Challenge Paper

Inequality and Exclusion

PATHFINDERS

FOR PEACEFUL, JUST AND INCLUSIVE SOCIETIES

Consultation Draft
July 17th, 2019

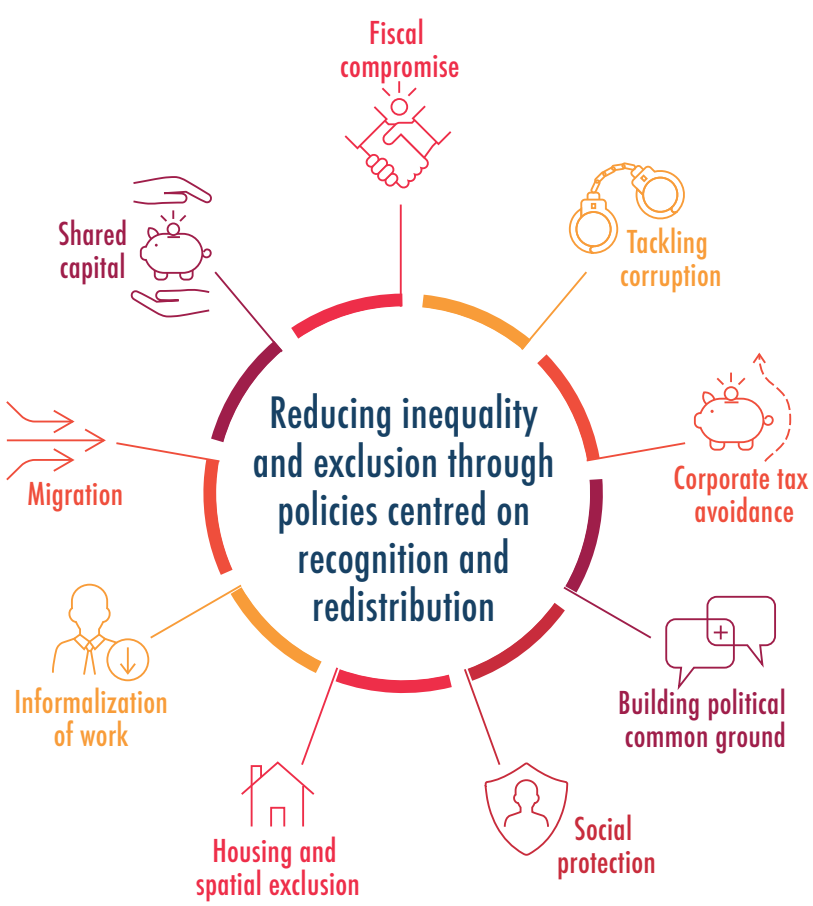
PATHFINDERS
FOR PEACEFUL, JUST AND INCLUSIVE SOCIETIES

Combating Inequality and Exclusion

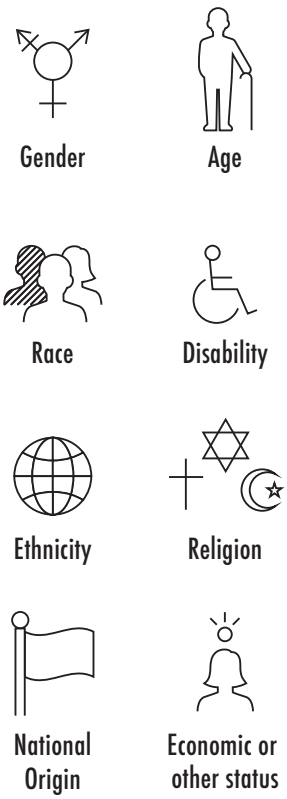
A MULTI-YEAR, MULTI-STAKEHOLDER PARTNERSHIP

Inequality and exclusion are among the most pressing political issues of our age. They are on the rise and the anger felt by citizens towards elites perceived to be out-of-touch constitutes a potent political force. Policy-makers and the public are clamoring for a set of policy options that can arrest and reverse this trend.

The Pathfinders' Grand Challenge on Inequality and Exclusion seeks to identify practical and politically viable solutions to meet the targets on equitable and inclusive societies in the Sustainable Development Goals. Our goal is for national governments, intergovernmental bodies, multilateral organizations, and civil society groups to increase commitments and adopt solutions for equality and inclusion.



Political, Social and Economic Equality and Inclusion



How the Pathfinders will achieve this vision

Research on policy solutions + Country experiences + Multilateral and civil society partnerships + High-level political sponsorship = **Action**

Hosted by
NYU CIC | CENTER ON INTERNATIONAL COOPERATION

Acknowledgments

This challenge paper is an output for the Grand Challenge on Inequality and Exclusion, an initiative of the Pathfinders for Peaceful, Just and Inclusive Societies, and was produced through a broad consultative process with governments and civil society partners. Two retreats were held in September 2018 and May 2019, cosponsored by the Governments of Canada, Indonesia, Jordan, Korea, Sweden, Tunisia, Timor-Leste, and Uruguay.

The retreat brought together ministers and senior officials with multilateral and academic policy experts. Country visits in support of the publication were hosted by the Governments of Indonesia, Timor-Leste, and Tunisia. The partners that have generously engaged in various consultations include CIVICUS, the Global Centre on Pluralism, International Trade Union Federation, Organisation for Economic Co-operation and Development (OECD), Open Government Partnership, Open Society Foundations, Oxfam, United Nations Development Programme (UNDP), and the World Bank.

The Center for International Cooperation (CIC), on behalf of the Pathfinders, has commissioned work on solutions since September 2018, and has also drawn heavily on the work of partners, including Oxfam, the World Inequality Lab, the United Nations Department of Economic and Social Affairs (UNDESA), the UN regional commissions, UNDP, the Open Government Partnership (OGP), the OECD, the World Bank, and the International Monetary Fund (IMF).

Background papers have been kindly provided by the following policy experts: Romina Borini and Neil Martin at the Inclusive Growth Initiative at the OECD; Nikolas Win Myint and David Andersson at the World Bank; Robin Varghese, Senior Economist, Head of Engagement at the Open Society Foundations Economic Justice Project; Alex Evans, Senior Fellow at CIC and at the Young Foundation; John Githongo, Chair of the Inuka Foundation; Jeni Klugman, Fellow at the Kennedy School of Government's Women in Public Policy Program at Harvard University and Managing Director, Georgetown Institute for Women Peace and Security; Alison Tate, Director of Economic and Social Policy of the International Trade Union Confederation; and Steven Teles, Professor of Political Science at the Johns Hopkins University and Senior Fellow at the Niskanen Center.

Important individual contributions during the consultations were also received from Paul Collier (University of Oxford), Francis Fukuyama (Stanford University), Ricardo Hausmann (Harvard University), Sanjay Reddy (The New School for Social Research) and David Stasavage (New York University). Research and consultations for the publication were supported financially by the Governments of Canada and Sweden.

Table of contents

List of boxes and figures

Summary

The Pathfinders' Grand Challenge on Inequality and Exclusion seeks to identify practical, politically viable solutions to meet the targets on equitable and inclusive societies in the Sustainable Development Goals (SDGs)[1]. It is part of the Pathfinders' Roadmap, which was launched by 20 member states and over 20 civil society partners at the UN General Assembly meeting in September 2017.

As part of a three-year initiative running from 2018-21, this challenge paper lays out the results of initial research, in time for consideration before the High-level Political Forum in July and Sustainable Development Summit in September at the United Nations in 2019. The challenge paper will be used as a basis for discussion – not a definitive answer – throughout 2019 and aims to inform follow-up work on research, policy, and political level action.

The challenge paper does not replicate the many good analyses available from partners on contemporary trends in inequality and exclusion. The comparative advantage of this initiative comes through its strong links with government partners and its determined focus on solutions. Solutions must be grounded in good analysis, however, and some of the challenge areas which provide the backdrop for solutions we suggest include the following:

- Inequality within countries has increased over the last three decades, in all regions; efforts to promote inclusion of identity groups (gender, ethnicity, national origin) have stalled[2]. The main SDG indicator for measuring inequality is not adequate for its purpose: in particular, it fails to capture existing inequalities and disparities between groups and ignores the rapidly increasing income and wealth levels of the upper echelons of society.

- Anger at inequality has also increased. It often relates to a strongly held perception of being disrespected as well as tangible material manifestations of inequality. This feeling is captured by the concept of "hogra" in North Africa and illustrated by the resentment of the characterization of certain segments of society as "deplorables" in the US.

- To reduce inequality and inclusion in practice, solutions are required in the following areas:

    - Combating harmful concentrations of political power, distrust in institutions and polarization
    - Promoting spatial equality and inclusion (citizens experience dramatic differences in prospects depending on where they are born or grow up)
    - Strengthening social protection and social services
    - Providing space for fiscal compromise (tax, expenditure, action on corruption), where those who benefit the most financially from current economic trends contribute more to public investment and the common good
    - Promoting new labor and ownership models to address technological substitution and informalization of work
    - Ensuring policy coherence and agreement between the objectives of addressing generalized inequality and promoting inclusion of historically disadvantaged groups, including gender, race, etc.

Consultations carried out over the last six months have indicated that three further areas that were identified at the beginning of the initiative – corporate taxation, international migration, and shared asset programs – also merit further work and attention. Although not explored in this iteration of the challenge paper, these topics will be pursued in detail in future versions.

We use a well-established "redistribution and recognition" framework to identify solutions in these areas. The framework has the merit of encompassing multiple dimensions of inequality which are distinct and yet related: those pertaining to material opportunities and all that these can buy (distribution), as well as those pertaining to status, esteem, and perceptions of worth and respect (recognition). Recognition spans both rights and subjective experience: not only whether my legal rights as an equal citizen are respected, but also whether I am treated with equality and dignity in everyday life, in a doctor's office, a supermarket, a bus or a police station. The framework argues that recognition is an important part of the solution, but must be underpinned by tangible material changes; similarly, that material changes, without corresponding changes in delivering a sense of dignity and belonging are insufficient.

The main body of the paper has six sections outlining ideas for solutions that merit further research: political, spatial, social, fiscal, technological in relation to the future of work, and linking socio-economic class and identity. Initial ideas for solutions in these areas are summarized in the table overleaf. The paper concludes by drawing together its research findings within the framework of the broader Pathfinders' initiative on Peaceful, Just and Inclusive societies and signposts the future direction of work for the Grand Challenge on Inequality and Exclusion.

Binding challenges	Policy ideas (for further research)
Preliminary research covers:	
High levels of political distrust blocks discussion of practical policies	• "Untriggering" mechanisms, including identifying and addressing people's (rational) fear and anger over economic uncertainty and wage stagnation, and disruptions brought by pace of change • Comparison of national dialogues • Global index on common ground
Institutions and justice systems no longer sufficiently underpin unifying national narratives	• Entrenchment of constitutional rights • Responding to people's legal needs • Educational curriculum reforms • Campaign finance • Mechanisms to prevent state and regulatory capture
Lack of access to new urban specialization clusters constrains opportunities/causes grievances	• Reform of how decisions on housing are made • Public-private housing models, and urban transport • Spatially disaggregated monitoring of government services
Investment in lagging regions produces little convergence in growth	• Creation of new sub-national urban knowledge agglomerations, using decentralized tertiary education and administrative entities
Social protection and services do not reach enough people and are often viewed as humiliating	• Balancing universal and targeted programs • Designing programs in a way that provides dignity (CDD, bank accounts, avoiding punitive conditions)
Technical design of progressive taxation/ broadening of the tax base is known, but not how to get political agreement	• Using arguments of compensations for unearned capital gains and fear of social unrest • Specific political analysis of different wealth, inheritance, and capital gains tax models
Corruption impedes more and more progressive domestic resources mobilization	• Strengthen a worldwide movement for a global financial registry • Follow-up beneficiary ownership in WB/IMF monitoring and provide capacity building
Fiscal austerity and capital account liberalization exacerbate inequality with few efficiency gains	• Widely publicize IMF findings on fiscal consolidation and capital account liberalization, in conditions where fiscal space exists and domestic financial inclusion is low
Existing and new informalization exacerbates inequality	• Strengthen trade union coverage of informal workers • Use gig economy platforms to spread workers' rights and benefits
Not yet covered – for future work, Fall 2019 and 2020:	
Migration regimes do not provide sending, receiving or transit societies with a sense of control or understanding	• Managed migration models that encourage steady, gradual flows, foster integration, and avoid large-scale sudden spikes in movement
Divergence in wealth/incomes is likely to be exacerbated by technological change	• Shared capital models as a way to mitigate technological substitution and transitional support to workers
Lack in normative and practical regimes for corporate tax	• Comparison of unitary and alternative minimum rate (AMR) regimes for corporate tax

Introduction: Trends and costs of inequality and exclusion

The analysis of inequality continues to expand, with much recent good work. In line with our focus on solutions, we do not seek to reproduce this analysis here, but rather point towards some notable findings from recent research and policy debates as well as from Pathfinders' country visits that are instructive and relevant to framing the binding challenges presented in this paper:

Why inequality and exclusion are central political problems today

- **Average within-country inequality is unquestionably higher than 25 years ago.[3]**

- **While generalized inequality has increased, inclusion of identity groups (gender, race, ethnicity, national origin) has stalled.[4]** Inequality has a face and a history: some groups have been systematically held back over centuries, while others have held the majority of power and assets. Both historically-disadvantaged groups and those in the majority in their own societies who have been left out of global growth in recent years have deep wellsprings of anger over their treatment, which threatens both developmental gains and political stability. People also use group identity as a recourse against loss of relative status and uncertainty: "white folks" in Europe or "Islamist" in much of North Africa and the Middle East has a different salience today than ten or twenty years ago.

- **Anger over inequality and exclusion is a formidable political force.** Anger over inequality is not spurred only by stagnation or uncertainty for the poor and middle class, but also by the contrast with rapidly rising incomes – and privileges – for the rich. Over the past 25 years there has been a slow but steady movement of worldwide social opinion toward making incomes more equal[5]. People's anger erupts when there is a situation that can serve as a lightning rod for their frustration. Corruption, a significant contributor to economic inequalities,[6] can be such a lightning rod: all except one of the examples in CIVICUS' *State of Civil Society Report 2018* of successful broad-based political mobilization relate to corruption, and recent country cases show a similar pattern.[7]

- **Alongside tangible inequalities, lack of respect by elites for the poor and for historically disadvantaged groups plays a strong role in fueling grievances.** Terms such as Hillary Clinton's "deplorables" can convey a deep sense of arrogance. This is by no means restricted to developed countries: in the Arab world, grievances about "hogra" (Algerian dialect conveying a sense of disdain and contempt by elites for the population) were a critical driver of protests in 2011 and continue to fuel discontent today. It is important to understand that this lack of respect and recognition works as strongly across classes as across identity groups.

- **Political inclusion and trust between groups is declining.[8]** Global voter turnout has fallen over the past three decades, from 75 percent in the 1980s to 65 percent now: voting intentions are 20 percentage points lower amongst the under 25s compared to those aged 26 and older.

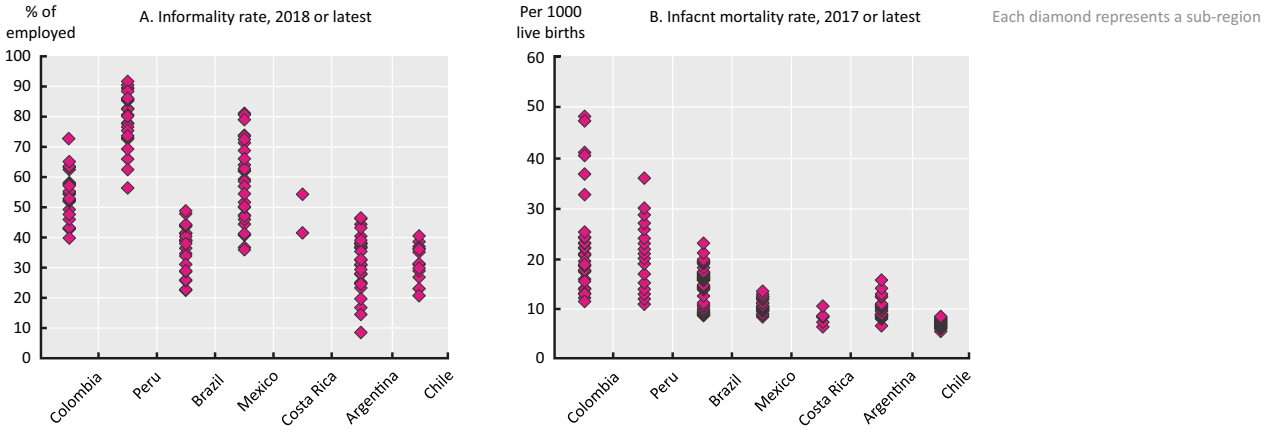
Trust between groups has fallen worldwide, from 45 percent to 38 percent in relation to other religious groups and 40 to 35 percent in relation to people of different national origin.

- **Trust in institutions has become more polarized by socio-economic level.** When economic inequality rises by 1 percent, it correlates with a fall of state legitimacy by 0.22 percent.[9] The Edelman Trust Barometer shows that the trust gap between informed citizens and the mass of the population returned to record highs in 2019.[10] Perceived indifference to inequality on the part of governments erodes credibility and popular mandate which in turn undermines their capacity to generate agreement and consensus around development goals.

The dynamics of inequality and exclusion

- **Inequality has a strong territorial dimension.** National measures of inequality generally hide large diversity across sub-national regions and within cities in all continents (see Figure 1 for Latin America).[11] Harvard research shows that the city block in which kids are born in Manhattan determines inequality of outcomes decades later. A widely discussed study on São Paulo in Brazil finds similar patterns: two neighborhoods in close proximity, Pinheiros and Parelheiros, have human development indices respectively equivalent to Switzerland and Iraq.

Figure 1: National measures of inequality hide large sub-national disparities-an example from Latin America



Source: Latin American Economic Outlook 2019

- **Intergenerational social mobility has stalled.** Data on income and educational attainment reveal that improvements have come to a halt since the early 1980s.[12]

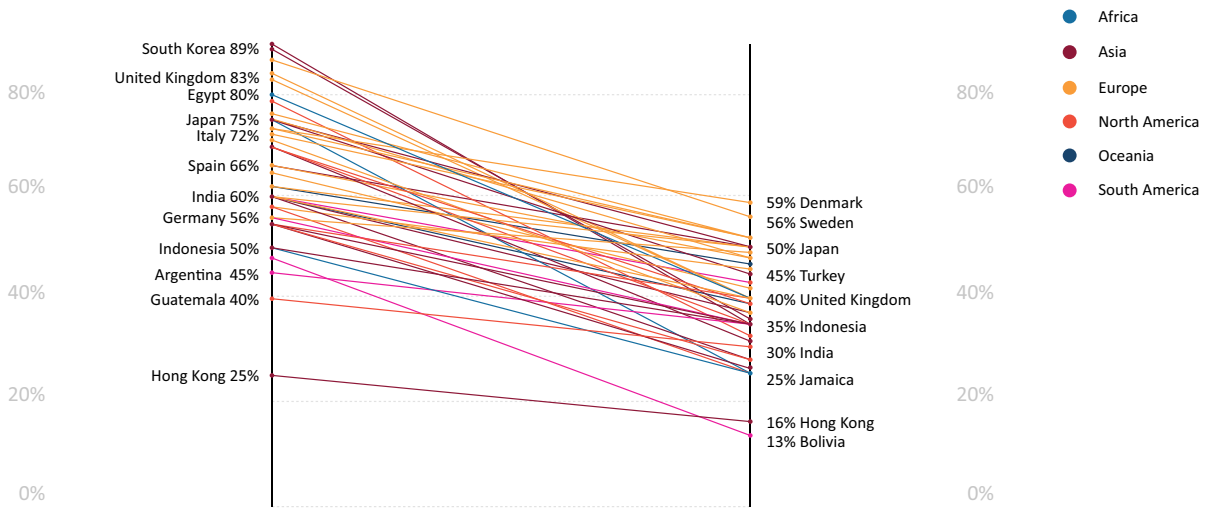
- **Work opportunities are increasingly marked by precariousness and uncertainty.** Income inequality overlaps with the dividing wedge between formal and informal employment in many countries. Informal employment stands at more than 70 percent in Sub-Saharan Africa, 60 percent in South Asia, and more than 50 percent in Latin America.[13] This is not confined to developing countries: the OECD's 2019 *Economic Outlook* notes that 32 percent of jobs will be radically transformed by technology, and 6 out of 10 workers do not have the ICT skills they need to adapt for future job opportunities. In some countries estimates are higher: over one-third of US workers are now estimated to be in the gig economy.[14] Fear of lob losses is a potent factor worldwide: over 55 percent of the Edelman Trust Barometer respondents are worried about automation, not having the right skills to get a job, and trade hurting their job prospects. [15]

- **Citizen perceptions of state services are poor.** After rises in the 1990s and 2000s, most regions have seen a decline in citizen trust in the civil service since the financial crisis of 2008. This may be exacerbated because the justice gap – the difference between the needs of citizens and the resources available to meet them – remains wide. Recent estimates indicate that 1.4 billion people have unmet civil and administrative legal problems worldwide, with 4.5 billion people lacking legal identity, proof of housing or land tenure, or job protection.[16]

- **Tax systems are less progressive than they were 30 years ago.** Top marginal income tax rates decreased dramatically worldwide, primarily between the 1980s and 2000s, along with an accompanying decline in the use of wealth and inheritance taxes. A recent Oxfam report notes that only 4 cents in every dollar of tax revenue come from taxes on wealth.[17] In rich countries, the average top rate of personal income tax fell from 62 percent in 1970 to 38 percent in 2013. In developing countries, the average top rate of personal income tax is 28 percent. Tax evasion is also estimated to deprive developing countries of $170 billion a year. This contributes to the mismatch between income growth of the top 1 percent versus everyone else.

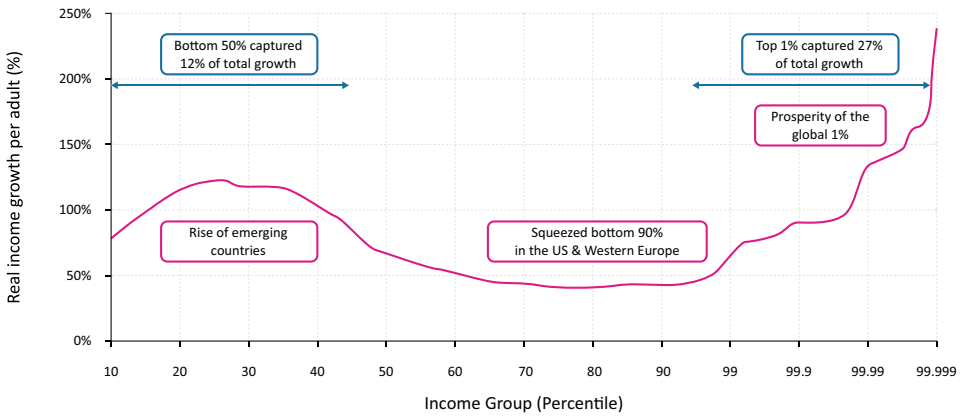
- **Political power is becoming more concentrated,** from a watershed mark of 2012 when the indicators on egalitarian power distribution started backsliding.[18]

Figure 2: Change in highest income tax rates across selected countries, 1979-2002



Source: Data - PricewaterhouseCoopers; Visualization – Our World in Data

Figure 3: Global Disparity in Income Growth Distribution, 1980-2016 (Branko Milanovic)



Source: Data - World Inequality Report (WID) 2018[19]

The cost of inequality and exclusion

- **Averaging across countries,** the world loses 15-16 percent of GDP due to the gender gap, 4-5 percent due to vertical inequalities, and 1-2 percent due to inequalities between ethnicities.
- **The sustainability of growth is also affected.** A 10 percentage point reduction in inequality implies a 50 percent longer-than-expected duration of growth cycles. Conversely, countries with high or rising inequality are more likely to experience a severe downturn.
- **The socio-economic costs of inequality are stark.** A one unit increase in a national Gini coefficient is associated with a 6.4 percent higher infant mortality rate. [20]

In addition to empirical studies outlining the socio-economic costs of inequality and exclusion, there is strong evidence that the costs may include political upheaval, social unrest, and the threat of conflict. The World Bank *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict* report shows that when an aggrieved group blames other groups or the state for perceived economic, social or political exclusion, it can play a role in prompting mobilization to violence.[21] Equally, as Nancy Fraser has persuasively argued, it may undermine the space for and quality of public discourse, as in stratified societies it is impossible to insulate public discursive arenas from societal inequalities.[22]

The framework

We draw on the work of many authors and organizations for this initial policy framework, including Oxfam, the World Inequality Lab, UNDESA, the UN regional commissions, UNDP, the Open Government Partnership, the OECD, the World Bank, and the IMF.

The framework itself focuses purely on solutions, in line with the purpose of the Grand Challenge. The analysis we find most relevant to considering solutions is as follows:

- Neither an understanding of popular concern nor the measurement of the SDG targets on inequality and exclusion can be achieved through a solitary focus on the bottom of society: popular anger is quite strongly targeted at increasing wealth and privilege at the top, irrespective of whether the bottom is getting better or worse off in material terms. Inequality and exclusion should not be confused with poverty reduction. Addressing inequality and exclusion requires tackling disproportionate access to power and resources, and the *relative* welfare of groups.

- Rising popular concern about inequality and exclusion are rooted, across regions, in both tangible material trends and a strong perception that the poor and excluded groups are disrespected by elites. The first trend has received much attention, the second less so. As described in the introduction, attitudes of contempt by elites towards the poor exacerbate and highlight material differences.

We use a well-established "redistribution and recognition" framework for looking at solutions.[23] The framework has the great merit of encompassing multiple dimensions of inequality which are distinct and yet related: those pertaining to material opportunities and all that these can buy (distribution), as well as those pertaining to status, esteem, and perceptions of worth and respect (recognition). Recognition spans both rights and subjective experience: not only whether my legal rights as an equal citizen are respected, but also whether I am treated with equality and dignity in everyday life, in a doctor's office, a supermarket, a bus or a police station. The framework argues that recognition is an important part of the solution and must be underpinned by tangible material changes; similarly, that material changes, without corresponding changes in delivering a sense of dignity and belonging are insufficient.

This framework is not new – it was the focus of a wide range of social and cultural theorists over the last 20 years (Fraser, Honneth, Ricoeur, Habermas, Benhabib).[24] It fits well with more recent thinking on the role of polarizing political values and narratives alongside material discontents (Haidt, Fukuyama, Collier).

As attractive as the recognition and redistribution framework is conceptually, it does not in itself indicate any practical policy content. This paper is intended to provide just that. Thus, for instance, we include recent debates on "predistribution" in the main framing. Predistribution refers to initiatives that improve equality of opportunity: these include policies aimed at inclusive growth and job creation, broadening asset ownership, education, health, and spatial policies.

We then use the "(P)redistribution and recognition" framework to identify possible solutions in a set of policy areas that are hindered by obstacles and constraints. These are presented in the summary table on page iii.

They include some important areas where economic trends of recent decades have fueled rising inequality, such as spatial inequality both between thriving urban areas and lagging regions, and within urban areas, as well as the challenges brought on by an increasing informalization of work. They also include areas where there are good experiences of making progress in both redistribution and recognition, such as social protection and universal social services. Lastly, they include areas where the constraints are primarily political: addressing the decline in political trust and translating this into realizable fiscal compromise.

The redistribution and recognition framework applies both to generalized inequality on the basis of socio-economic class, and to exclusion based on identity. Indeed, a strong message emerging from the Pathfinders' country visits is the need to seek nationally unifying policies that benefit all citizens and simultaneously increase the inclusion of groups that have been left behind. A notable related example in the last section of our challenge paper looks at policies to promote gender equity and their intersection with generalized inequality – showing that what is good for women and girls can be good for men and boys. Future research will examine other areas of policy with a view to combating "double exclusion" based on identity and socio-economic class, as well look at the question of whether action to improve the inclusion of historically disadvantaged groups gains greater political acceptance when combined with generalized pro-equity policies.

In addition to the areas explored in this paper under the redistribution and recognition framework, consultations carried out with our partners in the last six months indicate that three further areas that were identified at the outset of the initiative – corporate taxation, international migration and shared asset programs – merit further work. These topics will be the subject of additional focus in late 2019 and 2020.

Political leadership to build common ground

The importance of political inclusion and countering polarization

Discussions on inequality and exclusion often focus to a large extent on socio-economic policies. Yet political polarization – left-right, or religious-secular – is of increasing concern to policymakers in all regions.[25] Research commissioned for the Grand Challenge on political inclusion and polarization highlights the significant role that political and psychological factors play: respect for one's beliefs and values, anxiety over the pace of or disruption brought by change, the perceived threat arising from the arrival of newcomers in society, and fears of loss of status, income, and assets. This does not mean that material issues such as income, jobs, housing, taxation, and services are unimportant (this paper argues rather the opposite), but it does indicate that it is when disruptive social and economic trends happen in concert with a loss of recognition, status, and dignity that these trends present the most danger to societies as a whole. Our findings agree with the UN-World Bank study *Pathways for Peace*, which indicates that this risk is strongest where there is divisive political leadership, but on a more hopeful note also shows that political leadership can play a strong, unifying role.

To better understand what we should seek to build towards, we ask the question "what is the opposite of political polarization"? From a technical standpoint, we can no doubt find the answer in the SDGs political inclusion target, but such a phrase will not offer resonance in most languages or cultural settings. In some countries, emphasizing peaceful pluralism has resonated;[26] in others, constitutional patriotism. We choose to stick with the term "building common ground".

Box 1: Social media and polarization

The journalist Ryan Broderick, who specializes in digital campaigning and covered numerous elections from 2014 to 2018, argues that social media waves have often followed a similar playbook of helping people towards extremes rather than towards finding common ground. He observes that:

- The process often begins with local internet trolls, for instance AK-trolls in Turkey or the "MAGAsphere" in the US, with activists often recruited from other online forums like 4Chan, Jeuxvideo.com in France, or "banter" Facebook pages in the UK.
- Extremist influencers start to push content out to these forums (often in ways that require considerable finance), supported by algorithms that identify which content commands most attention.
- Clusters of trolls and influencers (again often benefiting from significant financial support) create more sophisticated groups within larger movements, such as Movimento Brasil Livre or the Proud Boys in the US, Canada, UK, and Australia, or reinvigorate older movements like Pegida in Germany, or the Nordic Resistance Movement in Scandinavia.
- Surge capacity is then deployed to create a fake news blitz online, for instance pushing out localized rumor misinformation in India and Brazil, or via more traditional news markets in the US, UK, or Australia.
- Larger news channels or tabloid newspapers lift viral stories from Facebook and other platforms, and repackage them for more mainstream audiences.

Source: Background paper on political inclusion and polarization for the Grand Challenge

The evidence reviewed for the Grand Challenge points to three types of strategy as being effective in (re)building common ground:

- "Untriggering" politics to defuse tensions and animosities in high tension settings
- Institutionalizing unity
- Linking political inclusion and trust building with action to address underlying socio-economic causes

Untriggering politics

Rebuilding public confidence in political institutions when trust has been lost requires the sending of very clear political signals that people's concerns have been understood, together with credible demonstrations that such concerns will be acted upon. This includes an element of "recognition" – an acknowledgment by political leadership that people's fears have validity, and clear signals that they are not dismissed as being foolish, irrelevant or unwarranted.

In societies that have recently experienced shocks, we see different and contrasting patterns of approach in terms of how people's concerns are listened to.[27] In the EU, many of the leaders who were willing to give shelter to large numbers of refugees following their displacement in the wake of political unrest in the Middle East and North Africa, often led their public communications with messages about the refugees' plight and European countries' obligation to respond to them – and many sought to quell dissenting domestic voices by implying that anyone who registered concerns about the inflow of newcomers was, by extension, racist.

Box 2: Tunisia–understanding fears and compromising for common ground in the constitution

In 2013, during the process of drafting a new constitution, protests took place all over Tunisia. There was suspicion from secularist groups regarding the intentions of the Islamic party Ennahdha, which had won the largest percentage of seats in the constituent assembly, and for Ennahdha's supporters fears produced by the backdrop of the coup against President Morsi and subsequent violence in Egypt.

Political party leadership, trade unions, legal and human rights groups stepped in to facilitate a National Dialogue. Ennahdha's leadership compromised with Nidaa Tounes and other parties on key constitutional clauses and the formation of a technocratic government. These compromises acted as "signalling and commitments" devices to reassure secular Tunisians. This required strong internal leadership within the Ennahdha Party, with leader Rached Ghannouchi offering to step down from his position as head of the party if the compromise was not successful. Both Ennahdha and Nidaa Tounes compromised on the completion of the constitution.

While Tunisia still faces many challenges, it now has the most progressive constitution in the region on civil, political, economic, and social rights and is on track to be the fastest transition in history on voice and accountability and rule of law indicators.

Source: Pathfinders' Tunisia country visit

Lebanon and Jordan, by contrast, leaders took a different approach, and often began their public messaging by acknowledging how hard the issue was for citizens – in the process, helping to defuse fears by acknowledging and addressing fears openly. A similar example can be found in Mechelen, Belgium – a city of over 130 nationalities where one of every two children born in the city has a foreign background – where Mayor Bart Somers notes that acknowledging residents' fears was a crucial step in opening up the space to pursue strongly pluralist policies.[28]

Particular forms of language appear to be key in both triggering politics – inciting political animosity – and, conversely, in cooling down popular emotions that have been stirred up. Hate speech is an obvious challenge: a clear example being prior to the Rwandan genocide, in the use of the term "cockroach" in public radio broadcasts.

The introduction above has already discussed the salience of "hogra" in the Arab World, a term specifically applying to contemptuous treatment of ordinary citizens by elites. When Mohammed Bouazizi and Mohsen Boutafef set fire to themselves in Tunisia and Algeria, this was not only spurred by a lack of tangible material opportunities but also by the reported contempt of local authorities for their plight. Political protests in the developed world show a similar dynamic at play.

Conversely, unifying language has been demonstrated to be able to cool down emotions. President Nelson Mandela, for example, made a speech after the assassination of Communist Party leader Chris Hani by a white extremist underlying that "it was a white man's hands who pulled the trigger, but a white woman's eyes that found and reported the culprit."

Formal apologies can also be used as an important and symbolic use of language that untriggers politics, as with the example of former South African President F.W. De Klerk's apology for apartheid.

However, words also benefit from being translated into more tangible signals that the vision that the political leaders is offering is viable and meaningful. One way for such a signal to be demonstrated and find political purchase is through the ability of national leaders to show that they are willing to add their own weight and stake their political future on a compromise agreement that is unpopular among elements of their own constituency – as Nelson Mandela and F.W. De Klerk, Rached Ghannouchi and Beji Caid Essebsi, and others have been capable of doing in the past. Bridging fears across secularist-Islamist identities in Tunisia is described in Box 2.[29] Important early confidence-building signals that can be taken include political appointments, legal measures to recognize citizen rights, measures taken to tackle corruption, and meaningful decentralization.

Box 3: Constitutional processes in Indonesia

Indonesia's 1945 constitution includes a shared set of values known as "Pancasila", which emphasizes belief in one God, a just and civilized humanity, a unified Indonesia, democracy, and social justice for all (principles, incidentally, that stress both redistribution and recognition). Initially, it seemed unclear whether Pancasila would survive the end of the Suharto era in 1998. Yet two decades later, Pancasila continues to remain important to Indonesian identity and politics under President Widodo, who has found Pancasila an important narrative tool with which to build common ground and combat religious divides.

Indonesia's constitutional process was also crucial to its successful navigation of the democratic transition from 1998 onwards. More than 50 nascent parties contended the 1999 election. The subsequent election cycle in 2004 was still as volatile, with parties emerging and dissolving by the dozen between the polls. Early constitutional reforms included a fully elected People's Consultative Assembly, a directly elected President, and ten new articles concerning human rights, including social and economic rights. Channeling popular frustration and the need for change toward a debate about the constitution helped defuse the tension and transform it into a forward-looking national debate. It also ended up strengthening the legitimacy of the constitution as the unifying political platform and a symbol of national continuity. Finally, the new clauses on economic and social rights helped spur further pressure for pro-equity reform.

Source: Pathfinders' Indonesia country visit

Underpinning common ground with institutions

Unifying national narratives can be created by political leadership, but when they are overly dependent upon the presence of a particular leader, the thread of unity can be vulnerable to fraying when that person departs the political scene, as was the case in South Sudan after the death of John Garang. Unifying narratives can be strengthened and reinforced by broader national dialogues, building democratic institutions, and through the creation of mechanisms such as truth and reconciliation commissions, which have been a tool traditionally employed in post-conflict settings. More recently, we have witnessed such measures being initiated in countries which have not experienced civil war, but which have nevertheless experienced either electoral tensions and division, social protests, or otherwise politically charged atmospheres. This is the case for Sierra Leone, where the government has recently established a Commission for Peace and National Cohesion to address societal divisions that emerged during the 2018 election. The adoption by President Macron in France of a town hall listening tour to try to address the grievances finding expression in the "gilets jaunes" social protests carries echoes of this approach.

Constitutional processes are critical to the democratization process and successfully institutionalize common ground, as the Tunisia example above illustrates. Indonesia (see Box 3) and South Africa, after apartheid, provide further examples. In South Africa, the 1996 constitution was the product of a massive program of public participation and consultation as well as of an elected Constitutional Assembly. Given South Africa's legacy of conflict and mistrust, the fact that the constitutional process was strongly committed to transparency, inclusion, and openness (and allowed time for deep debate) in effect helped set the tone for future discourse, while simultaneously forging a new sense of national identity. [30]

Other key institutions – in the broadest sense of that term – for building shared national identity are the education curriculum and language policy. [31] The experience of post-colonial national identity building in Africa and Asia provides the richest recent lessons of how to build resilient national narratives (see Box 4).

Box 4: Confidence-building signals and institutionalization: Tanzania and Timor-Leste

Africa is replete with examples of deliberate efforts to build unifying national identities after independence. One interesting comparison is that of Tanzania and some of its neighboring countries after decolonization. Tanzania quickly pushed for adoption of Kiswahili as a universal language, for example; aggressively employed its public school curriculum as a tool for imbuing students with both national and pan-African identity; overhauled local government institutions to replace tribally appointed village chiefs with elected representatives; and prioritized equitable distribution of regional investment in education, healthcare, and investment rather than allowing ethnically based divergences in resource allocation to emerge.

In large part, as a result of such policies, tribal affiliation is markedly less pronounced in Tanzania than in many other African states. When asked the open-ended question in 1999-2001, "Which specific group do you feel you belong to first and foremost?", only 3 percent of Tanzanians replied in terms of an ethnic, language, or tribal affiliation – compared to 36 percent in Zimbabwe, 38 percent in Malawi, or 48 percent in Nigeria.

Source: Grand challenge paper on political polarization; Pathfinders' Timor-Leste country visit

Box 4 (Continued): Confidence-building signals and institutionalization: Tanzania and Timor-Leste

Amongst Pathfinder country visits, Timor-Leste illustrates the interplay of leadership action to build confidence and institutions. Peace between pro-independence and pro-autonomy supporters was sought by President Xanana Gusmao from the period that he was still imprisoned. On his release, he immediately visited the border to meet with pro-autonomy militia leaders and supports, before he became president. In institutional terms, however, the Commission on Truth and Reconciliation (CAVR) has also played an important role, hearing over 8,000 witness statements, and with important recommendations on the establishment of an ombudsman, social inclusion, protection of archives and memorialization implemented in partnership between government and non-governmental organizations (NGOs). Similar to the experience of other countries such as Chile and Argentina, transitional justice is a long-term process and is still being acted upon. In 2017, the Ministry of Education changed a provision which, by requiring all university applicants to state the name of their father, had created barriers for the children of women raped during the struggle.

Practical actions that can be taken include the use of national language and national symbols, consistent approaches to appointments, and investment in the educational curriculum. Non-government institutions that bridge ethnic and religious divides can also play a supportive role in building common ground. While it can be persuasively argued that the decline of trade union membership is linked to the rise of inequality in developed countries,[32] we also find many examples of trade unions (and employers' associations) playing an important and beneficial role in democratic transitions, from South Africa to Tunisia to Indonesia to Colombia to South Korea (see Box 5). Lastly, the rapid adoption of the use of social media with its potential for distortive and detrimental effects on public debate argue for stronger investigatory and regulatory policies.

Box 5: Trade unions in the transition to democracy in Korea

"In the first half of the 1980s when authoritarian laws were strengthened, more than 2,000 labour leaders were imprisoned. During this period there were massive strikes at shipyards, automobile factories and steel mills, notably the labour disputes of 1987. These continued for four months in most factories and workplaces in support of workers' rights and better working conditions, epitomizing the struggle against state repression and employers' brutal and inhuman treatment. About 1.3 million workers actively joined these disputes which were a watershed in Korean labour history, not only in the number of workers mobilized but also in the impact on industrial relations." The 1987 political opening for democracy in Korea indisputably came about, in part at least, because of trade union struggles.

Source: Ho Keun Song Department of Sociology, Seoul National University

Addressing underlying structural causes

As noted as the beginning of this section, unifying political leadership goes only so far: people cannot eat inclusive dialogue (or even constitutional reform), and such measures need to be underpinned with tangible reductions in social and economic inequality. Much of the rest of the paper addresses these issues.

In this section, we conclude by addressing structural political causes that can contribute to divisive rather than unifying leadership. Some areas that merit further research in this respect are campaign financing; public support to broaden the selection of candidates for public office; and methods of selecting political party leaders. The challenges related to campaign financing are obvious: rules that allow for the democratic process to be subverted and for candidates to be captured in advance of an election by interest groups are unlikely to lead to outcomes characterized by compromise. Secondly, public support to encourage candidates from more diverse and inclusive backgrounds to run for public office can be important.

For example, Timor-Leste, despite being a small, low-income country still recovering from conflict, has nonetheless allocated state budget resources to partner with NGOs to support women to run as candidates for local office (see Box 6). Paul Collier adds a compelling case to reconsider the rules for appointing political party leaders in many country contexts: in terms of incentives, he notes that selecting leaders from a purely "within party member" vote does not put them to the test of more universal national appeal. Drawing on the work of Oxfam and others, further topics of interest for research related to underlying structural obstacles could include exploring how ideological, regulatory, or elite capture, can contribute to political and social divisions. [33]

Box 6: Public support for broadening the candidates for elected office in Timor-Leste

While Timor-Leste currently registers one of the highest percentages of women's participation in parliament in the world, with 38 percent of parliamentary seats occupied by women, the government recognizes the importance of improving participation at all levels. This is particularly important at the "suco" (village) level, where chiefs are in charge of convening communities to identify priorities for development support, coordinate delivery of services, and have an important role in dispute resolution and ensuring access to justice, including in domestic violence cases.

The government currently supports programs to increase the number of female candidates standing for local election. "100% Hau Prontu" aims to increase the number of female candidates standing for upcoming suco and municipal elections. The "100% Hau Prontu" campaign began in 2014 by an alliance of government partners, civil society organizations (such as the Fundação Pátria, Caucus, and Redo Feto), and international agencies such as UN Women. The Secretariat of State for the Promotion of Equality provided financial support to the Fundação Pátria to implement leadership training for potential women candidates, giving them guidance on the electoral law, gender equality, public speaking, campaigning, and advocacy. Women were also provided opportunities to be heard and to grow their networks by providing a space to come together and speak with a common voice. In recent elections in October 2016, the number of women who ran for office at the local level increased by 316, in comparison to 42 in 2009. The number of women elected as suco chiefs was 21: still low, but effectively doubling the number of women village chiefs.

Source: Pathfinders' Timor-Leste country visit

Thriving cities, lagging regions: addressing spatial exclusion

Inequality and exclusion have a postal code. All of the Pathfinders' countries face challenges in addressing inequalities between lagging rural regions and thriving metropoli, as well as between the urban poor and the urban rich. These challenges entail both redistributive and predistributive aspects. Providing social services and safety nets in remote rural areas and insecure urban neighborhoods is addressed in the following section. In this section we focus on regulatory, tax, and investment measures which can help to address territorial inequalities.

We start with a framework that applies both economic and political questions to geographical location. The economic question is that of "agglomeration rents". As Paul Collier argues, globalization has produced new economies of scale, and the knowledge economy, which concentrates groups of specialists on a clustered or linked basis in a single location (as India and California's technology regions, or London's financial markets, and even Kenya and Colombia's export flower sellers demonstrate) has allowed for increased gains in productivity. The political issue which arises is that where we live is more than just a material matter: where we live, where we call home, constitutes a psychological and emotional attachment that embraces everything from the hopes we hold for our children to our inter-generational links with family and friends.

The Grand Challenge seeks to bring these issues together and serve to highlight the fundamental disconnect at work in the approach of most countries to housing, which is on the one hand to say "let the market provide" and on the other, to allow fundamentally skewed governance institutions to distort market supply.

- In thriving urban areas, a key problem is the regulation of housing supply. As Steve Teles notes, housing governance decisions are generally made at local level, through processes that represent existing land and property owners (see Box 7). The "not in my backyard" mindset which characterizes their interest and approach often acts to restrict supply of both housing and common public services and push new housing supply into low income neighborhoods. As Michele Bachelet noted at the Geneva preparatory meeting on inequality for the HLPF "no one wants a cemetery, a prison, a landfill next to them". Policies that may hold the answers to this problem include centralizing decisions on housing at national, regional or municipal-wide level; and ensuring deeper and more inclusive participation in decision making, for example by mandating greater representation of young, internal migrants on housing governance boards.

Box 7: Housing supply and inequality: A US case study

A range of scholars have found that, over the last 40-50 years the housing markets of urban areas like New York, San Francisco, Boston, Los Angeles, and Washington DC have seen an accretion of constraints on housing development that have dramatically slowed the growth of housing supply.

Box 7 (Continued): Housing supply and inequality: A US case study

At the same time, the construction of social housing has been shut off by decreasing governmental support and some of the same regulatory dynamics that limit privately built housing. Constricted supply in the face of swelling demand is a good formula for increasing prices. And so it has been in the cities with the greatest potential for growth in the United States.

From 1990 to 2016, the national median rent has increased 20 percent more than inflation, and median home prices have increased by 41 percent relative to inflation, while real construction costs have remained constant over the past 30 years. The "regulatory tax" associated with restrictions on housing was estimated in 2005 to be 20 percent in Baltimore, Boston, and the District of Columbia, climbing to 50 percent in Manhattan and some Bay Area cities. This has translated into a decline in the returns from moving from low to high-productivity regions. In the 1960s, low-skilled workers moving to a location with a $1 increase in income would see their real wages increase by almost $0.80. Today, that has declined to less than $0.40.

The consequences of spiraling prices have some very nasty side effects. First, higher prices should lead to more building throughout urban areas, but constraints on development are typically most vigorously policed in the neighborhoods of the wealthy and powerful: supply increases, when they do come about, tend to be concentrated in lower-income and minority neighborhoods. Consequently, housing demand is displaced into lower-cost areas, thereby displacing existing residents. This creates conflicts between newer, higher-income residents and the pre-existing population, making the process of adding new housing extremely conflict-ridden and often racially or ethnically tinged. What could have been a potentially productive political and economic coalition turns into conflict – ironically displacing the real conflict, which should be between a coalition of newcomers and residents of less wealthy neighborhoods, against wealthier existing homeowners who limit building in advantaged parts of cities.

Source Steven Teles, Grand Challenge background paper

- A second problem is determining the right mixture of public-private provision in housing supply. States have experimented with different models, from construction of public housing for rental, to mortgage subsidies for homeowners such as in Jakarta, to public management of construction and subsidized sale in Singapore (see Box 8). Pathfinders' country experience indicates that density and distance are crucial parameters for housing policy in all circumstances: high-density construction on sites close to workplaces would seem to be the crucial ingredient in producing a pro-equity strategy. Which mixture of public and private housing provision works in which circumstance will be the subject of future research linked to the Grand Challenge: what we can say for now in this paper is that all the present evidence – as well as both the economic and the political frameworks applied above – point towards access to housing and associated urban transport as being issues that warrant both specific national policies and involvement by government bodies.

- A third problem is related to the capturing of economic rents – additional income that is received without additional effort – from urban agglomerations. These rents certainly accrue to urban landowners, but Paul Collier underlines that the benefits that accrue to highly-paid individual professionals may not be fully appreciated. One possible solution is to investigate whether an increase in tax for both property owners and highly paid professionals with low housing needs would be feasible. The use of property tax to achieve this aim is a long-standing and familiar suggestion; that of differentially taxing highly-paid professionals with low housing costs is new. Nevertheless, it may be worth considering from an efficiency and equity standpoint. Such a tax would not affect low-paid workers, and highly paid individuals are likely to want to live in major cities for social and career reasons.

- The fourth problem is of lagging regions. As noted above, most societies are not likely to embrace overly rapid demographic change – many, therefore, have policies to improve and develop lagging regions, in an explicit effort to reduce the number of people migrating away from these regions. There have been some creative experiments in reviving lagging towns and regions, but the number remains few. Nonetheless, creating economic links with local universities and fostering development banks with local knowledge would seem to represent a promising approach. Our country visits also suggest that the provision of national support for regions that may have unrealized comparative advantage as a consequence of their particular geographical locations, as in the case of the Tunisian regions bordering Libya, may also offer lessons.

- It is, however, important to recognize the limits of such policies. Increasing urbanization is a contemporary global mega-trend and a process that carries a degree of inevitability about it, particularly in periods of economic expansion and growth. Seeking to productively manage the present trend of rural-urban migration may therefore merit more attention than it has thus far received. In this respect, the barriers that some groups face– women, ethnic or religious minorities – when migrating should be better understood and acknowledged. For example, women may be seen as losing the respectability they need for marriage; particular ethnic or religious groups may be at risk of harassment upon their arrival in a new area. Creating networks that prepare and protect internal migrants can therefore be useful, as noted during Tunisia and Indonesia country visits.

Box 8: Housing policy in Singapore

Since Singapore is a city state (100 percent of its population is categorized as urban), growth has by both choice and necessity been underpinned by a "long-term, holistic approach to urban planning and development." Singapore also has a multicultural citizenry, and high rates of immigration at over 8 percent per annum. Its urban and housing policy therefore provides an interesting case study in policies that combine urban growth with equity and peaceful pluralism.

When the Government of Singapore held its first general elections in 1959, the housing shortage was severe, characterized by overcrowding, slums, and squatter settlement. Home ownership became an urgent priority.

The Housing Development Board (HDB) was set up as a statutory board in 1960 and is the key institution responsible for implementing housing policy under the Ministry of National Development. The HDB has the authority to prepare and execute proposals, plans, and projects for the erection, conversion, improvement and extension of any building for sale, lease, rental or other purpose, and for the clearance and redevelopment of slums and urban areas. From 1964, the HDB began offering housing units for sale at below market prices on 99-year leasehold, built on state owned land, much of which had been compulsorily acquired from private landowners at below market prices. This was made possible by the Land Acquisition Act of 1966, which abolished eminent domain provisions. Because land acquisition was sweeping in nature, various safeguards as well as an appeal process were put in place to ensure that the land was acquired through an open and transparent process and with a clearly defined public purpose.

Source: Background paper for the Grand Challenge; Singapore's housing policy

Box 8 (Continued): Housing policy in Singapore

Looking back, Prime Minister Lee Kuan Yew explain that this legislation was significant and necessary: "When we were confronted with an enormous problem of bad housing, no development, overcrowding, we decided that unless drastic measures were taken to break the rules, we would never solve it. We therefore took overriding powers to acquire land at low cost, which was in breach of one of the fundamentals of British constitutional law – the sanctity of property. But that had to be overcome, because the sanctity of the society seeking to preserve itself was greater." The Home Ownership for the People Scheme was launched in 1964, closely followed by the establishment of the Central Provident Fund (CPF) to allow Singaporeans to use their CPF accounts to pay their monthly mortgage.

Over the last six decades, the government has continued to promote inclusive housing policies that extend beyond offering a roof over people's heads to providing individuals with a tangible stake in the country, even when the nature of the social needs evolved. Recent housing policies include the resale market of HDB flats after a minimum period of occupancy introduced in 1991, the Main Upgrading Programme in 1992 to renovate public areas and flats, and the Home Improvement Programme in 2008 to include residents in the renovation process and to give a distinct personality to each estate. These innovations represent a sustained commitment to retain neighborhood cohesion as well as respond to the changing demographics and needs, with more middle-income families, single-headed households, and elderly people occupying HDB flats.

More than 80 percent of Singapore's resident population live in public housing built by the HDB. Estimates show that 90 percent of these resident households own their flats. The HDB also represented a crucial instrument in the governance of ethnic diversity in the city-state. Through a careful distribution of populations of different ethnic backgrounds in the HDB estates, the government strived to avoid the constitution of ethnic enclaves and defuse ethnic and inter-communal tensions. In 1989, the government implemented an Ethnic Integration Policy under which safeguards were set for the HDB blocks and neighborhoods: for new flats, a particular ethnic group will not be able to buy a flat from HDB if the quota limit for that group has been reached for that particular block or neighborhood. These safeguards were deliberately designed to mix ethnic groups and prevent communities from fragmenting and being alienated from one another.

New technology and the informalization of employment

Although once presumed to be the case, there is no guarantee that as economies advance, the informal sector will become ever more formalized. The informal sector has proven stubbornly resistant to changes in many settings. As the 2019 *World Development Report* notes: "Since 1999, India has seen its information technology sector boom; it has become a nuclear power; it has broken the world record in the number of satellites launched into outer space using a single rocket; and it has achieved an annual growth rate of 5.6 percent. Yet the size of its informal sector has remained at about 90 percent." This pattern is not unique to India, with many economies worldwide now seeing actual rises in levels of informal employment. There is an evident risk that such a pattern could be exacerbated by those seeking to profit from new and emerging technologies without consideration for public welfare.

Rising levels of precarious employment and stagnating wages could have harmful implications for inequality and inclusion that extend far beyond the economy and reach into many facets and dimensions of society. Informalization tends to diminish the bargaining rights, earning power, and social status of workers and reinforce unequal relations between labor and capital, and in the process may contribute to fomenting social division. [34] Even before the advent of the new era of automation and its associated suite of technologies, recent decades have witnessed a decline of labor-income share relative to capital.[35] The relative power of corporations and the financial sector has grown, especially relative to trade union interests, but also vis-à-vis nation-states.[36]

Analyses based on the World Bank's International Income Distribution Data Set show that income returns to experience for a worker are higher in the formal sector than in the informal sector, between 1.4 and 2 percent higher every year. The OECD notes that informal sector workers in OECD countries are 50 percent less likely to be unionized and 40-50 percent less likely to receive social support when they are unemployed.

The redistribution and recognition lens are essential to understanding and overcoming the challenges posed by the informal economy. In the Arab World, a major spur for the "Arab Spring" revolts was the perceived lack of responsiveness and disdain shown towards informal sector workers on the part of government authorities.

We recognize that the future of labor relations and the set of issues falling under the rubric "the future of work" will form an essential component of the grand challenge on inequality and exclusion. In phase 1 of the grand challenge we were not in a position to research as many aspects and solutions of this topic as we would have liked. It will certainly form a more significant part of our future research work. Nevertheless, desk research and country visits allowed some general ideas to emerge, as described below.

- **Including both recognition and redistribution elements is particularly important in job creation and active labor market programs.** Sweden, which has a long tradition of combining social democracy with an open global economy, has one of the most developed systems of assistance for employment sectors affected by global trade and technological developments. The assistance is provided through tripartite structures of social dialogue between the government, employers, and trade unions. This provides a sense of recognition to affected workers: they are not at fault for losing their employment as a consequence of global economic shifts (see Box 9). In a very different context, Tunisia's April 2018 Start Up Law, developed in consultation between government and the private sector, laid out an innovative framework for support to start up. It includes giving public and private sector employees up to one year to set up a new business while still retaining the right to return to their old jobs, and provides for a state-funded salary for up to three founders per company during the first year of operations. The "new generation of entrepreneurs" initiative also aims to support small enterprises in the road maintenance, environment, and ICT sectors. A quantitative evaluation of the program indicates that the measures undertaken have had an encouraging impact since the launch of the pilot in in 2014.

- **Use technological platforms associated with the gig economy to provide insurance, benefits, and rights to workers.** The technology that underpins the gig economy is capable of facilitating "leapfrogging" in a similar fashion to how the spread of cellphones aided communications in countries where access to landlines was limited: workers who have never enjoyed protection may, ironically, be easier to reach and have protection and benefits extended to them because of the technology that hires them. An example of this is GoJek, the Indonesian platform that provides motorcycles (see Box 10).

Box 9: Transitional assistance to workers in Sweden

Part of the challenge in ensuring inclusive labor protection is to manage transitions. Social dialogue has an important role to play. In Sweden, Job Security Councils – the product of collective agreements across a variety of sectors – provide income support, skill development, and redeployment services covering some two million employees. These are seen as critical labor market institutions, complementing public employment services, and with the protections and support offered through the collective agreements, they contribute to the adaptability and dynamism of enterprises and sectors, reducing union resistance to restructuring and job cuts.

Source: Diedrich and Bergström, 2006; Semuels, 2017

Box 10: GoJek: using the gig economy to extend benefits

For Indonesia's National Health Insurance (NHI) program to succeed, coverage for the large number of informal sector workers in the economy is required. However, incorporating informal sector workers into the NHI system has been challenging. In this context, firms such as GoJek, an online motorbike taxi-hailing platform, play an important role. GoJek drivers are covered by medical and accident insurance, an additional benefit provided by the platform company that significantly improves the labor conditions of drivers.

GoJek's impact on the universal insurance system is non-negligible. Half of all the Indonesians (around 130 million people) have the app on their phones. The company works with two million driving "partners" and 30,000 "talents" (service providers such as cleaners, house movers, etc.) on a regular basis.

Source: Pathfinders' Indonesia country visit

- **Encourage trade union extension to informal workers.** Despite their historic and contemporary role, trade unions worldwide have seen their membership decline in recent years. Unions have also face criticism, sometimes warranted, of "insider/outsider" problems, whereupon they are incentivized to act in the interests of their membership, in opposition to the interests of unemployed or non-unionized workers and perhaps the wider labor movement.

  Recognizing and responding to this challenge, many trade unions have sought to undertake internal reforms to address these issues. The Global Deal Flagship Report outlines a number of trade union initiatives that respond to the challenges that workers face arising from the increased informalization, automation, and precariousness of their work.

  These fall under three main categories: initiating legal challenges, direct organizing and representation efforts, and lobbying for legislative changes. Important measures have been implemented to include non-standard workers in the scope of action of trade unions (see Box 11) as it is important to acknowledge that gig workers have also been organizing through cooperatives and works councils. The report notes that unions have sought to reform and adapt their own structures to better support and promote a more inclusive and representative model of membership among non-standard workers, including through the introduction of quota systems to increase the presence of women in leadership positions, the creation of additional seats specifically for women, or increasing the voting power (double nomination) of women.

Box 10 (Continued): GoJek: using the gig economy to extend benefits

GoJek offers an opt-in universal insurance scheme participation to the contractors where they only pay for days on which they log into the app to work. The contributions are deducted and accounted for automatically by the app. This reduces the salience of paying the contribution minimal to the participants. The available insurance policies are: healthcare, accident, life, and BPJS (social security). The availability of the last one is especially a milestone. Potentially, it allows millions of Indonesians, who work through the app, to transition to the formal economy. GoJek, which is a formal entity with a corporate tax number, collects the contributions, pools them, and transfers a lump sum to the Social Security Administration. Thus, the "contractors" get a semi-formal status, which allows them to claim the public services provided to formal employees. The company tries to compel its contractors to use this opportunity by comparing the cost of the monthly contribution to just one day's worth of fuel or a package of cigarettes a day.

GoJek's own legal status, and its policy of treating its partners as contractors rather than employers, makes the practice of the opt-in contributions controversial. Initially, the Minister of Transportation sought to ban GoJek in 2015 due to safety regulations. However, the President of Indonesia cancelled the proposed ban. The debate has been framed in terms of balancing legality versus innovation, formal compliance versus job creation and consumer needs. Already during the 2014 debate on universal healthcare coverage, the presidential administration has revealed to be supportive of Indonesian entrepreneurs and business owners. At the time, it proposed a delay in the scheme's implementation due to concerns on the part of the employers. The 2015 decision to let GoJek continue its practice of pooling social security and healthcare insurance contributions from "partners" was consistent with that earlier flexible approach to the needs of the Indonesian private sector.

Box 11: The Global Deal and trade union efforts to bridge "insider/outsider" divides

The *Global Deal Flagship Report* notes many examples of innovative trade union organizing techniques to reach workers outside the traditional span of collective bargaining. These include: In Germany, the Confederation of German Trade Unions have established "fair mobility" service centers across the country to provide information on labor standards and social legislation to migrant workers in their own language, and the German metalworkers' union (IG Metall) developed a determined organizing campaign targeting atypical and non-standard workers.

The National Alliance of Street Vendors in India has successfully advocated for regulatory changes. The Street Vendors Act of 2014 provides for the constitution of local town vending committees to formulate regulations improving conditions of work for street vendors through processes of consultation. The organization of workers in the informal economy in India also resulted in the successful conclusion of agreements on wage rates for home-based worker producing "beedis" (tobacco rolled in leaves and tied with a string). Unions organized about 1.4 million such workers across the country and organized a Joint Action Committee (JAC) in the major beedi producing state of West Bengal to coordinate their actions.

In the inner city of Durban, South Africa, a major civil society campaign involving street vendors' organizations, academics, urban practitioners, and a local CSO called Asiye eTafuleni succeeded in overturning a city council decision to develop a mall on the market site. The campaign was aided by public interest litigations that challenged both the decision to replace the historical market, as well as the process by which the lease for public land was granted to a private developer. The City Council eventually rescinded its decision to lease the land for the mall development – a major victory for the street vendors' organization which represents these vendors and the barrow operators (who transport the street vendors' goods).

Source: the Global Deal Flagship Report; Marino et al., 2017; Benassi and Dorigatti, 2015; UNDP, 2015

Innovative social protection and social services

The framework of recognition and redistribution has particular salience for the political uptake, design, and sustainability of social protection and social service programs. Such programs are crucial for both predistribution and redistribution: improvement in education and health outcomes is a prerequisite for the poor to take advantage of opportunities, while social services and social protection constitute the backbone of how redistributive transfers are achieved in most countries. The academic literature underlines the role that recognition plays: it is important that social programs avoid "creating stigmatized classes of vulnerable people [who are] perceived as beneficiaries of special largesse". [37]Fostering respect and eliminating stigmatization is not only a good in itself but brings many benefits: it facilitates people's re-entry into the labor market; and a growing body of evidence suggests it can also insulate programs from political criticism or divisive manipulation, thus contributing to long-term sustainability.

Pathfinders' country visits and consultations in Indonesia, Timor-Leste, and Tunisia have provided rich insight into how countries have successfully combined recognition and redistribution in social protection programs and social services. These findings are also borne out by the policy literature on developed countries. The OECD, for instance, has criticized stigmatizing programs and within its own programs is seeking to develop an approach that is based on a principle of reciprocity between the *rights* of individuals to benefits and assistance and the *responsibility* of recipients to contribute through some form of engagement, participation or behavior.[38]

The main findings of interest to policymakers from our first tranche of research and consultations are:

- **Positive links between vulnerable groups and the broader community are important for the developmental success and political sustainability of programs.** Two practices that have produced promising results in this regard are community-driven development (CDD), where community councils – with participation and inclusion of vulnerable groups – decide upon local developmental priorities; and graduation schemes, which seek to set households on a more durable path out of poverty by combining short-term support for household consumption with the provision of income-generating assets, training, mentoring or savings and investment advice. Interestingly, CDD and graduation approaches have been more prevalently used in the global South than North (the largest CDD program globally is in Indonesia), although similar "co-creation" processes are being trialed in OECD countries (see Box 12). "Co-creation" initiatives involving the private sector and trade unions has also been incorporated as an element of the Government of Tunisia's approach to develop start-up and social enterprises.

- **Universal programs can produce impressive development gains and garner broad-based and popular support for further development programs.** Indonesia's experience in introducing universal health coverage is interesting in this regard, since it is a much more recent policy than, for example, the universal benefits prevailing in Europe. Indonesia is playing a pioneering role in relation to both universal and targeted programming, and is witnessing strong development gains from both types of intervention. The programs are still evolving and the health program faces challenges in terms of adverse selection and financial sustainability; by contrast, the targeted programs have already instituted numerous design improvements (see Box 13). Yet when asked which of the programs would attract the most widespread political support, interlocutors were unanimous in their view that the health program enjoys broad and popular political support.

Box 12: The Village Law in Indonesia and the Asker Welfare Lab in Norway

Community driven development approaches now have a well-established history in some developing countries. The largest example is in Indonesia – **Village Law** (Law 6/2014) enacted in builds on the government's long-standing National Community Empowerment Program, an umbrella program for various community driven development initiatives operating for over 15 years and spanning every subdistrict in Indonesia. Broadly, the program entitles villages to receive considerably large development grants from the national and district government up to Rp. 1 billion (approximately US$75,000), which they can use according to their own priorities. The planning, implementation, and management of the funds takes place through a participatory and inclusive process at the village level.

Physically, funds are transferred to the communities: they are not just "consulted" but directly manage the choice of priorities and implementation. This approach promotes community self-management and emphasizes cooperation, participation, trust, reciprocity, and accountability. A number of evaluation studies have shown community-driven development programs are able to effectively deliver services through community consultation, while also building social acceptance of the fairness and inclusiveness in the service delivery process. By working with several civil society organizations (CSOs) and implementing partners, these programs are currently active in roughly 6,000 sub-districts, 73,000 villages, and 33 provinces. The **Asker Welfare Lab** was developed and tested by the municipality of Asker in the Greater Oslo region over the period 2013-2017 as a means to overcome silos in the implementation of public welfare services at the local level and improve value for citizens, particularly vulnerable individuals and households. The Asker Welfare Lab has received numerous prizes for innovation in the public sector, including a Best Practice Certificate from the European Public Sector Awards (EPSA) in 2017.

The idea for the Welfare Lab started with a project aimed at redesigning social housing services. While developing this project, the municipality realized that the objectives for improving social housing could not be achieved within a traditional service model, and the complex issues relating to citizens' living conditions could not be adequately addressed through a narrow focus on housing. The model rests on two main principles:

1. The municipal services and their external partners follow an approach that focuses explicitly on investing in people and their well-being, rather than managing cases.

2. The recipients of welfare services are treated as "co-investors" in the program, based on the principle that *"no decision about me shall be taken without me".*

The common objective for all partners in the program consists in sustainably improving the living standards of vulnerable individuals and households. During its pilot phase, the program targeted three specific groups: (i) families with children experiencing vulnerable living conditions; (ii) vulnerable youth (17-25 years old); and (iii) families with children suffering from disability.

Degree of vulnerability is defined both in material terms (the economic resources available to individuals or households) and in non-material terms (the ability of individuals or households to change their situation). Early results suggest some evidence and lessons regarding the benefits of co-creating public services. Living conditions showed improvement, and the majority of the individuals and households participating could transition from an untenable or vulnerable situation to a stable or sustainable situation over a period of 2-3 years. Results on user engagement also show that citizens experienced value from participating.

Source: Pathfinders' Indonesia country visit; OECD background note for the Grand Challenge

- **Programs aimed at specific identity groups most easily gain public support when they are rolled out at the same times as broad-based programs.** Indonesia and Timor-Leste both have social safety net programs that include targeted support for vulnerable identity groups that have historically been the subjects of social controversy. Indonesia's Peduli program aims to promotes social inclusion as a pathway out of poverty by serving the following six disadvantaged groups in Indonesia: vulnerable children and youth, remote indigenous communities reliant on natural resources, discriminated religious minorities, victims of gross human rights violations, transgender people, and people with disabilities. [39] The program leverages local knowledge and assets to solve local problems, fosters community dialogue as a means to strengthen social relations between excluded groups and their surrounding community, and ensures that government actions and policy approaches are informed by and responsive to local needs.[40] Partnering with 69 civil society organizations has allowed the program to be scaled-up and expanded to 75 cities/districts in 21 provinces. [41] Timor-Leste's program focuses on supporting widows and female-headed households. In both (the Indonesian and Timor-Leste) cases however, program decision makers and politicians note that these programs may not have been politically possible without the roll-out of larger, more broad-based benefit schemes.

- **The scale of benefits provided by universal programs matters.** Indonesia's universal program, while presently experiencing an agency-specific deficit, nevertheless appears fiscally sustainable in the long-term, once design changes are implemented. By contrast, Timor-Leste, which has also benefited from major advances in political stability following the provision of (near) universal benefits, faces a deeper and more challenging fiscal challenge in the coming years. Universal Basic Income (UBI) programs by definition seek to cast the widest possible net in terms of coverage and as a consequence their attendant fiscal costs can be significant, especially for developing countries. Give Directly, for instance, estimates that to provide just $1.90 per person, per day to recipients aged 18 years or older would cost nearly 18 percent of GDP in 33 low-income countries – countries in which more than 5 million people presently earn less than that amount.[42] Even though the World Bank estimates that the same amount of coverage for 27 low-income countries would face a lower cost of nearly 9.6 percent of GDP,[43] this compares with an average of 3.75 percent of GDP on all social protection programs today.[44]

- **Public-private partnerships can help with costs to the public purse but, in some sectors, show exclusionary effects.** While public-private partnerships in the telecommunications sector provide an almost universally positive example in comparison to state provision, education and health do not. Significant private education coverage, for example, means that relatively better off people whose children are in private schools can lack the incentives to support public education investments. [45]

- **Constitutional rights, legal identity and legal aid play an important role in fostering both a sense of recognition and in facilitating the successful expansion of progressive social programs.** A rights-based framework can offer a useful yardstick and play a supportive role in the implementation of social programs. In Indonesia and South Africa, for example, constitutional rights to education and health have been a useful source of political leverage and justification for expanding programs. In neither country have the fears articulated by certain economists – that provision on the basis of rights would overwhelm affordability – come to pass: in South Africa, the test of "reasonableness review" of the relevant programs has repeatedly passed judicial scrutiny; conversely, actions brought under the constitution have allowed for the expansion of rights.[46] Access to justice has been shown in many countries to play a beneficial role in facilitating access to social services, and in furthering the "recognition" aspect of social protection – in ensuring citizens are treated with dignity. The guidance that the OECD and Open Society Justice Initiative have developed on legal needs surveys may be a useful starting point for countries seeking to identify and understand how the exercise of legal rights is linked to access to and quality of social services and social protection. [47]

Box 13: Indonesia: universal and targeted benefits

Universal access to health. Indonesia integrated all social health insurance and medical assistance programs into a single National Pool, *Jaminan Kesehatan Nasional* or JKN (National Health Insurance) in 2014. The JKN aims at providing comprehensive health coverage for all Indonesians, covering both workers in the formal and informal sectors. It is a hybrid of both contributory and non-contributory schemes where government fully subsidizes the premium for the bottom 40 percent of the population. Since its introduction, enrolment has increased from 86.4 million people in 2014 to 218.1 million in April 2019, making Indonesia one of the largest health administrators in the world. The government has set 2019 as its target for the enrolment of 95 percent of the population – the functional achievement of universal health coverage.

The initial impetus for the expansion of health insurance was achieved through a combination of four factors. Firstly, heightened responsiveness by the political elite to social policy concerns as a result of the Asian economic crisis in 1997. Second, constitutional reform between 1999 and 2002, including new provisions to the 1945 constitution that strengthened protection of the right to health. The extension of rights along with broader reforms yielded a situation in which citizens and NGOs could use the constitution to influence government health policy by invoking the right to health (education also has a constitutional provision on budget allocations). Third, in successive electoral processes after 1999 (for local government leaders after 2005), endorsement of greater health coverage in response to pressure from civil society and constituencies led to success at the polls.

Finally, the presence of mass-based and non-governmental organizations that had a strong commitment to health rights and the ability to forge strong alliances and mobilize popular support was crucial to establishing universal health insurance. This was most evident in the period preceding passage of the BPJS *(Badan Penyelenggara Jaminan Sosial)* social insurance law in 2011. When the deadline to finalize the BPJS bill passed in 2009, a Social Security Action Committee (KAJS, Komite Aksi Jaringan Sosial) was formed to lead a popular campaign to promote the bill's passage. KAJS comprised of trade unions, NGOs, student organizations, professional bodies, and other organizations. It worked closely with parliamentarians to champion BPJS and participate in parliamentary debates and public discussions. The Social Security Action Committee and its union allies also launched a series of demonstrations across the country to push for the bill. This "street diplomacy" was highly effective in attracting cross-sectoral appeal and positioning the movement to represent all Indonesians.

Targeted social safety nets. Indonesia also has much experience in improving the quality of its targeted programs. The first attempt at establishing targeted transfers was the rice subsidy program, which started in 1998. Another shift came after reduction of fuel subsidies in 2005.

The PNPM scheme (National Program for Community Empowerment, now transformed into the Village Law) was established in 2006 and followed by establishment of the PKH scheme (Family Hope Program) in 2007. PKH is a household Conditional Cash Transfer (CCT) program, while PNPM is a community-based program. Both aim at reducing poverty. Together, they form the foundation of the social protection system in Indonesia.

Source: Pathfinders' Indonesia country visit

Box 13 (Continued): Indonesia: universal and targeted benefits

The most recent development came after the current administration came to power in 2014. A unified database for social protection programs was established and eligibility thresholds for the programs were lowered, broadening the pool of recipients. The rice disbursement program was transformed into an electronic cash transfer scheme in most of the provinces, giving more agency to recipients. The initial survey database established for the rice subsidy program was expanded to serve as a unified eligibility verification mechanism for all the social protection programs. The unified database introduced much clarity in terms of eligibility criteria across various programs and reduced the cost of information gathering. It aligned various ministries and other government agencies around program design standards. Initially, the database was being updated once every three years. Now, with more programs and agencies depending on the quality of the data in it, surveying is being conducted every six months in collaboration with the provincial governments.

Revisiting redistribution and recognition – gender and generalized inequality

A common feature of Pathfinders' countries participating in the Grand Challenge has been a commitment to demonstrating leadership on gender equality. Tunisia, for example, has in rapid succession passed a series of landmark legislative changes related to women's rights that have transformed the level and scope of women's representation in political decision making (see Box 14).

Box 14: Promoting gender equality in Tunisia

Tunisia has made fast legislative progress since the Revolution of 2011. While the Pathfinders team was in Tunisia, debate was ongoing in regard to the law proposed by government on equal inheritance rights for men and women: if approved, this will be the first in the Arab world. It builds on a series of legislative achievements since the Revolution:

- The Parity Law in 2011, making it obligatory for parties to have 50 percent of women in the Constituent Assembly and on their electoral lists.
- Two far-reaching articles in the 2014 constitution on gender equality. Article 21 which deals with equal rights and responsibilities of citizens was the center of debate over whether "equality" of men and women should be replaced with "complementarity" – "equality" prevailed. Article 46, the result of a collaboration between Islamist and secularist female parliamentarians and civil society activists, makes it a responsibility of the state to protect women's rights, to guarantee equal opportunities and parity in elective councils, as well as to work to eradicate violence against women.
- The 2017 Law to Eliminate Violence against Women, recognized as the best in the region and among the best in the world, together with the amendment to the penal code to remove impunity for rape in the case of marriage to the victim.

The results in terms of political inclusion are impressive. Tunisia has a higher percentage of women in the national assembly than the United Kingdom, France, or the United States. In the recent local elections, 47 percent of new elected councilors are women and 37 percent under the age of 35 (compared with an average of 25 percent women local councilors across Europe).

Source: Pathfinders' Tunisia country visit

Country visits have helped to gather striking and successful examples of how NGOs and government reformers are working to frame advances in gender equality as being of benefit to all citizens – men and boys as well as women and girls. In both Indonesia and Timor-Leste, for example, processes are underway to address child marriage; and in Timor-Leste, the rights of pregnant girls to stay at school are being addressed.

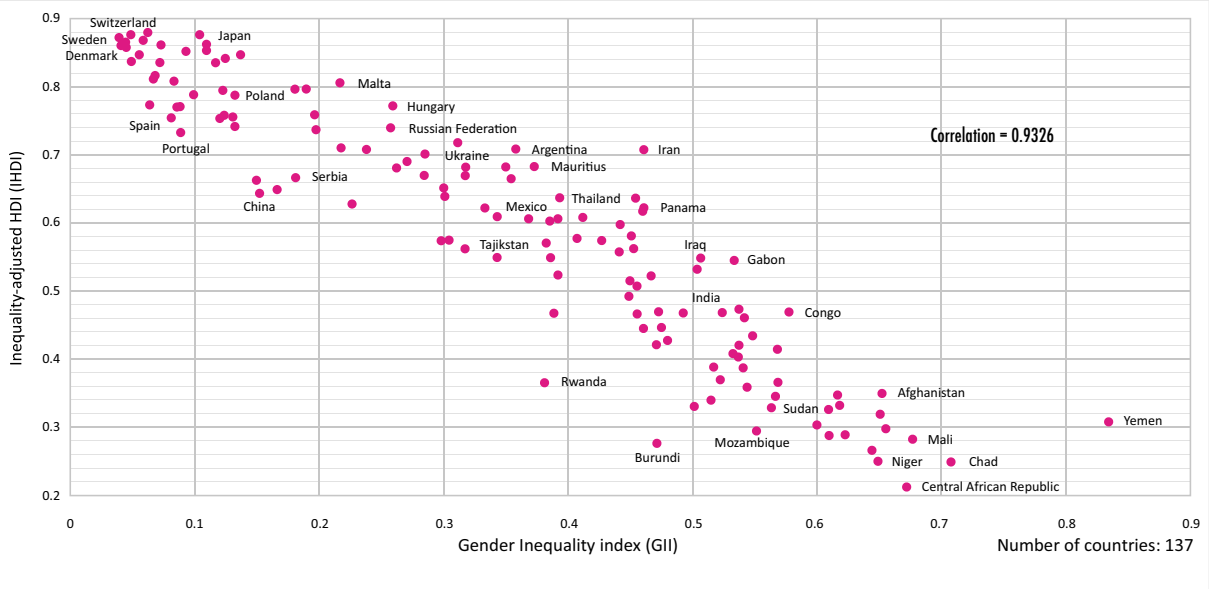
In both cases, the governments have made a determined effort to communicate the developmental benefits to be gained from addressing these issues rather than characterizing the intervention in international normative terms – an approach which could invite opposition due to a perceived conflict with religious and/or other cultural values.

The Indonesian constitutional court recently issued a statement calling for the review of law 174 from 1976, which set the legal for marriage for girls at 16 and for boys at 19. The government is supporting the case for an increased marrying age on the basis that marrying so young leads to increased maternal and infant mortality as well as school dropout rates, therefore directly impacting national human development rates. Timor-Leste adopted a similar approach during its public consultations on the elimination of child marriage. Making fairness and the shared benefits to all households the centerpiece of its communications strategy has proved successful in relation to other gender issues too.

For example, it used to be the practice in Timor-Leste that pregnant schoolgirls were not allowed to sit exams. During meetings and discussions with different institutions to discuss the topic, the Secretary of State underlined that such a provision was unfair and unequal, while simultaneously stressing the benefit for the baby and the entire household of permitting girls to finish school. The country examples above support and illustrate our more general assumption that redistribution and recognition are compatible and mutually reinforcing: the claims of historically disadvantaged groups can be addressed alongside those of generalized grievances over inequality and fairness. Preliminary research has not permitted us to look at each aspect of horizontal inequality – between, for example, racial and ethnic identity groups – in equal detail. However, we have examined gender inequality in some depth, and find that there is a strong relationship and correlation between gender inequality and generalized inequality: what is good for women and girls is good for men and boys.

Figure 4, covering 137 countries, depicts the relationship between generalized inequality and gender inequality. It draws on the inequality adjusted human development index which has been published by the UNDP since 2010,[48] and takes account of how a country's average achievements in health, education, and income are distributed among the population by "discounting" for the level of inequality in each of those dimensions.[49] This broader picture of inequality is consistent with the approach and intention of the SDGs to consider dimensions of inclusion beyond income. [50]

Figure 4: Multidimensional inequality is strongly associated with gender inequality



Soruce: Human Development Data (1990 - 2017), link: http//hdr.undp.org/en/data

The UNDP's Gender Inequality Index (GII), as portrayed above, was taken as a point of departure for further analysis by the IMF. Their findings showed that countries with the highest levels of gender inequality corresponded to countries where the top income group tends to have a larger share of total income. [51] The results can be highlighted as follows:

- Where the GII increases from the median to the most unequal levels, the income share of the top decile increases by almost six percentage points, equivalent to the difference in income inequality between Norway and Greece. (Note that this is a significant worsening in measured gender inequality: Sri Lanka is the median country in the GII, while Papua New Guinea and Yemen are among the worst-performing.)

- Levels of gender inequality also mirror lower income shares at the bottom end. If the GII worsens from the median to most unequal levels, the bottom quintile's income share shrinks by 2 percentage points, similar to the difference between Estonia and Uganda.

The IMF concludes from its analysis that there is a causal link between gender and income inequality and that the direction of causality is that gender inequality leads towards income inequality, rather than the reverse. How might these impacts come about? Income inequality and gender inequality can interact in a number of ways and through a number of channels. It may be useful to distinguish how these channels operate in order to lay the foundations for subsequent discussion of policy options. Yet even as we acknowledge that it is likely that some effects are bi-directional – that is, income inequality affects gender inequality and gender inequality influence income inequality – we should recognize that the overall findings are quite clear and carry tremendous significance and implications in policy terms.

There are many different types of gender gaps – in education, assets, labor force participation, and earnings – that could contribute to income inequality. Figure 5 presents a schematic of the effects of gender inequality on income inequality. The main avenue for change is through the labor market, in terms of the level and nature of economic opportunities it offers. The IMF has noted that gender gaps in labor force participation and education are notable drivers of income inequality in all countries.[52] Our schematic also highlights gender gaps in assets – that is, land, finance, and education – as well as gendered laws and norms around care – as being key drivers of unequal economic opportunities.

Figure 5: Greater gender equality as drivers of improved income equality

Source: Background paper on gender inequality for the Grand Challenge

Macro-distributional and fiscal compromises

All of the groups of ideas described above require funds to implement. Fiscal compromise is therefore inherently central to reducing inequality and exclusion: both because it can directly moderate wealth gains that cause anger at the upper echelons of society; and because it provides the means to improve the welfare of the poor and historically disadvantaged groups.

Regardless of the ideology to which a government subscribes, fiscal policies at some stage will become important and need to be grappled with. A consultation retreat with partners at Greentree, New York in September 2018 indicated that the Grand Challenge work should take account of the full envelope of fiscal reforms, both tax and expenditure.

There was also general agreement that the work should focus on the political dimensions and ramifications more than the technical details of reform, since the policies themselves are quite well known and the barriers to their implementation have tended to be political.

An initial survey of historical attempts at fiscal reform, supplemented by knowledge derived from country visits, brought forth a number of ideas for the challenge paper. The first cluster of ideas relates to the politics of framing arguments in support of fiscal reform.

Box 15: Indonesia's replacement of fuel subsidies with more progressive spending

Indonesia's progressive replacement of fuel subsidies by targeted social spending shows both compensatory and preventative dynamics. Fuel subsidies have existed in Indonesia since 1949. Since the first attempt at reforming the fuel subsidy program in 2005, Indonesia has been navigating the delicate political trade-offs of allowing market forces to determine energy prices.

After the election of 2014, three important factors enabled President Widodo to pursue the policy shift. First, the reform was well timed: it coincided both with rising concerns in Indonesia over inequality – and its potential consequences for stability – as well as low oil prices. Secondly, the government went to great lengths to make society aware of the regressive nature of the fuel subsidy and how this had profited the non-poor.

The Ministry of National Development Planning demonstrated that the initial fuel subsidy reduction in 2005 allowed for the launch of the PKH program of conditional cash transfers for the poor (2007), which then formed the foundation of the social protection system in Indonesia in the subsequent years. Third, the President directly linked the fall of the fuel subsidy with raising funding for other types of social spending, notably public transportation.

Source: Pathfinders' Indonesia country visit

Two particularly strong political arguments associated with successful fiscal compromise emerge:

- **Compensatory arguments.** Historically, periods of fiscal compromise have usually occurred when societies are seeking to compensate for a perceived unfair advantage enjoyed by the rich or by particular identity groups, or during periods of unusual suffering for the general populace. Such conditions were present and notable in the developed world in the post-World War One and World War Two period when fiscal reforms were introduced that saw high tax rises and the extension of pro-poor spending in the wake of mass mobilization for the war effort. Compensatory arguments operate in other contexts too, such as in post-apartheid South Africa, where an (albeit weak) extension of corporate tax was argued for explicitly because of the unearned gains emanating from the apartheid system and the need to compensate the majority who had suffered. Compensatory arguments today could arguably apply to those who have benefitted from high regional house prices or the equity markets, or those who are perceived to have made gains or suffered indirectly as a result of corruption.

- **Prevention of social unrest or conflict.** A second potent dynamic which has served to spur fiscal compromise is the fear of social unrest. This is certainly not mutually exclusive with compensatory arguments, and indeed is likely to have also played a role in driving the post-war fiscal compromises. In Colombia, an example of such fears of conflict and insecurity being at play was in the contributions to additional taxes to finance the Colombian security forces that were requested during the period of Alvaro Uribe. There is a palpable and growing sense of concern in many countries, something which is reflected in popular discourse, that increased levels of inequality may prompt social unrest. The desire to prevent instability is a perfectly valid reason to argue to postpone fiscal adjustments that may exacerbate tensions: current examples include Tunisia's reluctance to address its high civil service wage and pension bill (which nonetheless play a role in consolidating democratic transition); or the argument that Jordan should stretch out its debt repayments in order to cushion it from the costs of the inflow of Syrian refugees.

A survey of examples of fiscal reform provides not only some initial evidence on the types of framing and incentives that work to produce compromise, but also offers lessons on the methods and approaches needed to carry through reform successfully (see Box 16). The framing arguments and methods to be employed for specific taxes will be explored in greater detail – different forms of capital gains, wealth and inheritance taxes, and specific country circumstances – in future research.

Box 16: Building the political momentum to carry through fiscal compromise

Initial research indicates that five steps are important in successful carry through of progressive fiscal reform:

1. **Timing.** Reforms are more likely to occur in a period of expansion than recession, although conversely, crises may offer opportunity for reform too.

2. **Information gap.** People consistently underestimate current inequalities as well as where they fit on the income spectrum.

3. **Framing language used:**
   - Metric effect. People relate better to progressivity in percentages than absolute numbers.
   - Isolation effect. People are more willing to pay when payment is effortless.
   - "Contribution for public goods". People prefer contribution to tax, and a sense of what society provides in return.

Box 16 (Continued): Building the political momentum to carry through fiscal compromise

4. **Countering negative agenda power.** Successful reform requires persistent effort not to have the discussion of inequality distracted by fears of insecurity, immigration or other negative agendas.

5. **Intersectionality.** For a political idea to get traction and stick in the public debate, it must be supported by a network of various communities: NGOs, trade unions, chambers of commerce, political parties, churches, and university campus groups are some of the most sought-after allies. The project needs to be pursued by various political pressure groups and designed in a way that is consistent with their values. It must also relate to other issues important to those groups.

Source: Background paper on fiscal compromise for the Grand Challenge

Unsurprisingly, our country visits and initial research confirm that there is more popular support for combating tax evasion and corruption as a reform measure than for sharp increases in (progressive) taxation. The sequence in which reforms are carried out seems also to be an important factor: in countries where levels of corruption and tax evasion are high, efforts to broaden the tax base before these leaks have been stoppered up may simply provoke protests against austerity (the recent protests in Jordan would seem to bear out this assessment).

John Githongo identifies transparent beneficial ownership registries as an essential international tool for addressing tax evasion and corruption, with a commensurate need to lobby the global powers on beneficial ownership rules, create stronger regional frameworks, and provide capacity-building for those countries that have made commitments in this area (see Box 17). The point he makes about the benefits such measures could bring is reinforced by the findings of an IMF report in April 2019, which estimated that curbing corruption would deliver an additional US$1 trillion in tax revenues globally.[53]

Box 17: Moves towards transparent beneficial ownership registries to address corruption

There has been some movement on beneficial ownership, but small. Following the declaration of 2018 as the African year of anti-corruption, the African Union Assembly adopted the Nouakchott Declaration calling for the establishment of public beneficial ownership registers. Cameroon, Ghana, Liberia, Sierra Leone, and Zambia have started exploring the use of beneficial ownership data in corporate licensing.

In Asia, Indonesia, Kazakhstan, the Kyrgyz Republic, and Myanmar are in the preliminary stages of creating beneficial ownership registers. In Europe, Denmark, Luxembourg, Ukraine, and the UK have established public beneficial ownership registers, and the Netherlands is soon to follow. In Latin America, in terms of compliance with the Financial Action Task Force (FATF) and Global Forum recommendations: the Bahamas, Barbados, Belize, Colombia, Costa Rica, Guyana, Jamaica, Peru, and Trinidad and Tobago have partially adhered to the rules. Argentina, Brazil, Costa Rica, Colombia, the Dominican Republic, Peru, Trinidad and Tobago, and Uruguay have all established beneficial ownership registries or are in the process of doing so.

Source: John Githongo; background paper for the Grand Challenge; World Inequality Report

Box 17 (Continued): Moves towards transparent beneficial ownership registries to address corruption

Colombia, the Dominican Republic, Peru, and Trinidad and Tobago are setting them up informed by the Extractive Industries Transparency Initiative (EITI) framework.

The IMF and World Bank have both integrated beneficial ownership into their activities. IMF missions specifically ask if partner governments have passed beneficial ownership definitions into law. The Fund is due to release its research on beneficial ownership registries before the end of 2019.

In 2017, the World Bank introduced a requirement for public disclosure of beneficial ownership in high value contracts and this information is to be published publicly by the end of 2019. There are also efforts underway following the London conference to convene a Leadership Group which commits to open and publicly accessible registers and encourages others to follow their example. The World Inequality Lab notes that a strong international move to regulate and share information between Central Security Deposits (CSDs) will be necessary to make progress in this area.

A comprehensive view on redistribution must surely take account not only of both the tax and expenditure sides of fiscal policy (including corruption and tax evasion), but also of the distributional effect of policy regulation.[54] The IMF has published a body of research in recent years which urges caution in capital account and fiscal austerity reforms, in consideration of what Jonathan Ostry calls "macro-distributional trade-offs." Recent work by Furceri, Lougani, and Ostry demonstrates that fiscal austerity and capital account liberalization bring weak efficiency gains and strongly adverse effects on inequality (in the case of capital account liberalization this is particularly the case when domestic financial liberalization and inclusion is low). In other words, fiscal austerity and capital account liberalization often don't work in bringing about growth and indisputably increase inequality.

Pathfinders' country visits indicate that the IMF has yet to fully reflect these findings in its own country practice: the dialogue between government and its international partners in Tunisia, for example, still included pressure for macro reforms with serious distributional consequences to be carried out, even as discussions were taking place during an electoral year when the political capital required to drive reform was hard to come by.

In our country visits, in particular in Tunisia, we found that the international community seemed to remain too blind to these tradeoffs, and was simultaneously expecting to see ambitious political change at the same time as deep-seated socio-economic reform. The other country visits undertaken as part of the Grand Challenge equally supported combining:

- a "macro-distributional" view (one that focuses simultaneously rather than sequentially on the size of the pie and its distribution)
- a "macro-political" view (one that focuses simultaneously on the actions needed for political unity and those needed for growth and redistribution)

Conclusion

As noted at the outset, this paper is intended as food-for-thought for politicians and policymakers. It is rooted in the belief that policies matter. Keenly aware that the context and consequence of each country and society are vastly different, it does not seek to offer direct prescriptions, but rather to share country experiences and recent research and provide inspiration to the decision makers who may tailor the solutions outlined within it to their own particular context.

Mariana Mazzacato has observed that despite myths to the contrary, states (and international organizations) are accustomed to being innovative and "entrepreneurial". Indeed, she convincingly shows that many of the most innovative solutions that have historically underpinned global progress have been the brainchild of visionary bureaucrats and far-seeing political leaders. [55]

This challenge paper is focused on initial ideas for practical, politically viable solutions to reduce inequality and exclusion. However, it is within the larger frame of delivering peace, justice, and inclusion that these solutions are offered. Of central importance is to recognize that we cannot afford to see peace, justice, or inclusion as residual entities – as something to be resolved once the economy or security have been taken care of.

These issues are absolutely foundational to our societies, and if appropriately considered and given their due, they will allow benefits to flow to the economic, political, and environmental spheres. It is probably not an overstatement to suggest that states and societies have been undergoing a crisis of confidence in recent years, something which has not been helped by a climate of political turbulence and emerging threats, most ominously that of the climate crisis. We are conscious that the solutions we offer take place in such a context. Yet the Sustainable Development Goals offer hope that working together with a collective purpose may bear fruit that will be collectively enjoyed.

However, in order to achieve those Goals we will need to practice an ecologically and socially responsible form of economics and politics, one that understands that we must deliver not only in terms of prosperity, but also in terms of sustainability, equity, justice and inclusion – and in both material and non-material terms.

This spirit informs the solutions presented in the challenge paper.

Annex

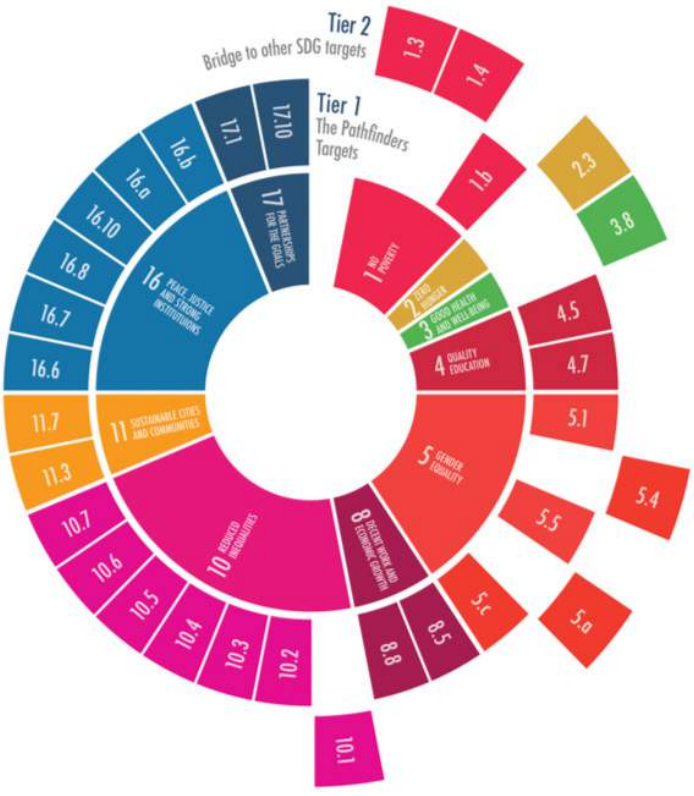
List of the SDG targets encompassed by the Pathfinders' Grand Challenge initiative:

Tier 1: The Pathfinders SDG Targets

1.b	Institutions and policies for poverty eradication
4.5	Equal access to education
4.7	Promotion of global citizenship
5.1	Discrimination against women and girls
5.5	Women's participation and leadership
5.c	Policies and legislation for gender equality
8.5	Equal pay for work of equal value
8.8	Safe workplaces and Labor rights
10.2	Social, economic and political inclusion
10.3	Equal opportunity laws, policies and practices
10.4	Policies for greater equality
10.5	Regulation and monitoring of global financial and economic institutions
10.6	Developing countries' representation in global financial and economic institutions
10.7	Migration policies
11.3	Institutions and policies for inclusive urbanization
11.7	Safe public spaces
16.6	Effective, accountable and transparent institutions at all levels
16.7	Inclusive and participatory decision-making
16.8	Participation in global governance
16.10	Public access to information
16.a	Institutions and policies for violence prevention
16.b	Non-discriminatory laws and policies
17.1	Institutions and policies for tax collection
17.10	Equitable trade system

Tier 2: Bridge to other SDG targets

1.3	Social protection systems for all
1.4	Equal rights to economic resources
2.3	Equal access to land, resources, knowledge, and market opportunities
3.8	Universal health coverage
5.4	Recognize and value unpaid care and domestic work
5.a	Women's equal rights to economic resources
10.1	Achieve and sustain income growth



Endnotes

[1] United Nations, Transforming Our World: The 2030 Agenda for Sustainable Development. (New York: United Nations, 2015).
[2] UN Department of Economic and Social Affairs, "Human Development Report - Human Development Indices and Indicators 2018 Statistical Update," Section The state of global human development in 2018, Page iii; accessed May 1, 2019, http://hdr.undp.org/en/2018-update.
[3] There are debates about whether within-country inequality has increased or decreased, on average, in the last few years, but this is not very important for solutions. One of the primary official SDG indicators on inequality – whether the income of the bottom 40 percent rises faster than the national average – is not a very good measure of actual inequality. Much of the recent debate on whether inequality is decreasing has been based on this indicator. However, if the top 1, 5 or 10 percent saw even faster income rises than the bottom 40 percent, with stagnation in the middle, inequality may still rise.
[4] UN Department of Economic and Social Affairs, "Human Development Report - Human Development Indices and Indicators 2018 Statistical Update," Section The state of global human development in 2018, Page iii; accessed May 1, 2019, http://hdr.undp.org/en/2018-update.
[5] World Values Survey, "Online Data Analysis 1980-2014," accessed May 1, 2019, http://www.worldvaluessurvey.org/WVSOnline.jsp?WAVE=3.
[6] Transparency International, "Corruption and Inequality: How Populists Mislead People," accessed May 1, 2019, https://www.transparency.org/news/feature/corruption_and_inequality_how_populists_mislead_people;
Open Government Partnership, "Building a Peaceful and Safer World through Collective Action in the Fight against Corruption; accessed May 1, 2019, https://www.opengovpartnership.org/stories/building-peaceful-and-safer-world-through-collective-action-fight-against-corruption.
[7] Civicus, "State of Civil Society Report 2018," accessed May 1, 2019, https://www.civicus.org/index.php/state-of-civil-society-report-2018; United Nations Research Institute for Social Development, "Regulating the Regulators Tracing the Emergence of the Political Transparency Laws in Chile, The emergence of transparency laws in Chile," Page 4; accessed May 1, 2019, http://www.unrisd.org/80256B42004CCC77/(httpInfoFiles)/9972AB476237B8F-2C12583390051D0BF/$file/Overcomin g%20Inequalities%205a_Schorr---Final.pdf.
[8] German sociologist Jurgen Habermas made reference to this phenomenon as a "legitimation crisis".
[9] New York University Center on International Cooperation, a study using panel data from Fragile States Index encompassing 224 countries and other territories over the years 2006-2019;
The Fund for Peace, "Fragile State Index Data 2006-2018," accessed May 1, 2019, http://fundforpeace.org/fsi/excel/.
[10] Edelman, "Edelman Trust Barometer Global Report 2019," Page 8; accessed May 1, 2019, https://www.edelman.com/sites/g/files/aatuss191/files/2019-02/2019_Edelman_Trust_Barometer_Global_Report.pdf;
Findings: Indonesia, India, Canada, South Korea, Germany and the UK have their highest level since measurement started of inequality of trust (although China, Saudi Arabia, India, Indonesia, Canada, Malaysia, Singapore, Mexico, the Netherlands and Hong Kong also have above average levels of overall trust in institutions).
[11] The Economic Commission for Latin America, OECD, European Commission, "Latin American Economic Outlook 2019: Development in transition," Page 28; accessed May 1, 2019, https://www.oecd.org/publications/latin-american-economic-outlook-20725140.htm.
[12] Centre for Economic Policy Research, "Intergenerational mobility across the world: Where socioeconomic status of parents matters the most (and least)," accessed May 1, 2019, https://voxeu.org/article/intergenerational-mobility-across-world.
[13] The World Bank, World Development Report 2019: The Changing Nature of Work. (Washington, DC: The World Bank, 2018)
[14] Forbes, "57 Million U.S. Workers Are Part Of The Gig Economy," accessed May 1 2019, https://www.forbes.com/sites/tjmccue/2018/08/31/57-million-u-s-workers-are-part-of-the-gig-economy/#5aaa8f697118.

[15] Edelman, "Edelman Trust Barometer Global Report 2019," Page 13; accessed May 1, 2019, https://www.edelman.com/sites/g/files/aatuss191/files/2019-02/2019_Edelman_Trust_Barometer_Global_Report.pdf.
[16] New York University Center on International Cooperation, "Justice for All: Report of the Task Force on Justice," Fact Sheet; accessed May 1, 2019, https://cic.nyu.edu/publications/justice-for-all.
[17] Oxfam International, "Public good or private wealth?", Page 13; accessed May 1, 2019, https://www.oxfam.org/en/research/public-good-or-private-wealth.
[18] Varieties of Democracy, "Democracy for All? – The V-Dem Annual Democracy Report 2018," Section 2.2: Inclusion of Social Groups, Page 44; accessed May 1, 2019, https://www.v-dem.net/media/filer_public/3f/19/3f19efc9-e25f-4356-b159-b5c0ec894115/v-dem_democracy_report_2018.pdf.
[19] See wir2018.wid.world/methodology.html for more details
[20] Joseph L Ward, and Russell M Viner, "The impact of income inequality and national wealth on child and adolescent mortality in low and middle-income countries" BMC Public Health 2016, Results; accessed May 1, 2019, https://bmcpublichealth.biomedcentral.com/articles/10.1186/s12889-017-4310-z;
See also: Alice Chen, Emily Oster, and Heidi Williams, "Why is Infant Mortality Higher in the US than in Europe?," Section 5.2 The role of income differences, Page 16; accessed May 1, 2019, https://www.nber.org/papers/w20525. New York Times, "Income Inequality Is Costing the U.S. on Social Issues," accessed May 1, 2019, https://www.nytimes.com/2015/04/29/business/economy/income-inequality-is-costing-the-us-on-social-issues.html; Daiane B Machado, Davide Rasella, and Darci Neves dos Santos, "Impact of Income Inequality and Other Social Determinants on Suicide Rate in Brazil," Section Results; accessed May 1, 2019, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4416030/.; See also: Global Health Watch, "Mental Health and Inequality," Section B9, Page 154; accessed May 1, 2019, https://www.ghwatch.org/sites/www.ghwatch.org/files/B9.pdf.
[21] International Bank for Reconstruction and Development /The World Bank, Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict, Section 4, Pages 109-40, Why People Fight: Inequality, Exclusion and a Sense of Injustice; accessed May 1, 2019, https://openknowledge.worldbank.org/bitstream/handle/10986/28337/9781464811623.pdf?sequence=12&isAllowe d=y.
[22] Nancy Fraser and Alex Honneth, Redistribution or Recognition? A Political-Philosophical Exchange (London: Verso, 2003).
[23] Nancy Fraser and Alex Honneth, Redistribution or Recognition? A Political-Philosophical Exchange (London: Verso, 2003); See also: Monthly Review, "Interview with Nancy Fraser: Justice as Redistribution, Recognition and Representation," accessed May 1, 2019, https://mronline.org/2009/05/16/interview-with-nancy-fraser-justice-as-redistribution-recognition-and-representation/.
[24] Ibid; Neil Roberts, "Recognition, Power, and Agency: The Recent Contributions of Axel Honneth to Critical Theory," Political Theory Vol. 37, No. 2 2009; accessed May 1, 2019, https://www.jstor.org/stable/25655477?seq=1#metadata_info_tab_contents; Bonnie Honig, "Between Decision and Deliberation: Political Paradox in Democratic Theory," American Political Science Review, Volume 101, Issue 1 2007; accessed May 1, 2019, https://www.cambridge.org/core/journals/american-political-science-review/article/between-decision-and-deliberation-political-paradox-in-democratic-theory/0037D4CB26781C7A11A4D72F0D965028;
Halvor Fauske, Bente Kojan and Anita Storhaug, "Social Class and Child Welfare: Intertwining Issues of Redistribution and Recognition," accessed May 1, 2019, https://www.mdpi.com/2076-0760/7/9/143/htm; Paul Ricour, The Course of Recognition. (Cambridge Massachusetts: Harvard University Press, 2007); OECD, "Pathfinders Thematic Brief of Recognition" (unpublished), Part 1, Pages 6-15.
[25] Open Government Partnership, Fighting Exclusion, Inequality and Distrust: The Open Government Challenge 2016; accessed May 1, 2019, https://www.opengovpartnership.org/stories/fighting-exclusion-inequality-and-distrust-open-government-challenge; See also: UK Department for International Development, OECD, "The Politics of Poverty: Elites, Citizens and States - Findings from ten years of DFID-funded research on Governance and Fragile States 2001–2010," accessed May 1, 2019, https://www.oecd.org/derec/unitedkingdom/48688822.pdf; UN University World Institute for Development Economics Research, "Aligning Elites with Development 2009," accessed May 1, 2019, https://www.wider.unu.edu/publication/aligning-elites-development.

[26] Global Centre for Pluralism, "The Hardware and Software of Pluralism 2017," Section Virtuous Circles, Page 2; accessed May 1, 2019, https://www.pluralism.ca/press-release/hardware-software-pluralism/.
[27] Alex Evans "Rebuilding Common Ground: An Agenda for 21st Century Democratic Health and Resilience," Section Economic Trends, Pages 9-11, Conclusions, Page 34; accessed May 1, 2019.
[28] Alex Evans, "Rebuilding Common Ground: An Agenda for 21st Century Democratic Health and Resilience," Section Untriggering Politics, Page 20; accessed May 1, 2019; See also: United Nations, "Together: Respect, Safety and Dignity for All - Mr. Somers, Mayor of Mechelen, on how to successfully include refugees and migrants," accessed May 1, 2019, https://together.un.org/mr-somers-mayor-mechelen-how-successfully-include-refugees-and-migrants.
[29] Pathfinders for Peaceful, Just and Inclusive Societies, interviews with government representative during the country visit in December 2018.
[30] South African History Online, "The public participation process," Chapter 13; accessed May 1, 2019, https://www.sahistory.org.za/archive/chapter-13-public-participation-process.
[31] World Bank, "Poverty and Shared Prosperity - Taking on Inequality 2016", Section Shifting the focus from rising enrollments to achieving education for all, Pages 138-140; and Section What drives the reductions in inequality?, Pages 105-107; accessed May 1, 2019, https://openknowledge.worldbank.org/bitstream/handle/10986/25078/9781464809583.pdf.
[32] International Trade Union Confederation, "Unions warn of rising inequality if growth without jobs and decent wages continue," accessed May 1, 2019, https://www.ituc-csi.org/unions-warn-of-rising-inequality.
[33] Oxfam, "Working for the Few," (Oxfam International Report) accessed July 1, 2019, https://www-cdn.oxfam.org/s3fs-public/file_attachments/bp-working-for-few-political-capture-economic-inequality-200114-en_3.pdf; see also: Oxfam, "Captive Democracies [Spanish] (Oxfam International Report, accessed July 1, 2019, https://www-cdn.oxfam.org/s3fs-public/file_attachments/democracias_capturadas_full_es.pdf.
[34] ITUC (Workers and Trade Union Major Group Submission to HLPF 2019), "Empowering people and ensuring inclusiveness an equality" pages 5-13.
[35] ITUC, "Economic and Social Policy Brief: the case for wage-led growth" (G20 Summit, Buenos Aires 2018).
[36] Ian Gough, Heat, Greed and Human Need: Climate Change, Capitalism, and Sustainable Wellbeing (London: Edward Elgar Publishing: 2017).
[37] Nancy Fraser, "From Redistribution to Recognition? Dilemmas of Justice in a 'Post-Socialist' Age," Page 85; accessed May 1, 2019, https://pdfs.semanticscholar.org/9867/540d71b6d63ee80bea57d5b83aac7103af90.pdf.
[38] OECD, "Pathfinders Thematic Brief of Recognition" (unpublished), Part 1, Pages 6-15.
[39] Government of the Commonwealth of Australia, "Aid Program Performance Report 2016-17: Indonesia," accessed May 1, 2019, https://dfat.gov.au/about-us/publications/Documents/indonesia-appr-2016-17.pdf.
[40] The Asia Foundation, "Understanding Social Exclusion in Indonesia: A Meta-Analysis of Program Peduli's Theory of Change Documents," accessed May 1, 2019, https://asiafoundation.org/wp-content/uploads/2016/10/Understanding-Social-Exclusion-in-Indonesia.pdf.
[41] Program Peduli, "About," accessed May 1, 2019, https://programpeduli.org/en/about/.
[42] Give Directly, "What would it take? Costs of a nationwide universal basic income around the world, and what countries would have to do to cover them," (unpublished analysis).
[43] The World Bank, World Development Report 2019: The Changing Nature of Work. (Washington, DC: The World Bank, 2018), Page 80.
[44] Open Society Foundation, "Universal Basic Income" (unpublished analysis), Section Key Challenges and Issues with Implementing Universal Basic Income, Page 3.
[45] Oxfam, "False Promises" (Oxfam International Report); accessed July 1 2019, https://www.oxfam.org/en/research/false-promises
[46] In the duly famed Grootboom decision, the first successful case under the constitutional guarantee of a right to housing, the South African Constitutional Court adopted, with attention to constitutional text, a particular standard for reviewing economic and social rights cases – the approach known as "reasonableness review".
[47] OECD and Open Society Justice Initiative, Legal Needs Surveys and Access to Justice – Launch copy. (Paris and New York: OECD/OSF, 2018); United Nations Office on Drugs and Crime and United Nations Economic Commission for Europe, Manual on Victimizations Surveys. (Geneva: United Nations, 2010).

[48] Sabina Akire and James Foster, "Designing the Inequality-Adjusted Human Development Index (IHDI)," accessed May 1, 2019, http://hdr.undp.org/en/content/designing-inequality-adjusted-human-development-index-ihdi.
[49] Thus, the IHDI is distribution-sensitive average level of HD. Two countries with different distributions of achievements can have the same average HDI value. Under perfect equality the IHDI is equal to the HDI, but falls below the HDI when inequality rises. The difference between the IHDI and HDI is the human development cost of inequality, also termed – the loss to human development due to inequality.
[50] While the indicators in SDG10 are framed in terms of income, Target 10.2 states "By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status."
[51] Christian Gonzales, Sonali Jain-Chandra, Kalpana Kochhar, Monique Newiak, and Tlek Zeinullayev, Catalyst for Change: Empowering Women and Tackling Income Inequality. (Washington, DC: International Monetary Fund, Staff Discussion Notes No. 15/20, 2015).
[52] Ibid.
[53] International Monetary Fund, "Fiscal Monitor: Curbing Corruption April 2019," accessed May 1, 2019, https://www.imf.org/en/Publications/FM/Issues/2019/03/18/fiscal-monitor-april-2019.
[54] UN Department of Economic and Social Affairs, "Main barrier to tackling inequalities is lack of political will," Section Why have so many countries had difficulty reducing inequality?; accessed May 1, 2019, https://www.un.org/development/desa/en/news/social/main-barrier-to-tackling-inequalities-is-lack-of-political-will.html.
[55] Mariana Mazzucato, The Entrepreneurial state: Debunking Public vs Private Sector Myths (London: Anthem, 2013).