



Input Paper

Justice, Sustainability and Diversity - Our Progressive Agenda

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In view of the dramatic increase of inequality within and among different countries, but also due to social movements and protests in numerous societies, as well as a rise in international flight and migration the social question is again at the heart of social debate. One of the main drivers of the discussion is more than ever the level of inequality. Less inequality leads to more economic prosperity, social mobility, intergenerational justice, poverty reduction, health and life opportunities, social cohesion and political participation. Fighting inequality remains one of the key tasks of the coming years, because for the future constitution of the world and the cohesion of societies it will be less relevant if globalization leads to a further increase of the wealth of the rich. On the contrary, the decisive factor will be if we can manage to reduce the differences in opportunities of social, economic and cultural participation and to share the burden of ecological challenges in an equitable manner.

But the trends clearly go in another direction, e.g., in terms of wealth concentration, increasing differences in earned income, the decoupling of sustainable economic growth and material prosperity, as well as regarding the quite different levels of adaptation measures to tackle the consequences of climate change. Even the Global Risks 2014 report of the World Economic Forum in Davos estimates that the considerable income disparities will cause “severe damage” in the next decade worldwide and regards this as one of the most likely risks. To stop and reverse the growing inequality trend is a central task for the coming years.

The Inequality Dimension Today

The deregulation of the financial markets and accelerated globalization of the goods, financial and labour markets has drastically changed the income and wealth distribution in the past thirty years worldwide. While income disparities between rich and poor countries, as measured in terms of GDP per capita, have slightly decreased since 2007 -after a strong increase between 1980 and 2000- due to high growth rates in emerging and developing



countries and their increased demand for commodities on third markets, within the majority of countries these disparities have gone up and are still on the rise. Many countries, particularly in Asia, are in a process of catching up with the West, but those who profit mostly from it are the elites (the top ten percent), and to a lesser extent also a new middle class, while the benefits for those on the lower part of the income scale are almost non-existent. In the northern hemisphere the middle class gets under pressure as a result of the huge concentration of wealth and liberalized labor markets. This is why global inequality, which is the combination of inequality within and among states, continues to rise.

An increasing internal income inequality is the result of various trends which are linked to each other: Firstly, the functional income distribution between earned income and capital income has changed worldwide to the disadvantage of wages. Secondly, the differences in earned income have become bigger and sometimes increased dramatically. This is where we see a combination of a rise of atypical employment conditions on the one hand and a multiplication of salaries in the boardrooms, on the other. Also due to asymmetric trade relations in many places economic growth is decoupled from material prosperity of large parts of the population. Because of a growing commodities demand and unfair value chains, many countries have rested on an extractive growth model which might promote a high economic growth at the national level, but fails to be inclusive. In addition, public fiscal and transfer policies hardly or less than before rebalance the individual income distribution based on the market. In many countries progressive taxes have been significantly reduced in recent decades. Almost everywhere the taxation of capital income is considerably less than taxes on earned income. A whole industry has established around international corporations with the only aim to avoid taxes (called euphemistically tax optimization).

Much stronger than the unequal distribution of income is the inequality of wealth. The most recent Oxfam study on inequality shows that at the global level the motto of the American Occupy Movement “We are the 99 percent” is not an exaggeration any more at all and that we are living in a veritable economy for this very one percent: 1% of the world population possesses more than the other 99% together. Whereas in 2014 the 80 richest persons in the world possessed as much as the poorer half of humanity, in 2015 these were only 62 persons, and it seems that the vertex of inequality has not yet been reached.

In view of 400 million working poor who in spite of having a job live in extreme poverty, the high percentage of informal work, especially in the countries of the South, three quarters of



mankind who live without social protection and a massive violation of the rights of workers and trade unionists, it becomes clear that increasingly deregulated or not regulated markets have contributed significantly to the current level of inequality.

A major task that is part of the fight against inequality is the fight against gender inequality. All too often, women and girls face disadvantages and discrimination. This can be witnessed in all fields of society, including the labour market, health, education, politics as well as at home when it comes to tasks in the household. Empowerment of women is not only important for the personal development and freedom of women. It is also crucial for the social and economic development of countries around the world.

Economic inequality has massive social effects: Firstly, it is a normative problem of justice, i.e. it exceeds by far what the majority of people in many societies generally consider to reflect performance or to be fair. But a largely unequal distribution of income and wealth also has a very concrete economic, social and political impact. In short, strong and continuous inequality is detrimental to economic prosperity, and it is the root cause for many negative social developments. It reinforces the existing social structure of opportunities and power and thus impedes social and intergenerational mobility and hinders the fight against poverty. It threatens social peace, political stability, encourages extremism and in the long term undermines democracy. Also in the supposed established democracies increasing material inequality leads to a dominance of political decision making by financially strong elites. Thus, the power of the people gradually becomes the power of money or turns into a plutocracy. At the same time, inequality enhances a feeling of being left behind on the part of the people at the lower income level of society and therefore creates a breeding ground for populism and extremism in many places.

Another downside of the massive economic growth processes of the last 30 years is the overexploitation of natural resources. Today the strain on the earth caused by humans has reached a degree where sudden global environmental changes cannot be excluded any more. This problem is basically also linked to issues of global justice, as the burdens and risks resulting from environmental pollution and climate change are shared very unequally within societies and among countries. It is obviously unfair that those countries who have contributed the least to climate change and often only have low adaptation capacities are the most affected ones. Many countries of the global South, especially the small and big island states and the least developed countries suffer massively from the effects of extreme



weather phenomena, the rise of the sea level and the threat to their food safety because of droughts, flooding or severe storms. For them, climate change has become a real catastrophe and an existential threat already today. Those countries which because of their consumption patterns and resource consuming, non-sustainable economic and growth models have essentially caused the current environmental problems still suffer far less from those consequences and often have the possibility to minimize their risks, e.g., through well-developed insurance systems and advanced technologies.

Precisely in times of globalization, quick social transformation, a decline of traditions and a media and culture industry under pressure of the mainstream and capital, the protection and conservation of cultural roots is becoming more indispensable than ever, as the cultural identities of current and future generations are based upon these roots. With the aim to spur the interest in the cultural richness within a society and to promote a differentiated understanding of culture, it is necessary, in addition to financial investments in the cultural infrastructure and education, to deeply reflect on the cultural heritage. The challenge for countries across the world is not only to maintain the material and immaterial cultural heritage in arts, music, language or architecture passed on from generation to generation, but to also guarantee comprehensive access to this heritage for the citizens of the respective country.

Yet, cultural diversity, arts, cultural sciences and the creative economy are not only essential for identity purposes, but also for social justice and a lively democracy. They create value orientation and participation opportunities, they provide entertainment and function as a social corrective. Therefore, a key point of a progressive political agenda is to create an enabling environment and favorable framework conditions for the development of arts and to ensure participation opportunities in cultural activities. Who demands justice must promote social and cultural participation in the same way and fight against exclusion.

This makes it clear that human development as a whole needs to be shaped in the next decades (and from 2050 onward for nine billion people) in a social and cultural way which is more equitable, but also needs to stay within the ecological limits of the earth system.

The Tasks Ahead: Developing Political Approaches for Fighting Inequality



- **Sustainable Development Goals (SDGs):** A first approach is the implementation of the SDGs and apart from decent work it is mainly goal 10 which aims at reducing inequality. Until a few years ago it would still have been inconceivable that a goal to reduce inequality would enter such a worldwide catalogue of goals. The goal of reducing inequality was also strongly disputed during the discussions on the sustainability goals, given the obvious high political sensitivity of this issue. The sustainable development goal to reduce inequality contains among others the following targets: social, economic and political inclusion; elimination of discriminatory laws; fiscal, wage and social protection policies to achieve greater equality; regulation of global financial markets; enhanced representation and voice for developing countries in decision-making in international financial institutions; safe, regular and responsible migration and mobility and planned migration policies; a differential treatment for developing countries in accordance with the WTO; reduction of transaction costs of migrant remittances.
- **Fiscal policy:** To gradually reduce the aggravating inequality, but also to support countries (of the global South) in their endeavour to mobilize sufficient national resources, e.g. for the expansion of education and social systems, a new approach of fiscal justice is needed. First and foremost we need to support the establishment of efficient and progressive national tax and fiscal systems. This includes setting up proper infrastructure, for example land registry and tax inspection, as well as promotion of good governance. Apart from this illegal capital outflows due to tax evasion and avoidance have to be stopped. Because of unpaid corporate taxes the countries of the global south lose more financial means than what they get through official development aid (ODA). This makes it impossible for them to invest, e.g. in central government programmes to improve the living conditions of their citizens. Country-specific disclosure obligations, automatic exchange on fiscal information for all countries, a reform of the taxation of transnational corporations as well as measures for combating tax havens are important steps to implement this approach. The PA should advocate the establishment of an international tax organisation under the umbrella of the UN which should coordinate individual projects.

The lack of institutional transparency continues to pose a tremendous challenge. Our obligation is to promote mechanisms for transparency and accountability, as well as to provide legal instruments which allow citizens to report cases of corruption. We must



not allow corruption, diversion of public resources or non-compliance with the laws in our countries.

- **Preservation and Expansion of the Welfare State:** A central regulatory measure for organised solidarity, social participation and justice, at least greater equality of opportunities, emancipation and protection against existential hardship. In this sense, security through health, pension, accident and disability insurance means protection against existential needs in old age, in case of disability, disease, accident or occupational disability. Participation is the opportunity to take part in social and thus also political developments. Emancipation is the freedom to live one's own life in self-determination. The better the welfare state is equipped, the better such goals can be achieved and protection against the main risks and hazards in life can be ensured in solidarity. In order to obtain acceptance and reach a consensus for the costs of the expansion of the welfare state in society it is necessary that the services offered are explained clearly and made available to all citizens and that they are shared within the society and among generations in a fair manner.
- **Direct public transfers:** Transfer payments tackle the lower end of the income scale and can be a direct contribution to correcting distribution injustices. These measures can be different forms of a minimum income which could be paid either as means-tested welfare benefits and/or payments bound to certain requirements or a conditional cash transfer“ (CCT) such as the Bolsa Familia or a “Social Protection Floor” according to the model proposed by the International Labour Conference in 2012. The latter comprises guarantees of essential health care and a universal basic income security and defines general principles for social security at a minimum level.
- **Decent work worldwide:** Measures in the short and medium term are, e.g. an extension of corporate responsibility and mandatory accounting and transparency requirements for companies along the supply chains; the establishment of basic social protection and the introduction of living wages to ensure a comprehensive material institutionalization of social human rights; support for the international trade union movement and the ILO in their struggle to implement core labour standards; a reform of public procurement and putting an end to wage dumping and a beggar-my-neighbour-policy.
- **Promoting gender equality:** Political, economic and social participation of women is first and foremost a human right and a matter of justice. Increasing the participation of women in the labour market is a way to empower women and a benefit for the whole



society. Furthermore it is increasing the national income. Education and training of tangible skills are important to improve chances of women on the labour market. Equal pay for equal work is not a choice but a must. We support the idea of gender quotas as a transitional instrument for increasing women's political and economic representation and economic representation which is a step towards substantive equality with the aim to achieve a gender equality based democracy.

- **Youth agent for change:** All around the world the youth struggles to find entry into the workplace. Today almost half of the unemployed people in the world are young people. The conditions of access to the labour market are largely determined by prior educational outcomes. Strengthening free public education is essential for improving the terms on which young people enter the job market and help to minimize the mismatch on the labour market. Strategies must be sought which create decent jobs for young people, improve the transition from school to work, enhance skills, qualifications and access to education, ensure the quality of existing and new jobs, and shorten the time young people might find themselves unemployed. The high rates of youth unemployment are also an individual disaster. This situation carries in it the seed for distrust in democracy and in many countries fuels radical, extremist movements. The youth is the future, but the youth is also the present. It is essential to move to a paradigm in which the youth is not only accepted as a subject with legal rights, but also becomes important agents of social change.
- **Strengthening trade unions:** The wage and salary structure, but also the quality of working conditions often depends on the role played by labour market institutions, especially trade unions. We call on governments to guarantee and protect workers' human and trade union rights. They have to ensure workers' rights to form and join trade unions as well as to bargain collectively with their employers. The aim is that trade unions strengthen their enforcement resources, in the companies, in interactions with public institutions and in the social debate. For a fair allocation of the overall economic scope for distribution the model of social partners, along with the tripartite social dialogue have a major role to play and right and freedom of association is the pre-condition.
- **Minimum wage policy:** A reduction of the income gap "at the bottom" could be achieved, e.g., through minimum wages established by public entities or an independent pay commission, or alternatively by linking the minimum wage to the average wage



development. Such a general minimum wage could go with or without exceptions, or could be sector-related or specific for a certain region. But also in this case it is important that especially the trade unions are sufficiently included in the process of establishing the amount of the respective minimum wage.

- **Public Budgeting:** Another element of a progressive distribution-oriented policy could be democratic mechanisms for co-decision on parts of the public budgets. There is already experience available, especially in Latin America, but also in Europe.
- **Regulating international financial markets:** Further measures to regulate the financial markets are of high priority to implement both stability and distribution policies. The reform efforts undertaken till now are by far not enough to make another severe financial crisis extremely improbable or to at least limit its consequences to those who cause such crises. The general aim is to impede financial activities or make them economically unattractive for financial market actors if their economic benefit is disproportionate to the macroeconomic risks involved. The reflections should be focused on the liability issue. Even after the implementation of the agreed reforms banks and other financial actors will still only have a completely insufficient equity position to comply with the claim that they could pay for their own losses if need be. As long as it is clear to all financial market actors that in the event of loss those who caused it will not be held responsible at all or only partially for the assets lost and that a huge part of these losses can be passed on to third parties (investors, bank bailout funds, the state) the incentive for irresponsible risk-oriented action remains in place. This is especially true for institutes which merely because of their size or their links are 'too big to fail'. Higher equity capital rates and new corporate governance rules (including remuneration structures for managers) are the right issues to tackle.
- **Managing Migration:** In addition to short-term measures to alleviate the situation of refugees (in transit and host countries) and the long-term improvement of living conditions in their home countries it will be necessary in the future to also manage global migration: This includes opening up legal ways of migration, ensuring financial means by creating or increasing regional or global migration and refugee funds, promoting regional and possibly bilateral agreements on circular migration and labour and health standards, but also by reducing the costs of migrant remittances.
- **International Energy Transition:** There is no way to get around a global restructuring of energy systems. Population growth, increasing hunger for energy, scarcity of resources



and dramatic damages to the environment and climate show that we need to create energy systems which ensure a safe and affordable energy supply for all parts of the population, protecting the environment and the climate at the same time. In short: We must get away from fossil and nuclear energy sources and use renewable energy, increase efficiency and reduce the overall consumption. Research and technology transfer will be as important as decentralization and democratization of energy networks.

- **International Climate Policy:** The International Climate Conference in Paris was a full success. But now it is about implementing the decisions to limit global warming and ensure climate justice. To reach the goal adopted in Paris to keep global warming clearly below two degrees a decarbonisation of our economic systems needs to get off the ground and we must embark on a low-carbon development path. But in the short term the focus needs to be on implementing measures against damages and losses due to climate change which were now also included in the agreement. The agreed measures include the alleviation in case of humanitarian catastrophes linked to climate change, such as early-warning systems or risk management. Especially with a view to the most vulnerable countries the pressure for political action must be kept at high level.
- **Progressive Cultural Policy:** A progressive cultural policy does not only serve the purpose of ensuring the aforementioned justice in cultural participation, the identity-building effect and the establishment of a knowledge-based society, but also contributes to improving the quality of the cultural and societal debate and to managing cultural coexistence in quickly changing societies and in a globalised world. The provision of integrated and value-based education, investment in cultural institutions, a commitment to the UNESCO World Heritage Convention, appropriate remuneration and social security for creative artists and cultural workers, as well as a critical analysis of the impact of international trade agreements on culture and the media are some of the tools to achieve these aims.

PROGRESSIVE ALLIANCE offers the possibility for a strong alliance of progressive political family, trade union movement and civil society actors aiming to progress around the strands of such a progressive agenda.