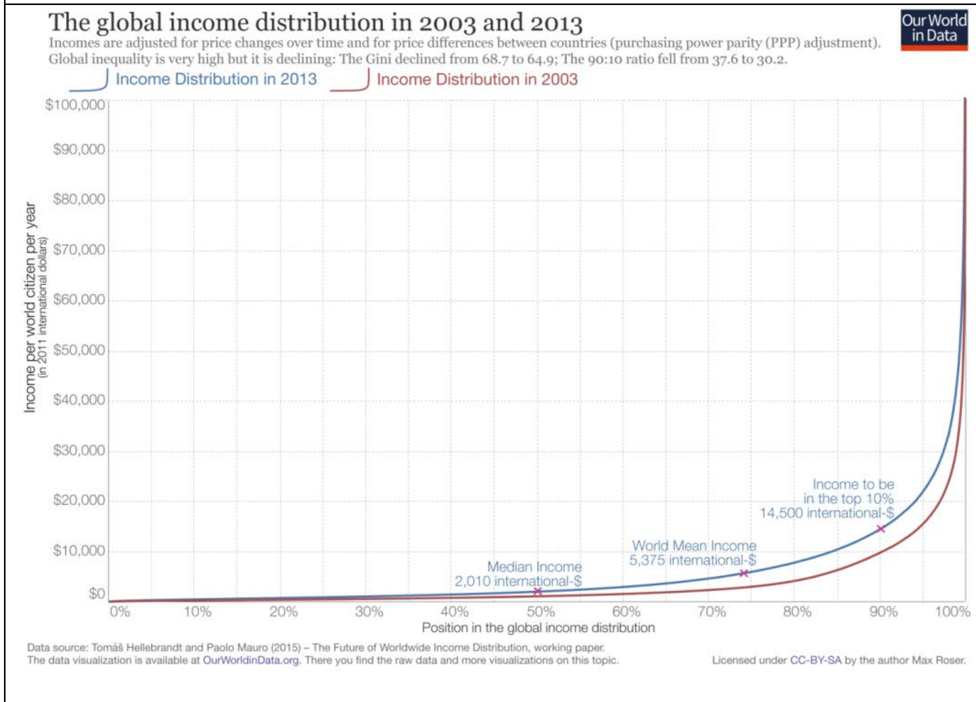


Figure 2: Total real income growth per adult per income brackets of world distribution (1980-2016)

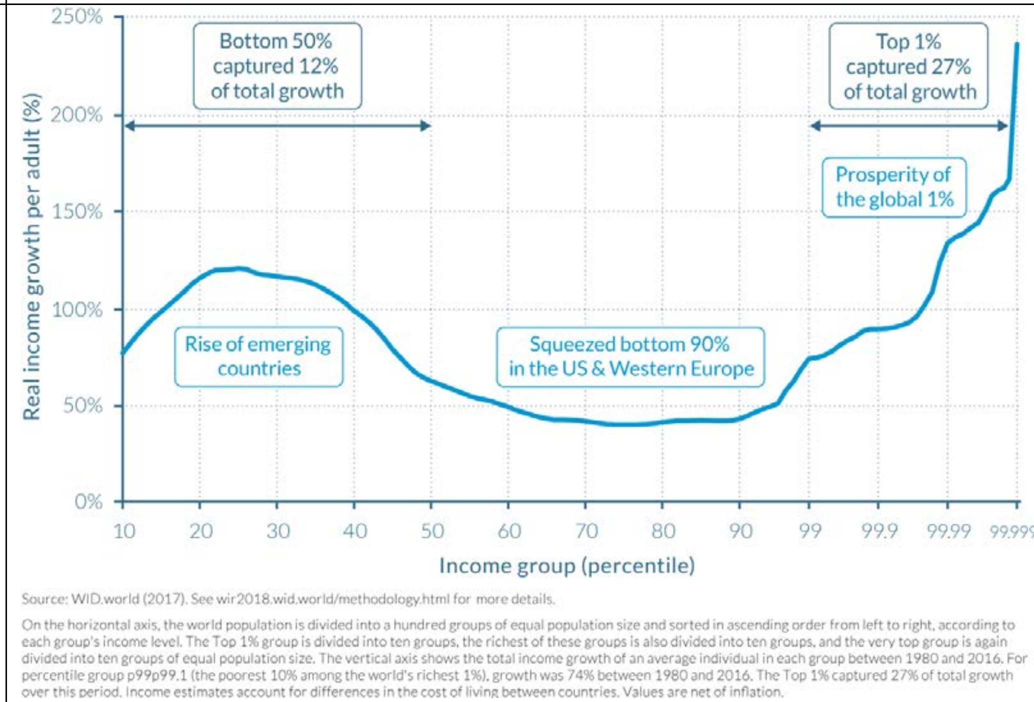
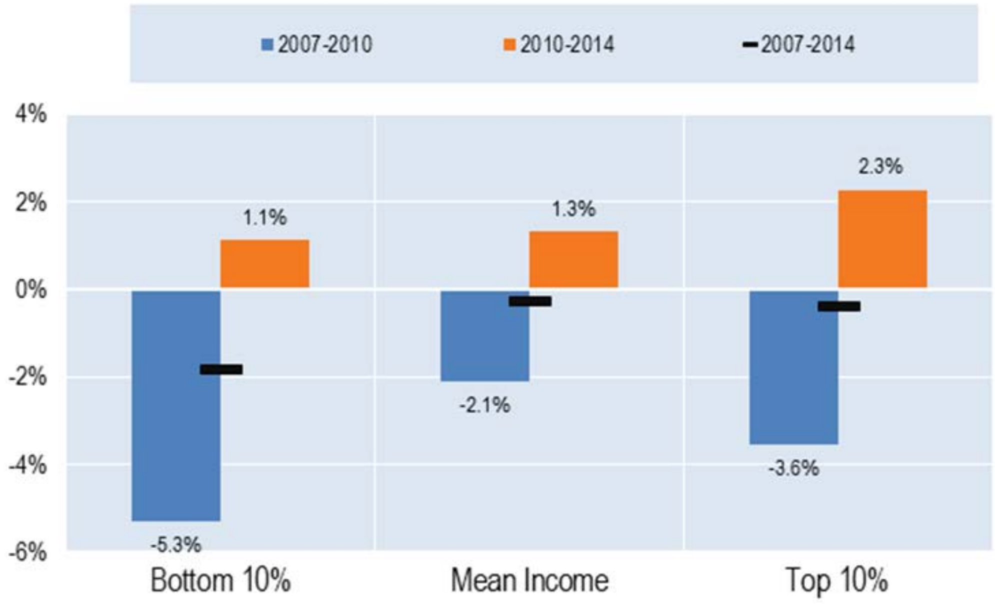
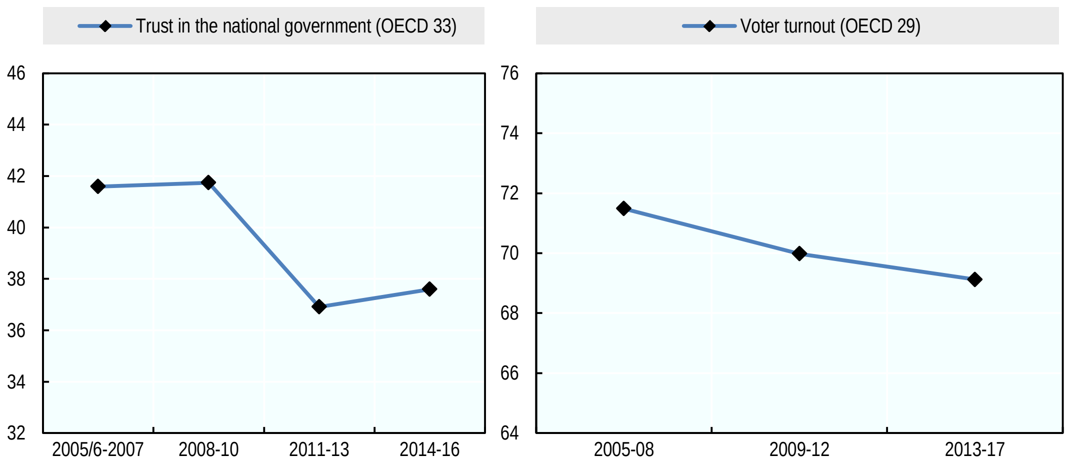


Figure 3: Variation in mean absolute income for top and bottom 10% of income distribution and mean income in OECD countries (2007-2014)



Sources: OECD Statistics. All OECD countries have been included.

Figure 4: Evolution of trust in national government and voter turnout



Note: For trust in the national government, the OECD average is population-weighted and excludes Iceland and Luxembourg, due to an incomplete time series. For voter turnout, the OECD average has been calculated across four-year periods. This required excluding Austria, Finland, Italy, Luxembourg and Mexico. Chile is also excluded since compulsory voting was dropped in 2012, introducing a break in the series.

Sources: For trust in the national government: OECD calculations based on Gallup World Poll, www.gallup.com/services/170945/world-poll.aspx. For voter turnout: International Institute for Democracy and Electoral Assistance (IDEA) (2017), www.idea.int, the register of the Supreme Electoral Tribunal for Costa Rica, and the Federal Statistical Office (FSO) of Switzerland.

The global nature of these processes makes national policies less effective. This may jeopardize the whole social contract and the political stability that stems from it. Pursuing inclusive growth, as recommended by the 2016 and 2017 G20 summits, is a major global challenge that requires both national and international efforts. Inclusive growth is the process of creating shared prosperity in many well-being dimensions, not just economic ones.

Key recommendations

1. Share the benefits of increased prosperity and globalization more evenly across social groups.
2. Devise policies that consider the multidimensional nature of prosperity and how the various sources of well-being are distributed in the population.
3. Ensure that all individuals are equipped to fulfil their productive potential with adequate investment in skills and health and good opportunities for quality jobs to keep pace with an increasingly globalized and digitalized world.
4. Make sure that the voices of all citizens are heard by promoting wide participation to political and economic decisions in particular from less engaged groups. Foster transparency in decision-making processes and prevent capture by special interest groups, at all levels.
5. Counter the rising tide of anti-immigration voices by developing effective migration and integration policies and by explaining the benefits from immigration. Step-up international cooperation to manage migration flows at the global level.
6. Making inclusive growth happen requires evidence-based reasoning. More timely data are needed to understand the conditions under which economic growth translates into higher well-being, to monitor the distribution of the components of well-being in the population, and to evaluate their impact on social cohesion.

Our Vision

Our vision of inclusive growth involves four pillars. It is consistent with the general approach of the Agenda 2030 that has inspired the Sustainable Development Goals (SDG). This approach revolves around the idea of a "life of dignity" and the imperative of "leaving no one behind." However, the Agenda 2030 specifies only to a limited extent the policies and institutions that help achieve the Goals, partly because the Agenda recognizes that countries need to own and develop specific policy solutions that fit their needs. The present paper builds on the assumption that a process of inclusive growth is necessary to leave no one behind and to enable all to live a life of dignity. To this effect it suggests a complete policy package that can inform national solutions and be implemented fully or in part, depending on the local context and circumstances.

First pillar: Inclusive growth is about enhancing well-being for all

Inclusive growth is not just about ensuring income adequacy or economic security for different income groups. It is about improving a wide range of outcomes that matter for well-being such as employment prospects, job satisfaction, health and educational outcomes, as well as the quality of social relations and social cohesion. Many of those outcomes are heavily conditioned by individuals' opportunities which are in general heavily affected by socioeconomic status. The most disadvantaged often live shorter lives and find it difficult to break away from a vicious circle of educational underachievement, low skills, poor employment prospects and social alienation. Vulnerable social groups are also affected disproportionately by pollution and are often ill-equipped to cope with environmental degradation. Within countries, some regions, and even neighborhoods within cities, prosper while others lag behind.

Second pillar: Inclusive growth is also about empowerment and participation

Inclusive growth is not only about outcomes and opportunities but also about processes. It requires making citizens feel respected and able to participate in the decisions that affect their lives. At the current juncture, there is clearly a perceived lack of legitimacy in the way globalization has been taken forward. Critics of the process portray it as having been captured by powerful corporations and financial institutions, and beset by insufficient transparency and accountability to citizens. Anti-establishment protests (in votes or in the streets) reflect a widespread perception that selfish and greedy elites have broken the social contract by creating a situation in which many decisions are taken without sufficient accountability and without consulting the affected populations. The strong desire of people to be respected and in control of their conditions seems universal: for instance, surveys among the most destitute populations show that, even in cases in which economic deprivation seems the obvious priority, the prime concern of these populations is not just about their economic condition but about dignity, respect, and participation (ATD Fourth World 2013, 2015, World Bank 2000).

Third pillar: Inclusive growth has positive repercussions on social cohesion, solidarity, belonging, and trust

Social cohesion involves the existence of strong social bonds among members of a society. This includes willingness to help and cooperate with each other, and psychological perceptions of being included in the society (Roca and Helbing, 2011; Bertelsmann Foundation and Eurofund, 2014). Dense social relationships, trust in other people and in institutions buttress social cohesion, as emphasized by the research on social capital (Putnam, 2000).

Inclusive growth permits stronger bonding relationships between citizens and thus fosters social cohesion. This meets fundamental needs of human beings, whose nature is fundamentally social. Evolution seems to have developed a strong disposition to in-group bonding and cooperation as well as distrust or hostility toward outsiders. But the delineation of the groups to which people affiliate themselves is endogenous and can be influenced by policies and institutions. This is sometimes described as the process of identity formation (Akerlof and Kranton 2000). At the limit, the identity of human beings or even simply living beings can take over and foster a universal positive attitude. The attitude toward migrants and minorities is in particular very sensitive to prevailing narratives about their origins, differences, and contribution to the country and community. Another aspect of social cohesion is the ability for people to experience and express feelings of solidarity, care and altruism. Giving people the possibility to develop such solidarity bonds beyond their immediate circle of relatives importantly enhances their life and gives it additional purpose and meaning. Trust (Putnam 2000; 2007) is a closely related form of mutual recognition that is quite important to fluid social and economic relations, and can also be influenced by policies and institutions.

Fourth pillar: Economic inequalities harm well-being, empowerment, and social cohesion

While we emphasize the importance of conceiving inclusive growth by going beyond a strictly economic outlook, as developed through the first three pillars, economic inequalities should not be neglected as a specific policy target. This is the case for several reasons. First, while it is sometimes argued that growth is satisfactory when everyone benefits from it, with a reference to Rawls' difference principle, it is now recognized that when economic inequalities become excessive (even if the poor benefit from growth), the social fabric is vulnerable to disintegration. This may lead to a weakening of participative decision processes, making the disadvantaged populations feel disenfranchised and disempowered, and to a dilution of social bonds between rich and poor, generating distrust, loss of empathy, and exacerbated feelings of hostility (Alesina and La Ferrara, 2000; 2002; Rothstein and Uslaner, 2005). In extreme cases, this can lead to protest and sometimes violent social conflict (Klasen et al., 2018). Such disintegration is directly harmful to well-being, harming not only the worst-off but also the middle class as well as the best-off since the enjoyment of community feelings vanishes for most social groups.

Moreover, economic inequalities, when excessive, also bring about a broad array of economic and social costs. While data limitations and methodological issues have prevented reaching consensus on the idea that income inequality hinders economic growth (Klasen et al., 2018), it is well-established that inequality exacerbates poverty both directly and by decreasing the poverty-reducing effect of economic growth (Bourguignon, 2003). Moreover, economic inequality tends to lead to large inequalities in health and education and is negatively associated with intergenerational mobility (Corak 2013, Klasen et al., 2018). This makes for a less productive workforce and for increasing gaps in productivity across jobs and firms, and may hinder innovation. Similarly, greater inequalities tend to be linked to greater inequalities in access to funding, reducing the opportunities of innovators and entrepreneurs from a modest background. Economic inequalities, when entrenched in steep (e.g. winner take all) reward processes, may also imply greater risks in economic activities, reducing incentives to invest and innovate, especially if the provision of a safety net is undermined by social divisions between entrenched elites and the rest of the population.

Roadmap for action: preliminaries

Before laying out the concrete policy items we propose in this paper, a few general remarks are in order.

First, addressing the multidimensional nature of inequalities and lifting outcomes and oppor tunities for those that cumulate disadvantages effectively requires an integrated approach to policymaking, in contrast with a traditional silo approach. For instance, conditional cash transfers may be more effective if designed and implemented to span multiple dimensions of well-being such as children education, health care and more broadly household consumption expenditures. This requires coordination across multiple ministries for the implementation of the programs which can prove challenging especially for emerging economies. There are however successful examples of coordinated policies even in those countries: for instance, Brazil's *Bolsa Familia* and Mexico's *Prospera* program that combine several policies into an integrated package have proved effective at reducing income inequalities (World Bank, 2016).

Second, countries and regions of the world vary significantly, in their economic situation, their social structure, their policy traditions, their political history, and their environmental outlook. It is impossible to advance a one-size-fits-all agenda, and adaptation to the local context is key to successful reforms.

Third, however, policy coordination across countries can greatly enhance national actions. Indeed, in the context of global competition, some tax and transfer or regulation policies can influence localization and outsourcing decisions by firms, and governments may be put under pressure to outcompete other countries in terms of attractiveness for investors, even if this may clash with their social goals. While it is in principle possible to adjust trade and corporate tax policy to protect some local policies from external competition, the best configuration is obviously coordination between governments so as to release some of the pressure from investors.

Fourth, while national and local governments are key players in the implementation of the measures proposed in this paper, civil society can also make important contributions, both by putting pressure on public authorities to enact the desired measures, but also by initiating change in their own capacity and in their local area.

Fifth, policy design and evaluation requires reliable data. Notable progress has been achieved over the recent past in measuring income inequality and assessing its policy drivers. Unfortunately, non-income dimensions of well-being, such as health and its distribution across income groups, are not yet well covered by the various Inclusive Growth frameworks. Overcoming data constraints is key to identifying robust empirical relationships between multidimensional living standards and policies, as well as to ensure the responsiveness of outcomes to policy intervention. Indicators of social cohesion are possibly even more in short supply, partly because of the under-theorisation of the concept, and partly for lack of empirical measurement (for an exception, see Bertelsmann Foundation and Eurofund, 2014). Against this background, it appears highly desirable to improve the depth, breadth, timeliness and international comparability of datasets and statistical instruments underpinning the measurement of social and economic indicators; and to develop analytical capacity to measure both inclusive growth and social cohesion patterns and understand their policy drivers, especially among G20 emerging economies.

Finally, we would like to add two remarks about the policy context created by globalization and technical change.

First, while globalization and technical innovation are the main underlying drivers of economic and social trends, it would be a mistake to take them as given exogenous constraints to which policymakers can only try to react. In fact, both drivers are influenced by policies (IPSP 2018, chapters 3, 7). Globalization is influenced by trade arrangements, monetary policies and financial regulations, by product norms and intellectual property laws, as well as by foreign investment regulation and dispute resolution mechanisms. Technical innovation is influenced by taxes and subsidies, by patent regulations and intellectual property, by competition policy and the governance of organizations that conceive, diffuse or adopt innovations. In other words, globalization and innovation can be addressed not only by compensating those who stand to lose from their impacts on the economy, but also by orienting their momentum in a more universally beneficial direction.

Second, a related point about technical change, is that while many routine jobs will be shed by digitalization, continued income growth will make it possible to create new jobs addressing needs that remain imperfectly met in the current economy. In particular, the caring economy as well as services to the elderly and jobs dedicated to social bonding can be developed in more affluent societies and meet an important demand provided that the beneficiaries of such services can be given sufficient means and be incentivized to contribute when public good effects are present.

Roadmap for action: national policies

As explained in the previous section, coordination of national policies can play an important role in enhancing the capacity of governments to achieve inclusive growth, and it is therefore useful here to examine the policy options at the national level, before considering the international level.

1) Social investment and the safety net:

Before listing concrete policy options, three general remarks are in order about the safety net and the notion of social investment.

First, many public policies are treated as expenses but should actually be considered investments, in particular those that invest in human capital, at the individual level as well as at the group level. Those include health care, education, and security.

Second, a great majority of safety net measures are like reinvestments helping to preserve and expand human capital. And the very same services (in particular health care) provide initial and continued investment in the same facilities and without any distinction. For education, one can of course distinguish initial education from continued training or re-training, but again, there is no reason why some coordination of the providers should be avoided.

Third, a successful tenet of inclusive growth policies in the North of Europe is that they seek to protect individuals, not jobs or industries. This enhances the efficiency of the economy, by making the decision-makers and stakeholders more willing to adapt to changing economic conditions, while preserving inclusion and dignity of the workers.

Against this background the policies proposed under the heading of social investment and safety net are:

- Ensuring universal access to quality public goods and services, in terms of health and good quality education as well as good quality infrastructure, with an emphasis on electrification and improved water and sanitation services in emerging economies. While universality is financially challenging and may be out of reach at early stages of development, it appears ultimately beneficial by increasing the acceptance of the services by the general population, and reducing the symbolic exclusion and stigma endured by the beneficiaries of targeted support (IPSP 2018, chapter 8).
- Expanding the social protection net by reducing unequal access between regular (formal) and non-regular (informal) workers, including workers of the sharing economy and of similar precarious status; hence extending unemployment benefits coverage and increasing generosity in countries where these are low; as well as well-designed minimum wages to address in-work poverty and the risk of excessively low pay, for instance in emerging economies. Minimum wages enhance productivity by incentivizing firms to adopt technologies that can justify the required wage level, and therefore contribute to accelerating the modernization of the economy.
- Introducing or stepping-up conditional cash transfers in emerging economies, focusing on efficient beneficiary targeting and precise evaluation of transfer effectiveness. The conditionality of transfer has to be implemented in a way that avoids intrusiveness and undignified treatment of the beneficiaries, but when it is well conceived it encourage households to make decisions that benefit them (and especially their offspring) in the long run.

2) Enhance the equity and effectiveness of taxes and transfers:

Many countries can improve their tax and transfer system both in terms of efficiency and equity. In particular, efficiency can be improved by seeking new tax bases that correspond either to inefficiencies due to market failures that need to be tackled, or to rent situations and rent-seeking behaviors that divert resources away from productive purposes; and reducing the traditionally heavy tax burden on labor, which tends to make the labor market sluggish and to encourage labor-saving decisions in the productive sector, including in technical innovations.

The two main types of reforms proposed here are the following:

- Making the tax system more equitable by: i) reducing tax breaks that disproportionally benefit the rich, such as for owner-occupied housing or retirement contributions, and ii) making more use of inheritance taxation by levying it at the receiver level so as to curb wealth inequality and its transmission across generations. Inheritance taxation has become very unpopular, because when it bears on bequests on the donor's side it seems to punish effort and saving, as well as family caring. But applied to the receiver's side, it acquires a totally different meaning, since it penalizes the accumulation of inherited advantage that undermines equal opportunity (Atkinson 2015). The same bequest shared among many beneficiaries should be taxed much less than when a single heir receives it in full.
- Promoting job creation and labor-friendly technical innovation by reducing the reliance on distortionary taxation of labor and shifting toward efficiency-promoting taxation such as environment-related and rent taxes (IPSP 2018, chapter 4), designed to curb negative externalities and unproductive advantages, including anti-competitive behaviors. There are legitimate concerns about the adverse distributional effects of measures such as the repeal of fossil fuel subsidies, which can raise the price of energy for poor households. These adverse effects can be alleviated by income compensation mechanisms targeted at low-income groups, particularly from an energy affordability perspective (Schwerhoff et al., 2017). It should be emphasized that a more labor-friendly tax system would not stop technical progress, but it would make it more compatible with the goal of empowering people, and combined with the governance measures of the next paragraph, it would be compatible with upskilling and raising the productivity of the work force.

3) Improve governance in the economic, political and social spheres, strengthen social dialogue and foster strong alliances between the public and the private sectors :

Governance is essential in ensuring the implementation of an empowerment policy package (World Bank 2017). The last decades have seen a dilution of local and national state power, as well as absorption of many small and medium-size firms into larger units, giving both citizens and workers a sense a disempowerment. While it is impossible to turn the clock back and downsize the scope of many decision processes, it should be possible to restore some accountability and transparency by adapting the rules of participation of stakeholders to the new globalized context, and ideally one can even hope to improve the fairness of decision processes compared to the old status quo, which often lacked the desired level of participation.

- Establishing country-level coordinated systems of wage bargaining that counter undesired increases in the dispersion of wage and productivity in the context of slowing productivity (OECD, 2016a); as the experience of Scandinavian countries shows, a "social contract" based on a more equitable distribution of market incomes and strong R&D investment can combine equity, inclusiveness and fast technological modernization, hence reviving productivity while ensuring a better distribution of its dividends (Agell and Lommerud, 1993; Moene and Wallerstein 1997; Barth et al., 2014; 2015; Atkinson, 2015; IPSP 2018, chapter 8).

- Enhancing social dialogue between the private sector, civil society, trade unions and business associations, and other relevant stakeholders to promote an inclusive education system, which expands opportunities for people of all ages and backgrounds to develop their human capital, acquire relevant skills and improve their employment and overall life prospects; as well as an inclusive labor market, in which women, youth, seniors, immigrants, people with disabilities, and people of all social and ethnic backgrounds have access to quality employment opportunities.
- Incorporating inclusive growth commitments into daily business practice and the adoption of responsible business conduct; encouraging good corporate governance practices that are inclusive and improve the well-being of all stakeholders including workers, suppliers, customers, and local communities. The traditional doctrine by which firms should maximize shareholder value while the other stakeholders, especially workers, should be treated as mere contractors, has proved inadequate as it ignores the important investments in specific know-how made by workers and the key role of trust and information flows in successful organizations. Modern management seems to tend toward a horizontal model in which all contributors are treated as partners and their specific information and specific needs are considered with due respect, enhancing the quality of their contribution. This model is also much more credible in delivering socially and environmentally responsible business conduct (IPSP 2018, chapter 6).
- Introducing mechanisms to monitor campaign and party funding, as well as funding and governance of the media, in order to avoid political capture by wealthy elites and the disenfranchisement of ordinary citizens (IPSP 2018, chapters 13, 14). The frontier between lobbying and corruption is blurred by mechanisms such as revolving doors between public positions and private jobs, and more stringent transparency and cooling-period regulations would contribute to restoring public confidence in institutions (IPSP 2018, chapter 6). The influence of money in politics and in the media varies a lot between countries, and while legal constraints on the formal involvement of money in political activities are insufficient to insulate public debates from the pressure of well-funded interests, they can exert a positive influence.
- Supporting a social and solidarity sector that generates positive social externalities and enhances civic participation (UNRISD 2016). There are many different forms of social entrepreneurship and they make a variety of contributions to social cohesion. Governments may want to compare the social returns obtained by subsidizing such activities with directly supporting the costs induced by their absence.

4) Promote social cohesion and fight discrimination:

While the measures listed up to now would contribute to including the average person into the benefits of growth, they need to be supplemented with specific policies targeting groups which are disadvantaged only by prejudice or dubious legal and conventional restrictions. Women and migrants, in particular, can benefit from special efforts to promote their socio-economic inclusion.

- Combating gender inequality under all its forms, in income and non-income dimensions; this includes removing policy barriers that prevent women from participating in the labour market at their full potential hence enhancing the provision of good quality childcare, addressing horizontal inequities in taxation, and fostering anti-discrimination measures; tackling the remaining gaps in education and access to capital; and, last but not least, fighting gender discrimination and violence against women.
- Enhancing migrants' integration in society, for instance in the labour market: lowering barriers to employability, focusing on better recognition of skills acquired abroad and expansion of language courses; as well as ALMPs and coaching to address potential information hurdles beyond language barriers.
- Developing educational and awareness campaigns to reduce discrimination against migrants, demonstrating their long-run net benefits to the economy and to society.

Roadmap for action: international and global policies

Increased cross-country coordination and global rule-making, particularly within the G20, is needed to spread the benefits of globalization more inclusively worldwide. This is needed in many areas including taxation, product market regulation, innovation and intellectual property rights. Fair global governance requires advanced countries and emerging economies to interact with each other on an equal footing. Nonetheless, some countries may need capacity-building to facilitate policy implementation and reporting.

1) Develop global dialogue and exchange of good practices:

A lot of coordination can operate through simple circulation of information about experiences of different countries or regions, inspiring imitation or creative adaptation to different contexts. The key measures we propose are as follows, with one focusing on civil society and the other on standard setting.

- Facilitating the exchange of good practices among networks of civil society, for instance among city governments and other key stakeholders on effective policies to achieve inclusive growth in cities (OECD, 2016b).
- Opening a global dialogue and encouraging international standards in areas such as corporate governance, competition policy, responsible business conduct, environmental protection and anti-corruption practices.

2) Enhance the institutional tools for global rule-making and implementation:

The need for integrated packages applies not just in the national but also in the international context. There are valuable tools and organizations that can be harnessed in a more consistent way to promote the relevant goals. This suggests the following policy ideas:

- Enhancing policy coherence between different areas of policy intervention and objectives, for instance by re-examining the relationship between trade agreements and both labor and environmental standards.
- Reinforcing WTO multilateral trade sanctions mechanism as penalty for lack of responsible business conduct in particular over labor and environmental standards.
- Enhancing the role of international organizations in global governance, by greater focus on stakeholder engagement and implementation in standard-setting and through engagement with the G20 and other international fora. The United Nations and the G20 can play complementary roles, the former having laid a general framework and set of goals while the latter can focus on coordination and cooperation on concrete measures.

3) Pursue cooperation on issues of global common interest:

There are common goods and global issues that cannot readily be tackled without international cooperation. The three most cited nowadays are tax evasion, climate change mitigation, and migrations. We would like to add a fourth one.

- Pursuing international cooperation in the area of automatic exchange of information to address tax avoidance and evasion and shut down offshore tax havens; and in in the area of corporate taxation through implementation of the measures agreed to as part of the OECD/G20 Action Plan on Base Erosion and Profit Shifting (OECD, 2013).
- Implementing climate policies at a global scale; policies such as introducing carbon pricing and eliminating fossil fuel subsidies would make growth sustainable and improve health. As already mentioned earlier, the possible regressive effects of such policies may be avoided through suitably designed redistribution policies (Schwerhoff et al., 2017). There are important differences between developed and developing countries. While carbon pricing is regressive in developed countries, it is progressive in developing countries, but may nevertheless worsen poverty, since the poor may consume less energy than the rich, but still depend on fuel subsidies in a more important way.
- Establish international coordination mechanisms to tackle migration flows. Migrations away from economically deprived areas and from war zones have surged in recent years and have generated a set of cooperation issues. The question of the distribution of refugees among host countries, the funding of shelters in host countries near the conflict zones, and the prevention of migrations at the source through economic and social policies all test the capacity of countries to initiate joint action aiming at improving the situation of migrants and potential migrants. One should not forget that the most deprived populations are often unable to migrate and would deserve even more attention than the migrants.

- Develop security cooperation linked to development cooperation and social cohesion. Conflicts and resentments generate violent movements, such as the recent wave of Sunni terrorism in the Middle East, South-East Asia, Africa, and in the West. While cooperation on intelligence and surveillance of suspect movements is ongoing, deepening the links between development policy and security considerations, in order to prevent the economic and social destabilization of areas that creates fertile ground for violent rebellion, could improve the long-term outlook of this crisis.

Discussion and Conclusion

Guided by the well-being, empowerment, and social cohesion pillars, this paper proposes a set of policies tackling economic and social inequalities and disintegration both by improving the mechanisms of redistribution and by improving the mechanisms that create primary incomes and social positions. There is no magic bullet, but there is a considerable gap between prevailing institutions, often shaped by complex history and social traditions, and what is now considered desirable. This gap provides hope about the possibility to improve the social outlook and tackle the main challenges of our time. However, actual implementation depends on political will that is not likely to come from a single well-identified movement or set of actors. A complex coalition of political forces and civil society movements appears needed to push for the policies described in this paper.

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Existing initiatives and analyses

Implementation Overview:

Significant progress has been made in devising and implementing Inclusive Growth strategies at both national ad cross-national levels over the last few years. Such progress is corroborated by major international conventions that create a level playing field on tax policy. These empower countries to exert control over tax revenues and reinvest them in expenditures raising well-being for the neediest. Commitment to foster shared prosperity more broadly is further signaled by the strong emphasis on leaving no one behind in the 2030 Agenda. The implementation of country-specific policy packages is further needed to foster inclusive growth dynamics on a structural basis.

Existing Agreements:

➢ Sustainable Development Goals – Goal 10 "Reduce Inequality within and among countries"

Goal 10 explicitly states that "…Economic Growth is not sufficient to reduce poverty if it is not inclusive and if it does involve the three dimensions of sustainable development – economic, social and environmental.

➢ Europe 2020 strategy

It was adopted by the European Council in June 2010. It aims at establishing a smart, sustainable and inclusive economy with high levels of employment, productivity and social cohesion, for the decade 2010-2010.

Existing Conventions and Policy Platforms:

➢ OECD/G20 Base Erosion and Profit Shifting (BEPS) package.

The proposal for broadening participation in the OECD/G20 BEPS Project was endorsed by the G20 Finance Ministers at their meeting on 26-27/2/2016 in Shanghai and was welcomed by the G20 Finance Ministers and Central Bank Governors at their meeting on 14-15/4/ 2016 in Washington D.C. 86 countries have so far committed.

https://www.oecd.org/g20/topics/taxation/beps.htm

➢ OECD Anti-Bribery Convention;

The OECD Anti-Bribery Convention establishes legally binding standards to criminalise bribery of foreign public officials in international business transactions and provides for a host of related measures that make this effective.

http://www.oecd.org/corruption/oecdantibriberyconvention.htm

- OECD Guidelines for Multinational Enterprises.

They offer governments' recommendations to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct. They are the only multilaterally agreed code of responsible business conduct that governments have committed to promoting. 42 governments had agreed, as of 2011.

http://www.oecd.org/daf/inv/mne/48004323.pdf

- OECD's standard on exchange of information.

It aims at the implementation of international standards on tax transparency. It ensures that these high standards of transparency and exchange of information for tax purposes are in place around the world through its monitoring and peer review activities. Over 130 jurisdictions have agreed.

http://www.oecd.org/tax/exchange-of-tax-information/

- OECD Inclusive Growth Initiative

In 2012 the OECD launched its Inclusive Growth Initiative, a novel approach to analyze and address rising inequalities, monitor material living standards and broader well-being, and design underlying policy packages. OECD Ministers endorsed the Inclusive Growth agenda and called for its advancement. They stressed that inequalities are multidimensional and that better access to employment opportunities, health and education services, is needed to tackle them. They mentioned the need to link pro-growth policies with equity objectives, highlighting policies to boost productivity, ensure fair competition, promote efficient labor and product markets, address tax evasion and avoidance, and stimulate investment, innovation and entrepreneurship.

http://www.oecd.org/inclusive-growth/

Analysis and Data:

Several OECD reports specify the notion of Inclusive Growth, clarify its theoretical underpinnings, define its measurement, and map the progress towards achieving it.

- Boarini, R. et al. (2016). Multi-dimensional Living Standards: A Welfare Measure Based on Preferences, OECD Statistics Working Papers, 2016/05, OECD Publishing, Paris. http://dx.doi.org/10.1787/5jlpq7qvxc6f-en
- Boarini, R., F. Murtin and P. Schreyer (2015), "Inclusive Growth: The OECD Measurement Framework", OECD Statistics Working Papers, 2015/06, OECD Publishing, Paris. http://dx.doi.org/10.1787/5jrqppxjqhg4-en
- Veneri, P. and F. Murtin (2016), "Where is inclusive growth happening? Mapping multi-dimensional living standards in OECD regions", OECD Statistics Working Papers, 2016/01, OECD Publishing, Paris. http://dx.doi.org/10.1787/5jm3nptzwsxq-en
- OECD (2017), Going for Growth, Paris: OECD Publishing

- Progress towards the Sustainable Development Goals Report of the UN Secretary-General, 3 June 2016.

Points 72 through 77 of the report details aggregate progress towards Goal 10 of the Sustainable Development Goals for 94 countries.

http://www.un.org/ga/search/view_doc.asp?symbol=E/2016/75&Lang=E

- Report of the International Panel on Social Progress

The International Panel on Social Progress brings together several hundred experts from different academic disciplines and from all around the world to offer science-based assessment of the state of social progress around the world. The range of topics covered includes democracy and citizenship, poverty, inequality and well-Being, global risks and resources, the labor market, global health, gender, urbanization, education and communication.

The first draft of the report is available at: https://comment.ipsp.org

- OECD (2016). “The Productivity-Inclusiveness Nexus”, Paris: OECD Publishing.

This report gathers empirical evidence on the factors behind slowing productivity gains and rising inequality; it suggests possible linkages between these two trends; it draws preliminary conclusions on the type of policy packages that are needed and on the implications for policy making.

https://www.oecd.org/global-forum-productivity/library/The-Productivity-Inclusiveness-Nexus-Preliminary.pdf

- Eurostat (2016). “Smarter, greener, more inclusive? Indicators to support the Europe 2020 strategy”

It supports the Europe 2020 strategy by monitoring progress towards the targets and goals defined under the three mutually reinforcing priorities of smart, sustainable and inclusive growth.

http://ec.europa.eu/eurostat/web/products-statistical-books/-/KS-EZ-16-001