

Programme and Concept Note

## Inequality and the 1%: Is a transformative fiscal policy possible?

Side Event parallel to the  
High-Level Political Forum on Sustainable Development 2019



10 July ▪ 08:00 am to 12:00 pm

Church Center of the United Nations ▪ 777 United Nations Plaza, New York, NY 10017

Inequalities are one of today's greatest challenges, obstructing poverty reduction and sustainable development. Such disparities are catalysed by elite capture of economic and political power, a reinforcing process that compounds inequality, which—in its various dimensions—undermines social, environmental and economic sustainability, and fuels poverty, insecurity, crime and xenophobia. As the power of elites grows and societal gaps widen, institutions representing the public good and universal values are increasingly disempowered or co-opted, and visions of social justice and equity side-lined. As a result, society is fracturing in ways that are becoming more and more tangible, with the growing divide between the privileged and the rest dramatically rearranging both macro structures and local lifeworlds.

The 2030 Agenda for Sustainable Development seeks to overcome such inequalities, “leaving no one behind”. How can the transformative change envisioned in the 2030 Agenda take place? What are the drivers of inequalities and the institutional factors that perpetuate them? What are the consequences at local, national and global levels? And what needs to be done to overcome these challenges? The inputs include contemporary cases of progressive policy reforms leading to sustainable development outcomes, and the conditions that enable or hinder them. Findings will inform policy makers, practitioners and activists working for more inclusive, sustainable and just societies.

**Thematic focus:** SDGs 8, 10, 16, 17 (SDG 5)

- **What are the economic and political factors that have shaped fiscal space in the recent past? What role do fiscal policies play in reducing inequalities?**
- **How can tax policies and tax governance be reformed to enhance equality, from national to global levels?**
- **What are drivers for progressive tax systems? How can we build alliances and coalitions to promote tax reforms for inclusive and sustainable development?**

**Organizing partners:** UNRISD, Friedrich-Ebert-Stiftung New York Office, UN Women, Permanent Mission of Norway, Permanent Mission of Uruguay

<b>Welcome remarks</b>	Luise Rürup, Director, FES New York; Paul Ladd, Director, UNRISD
<b>Opening remarks</b>	<ul style="list-style-type: none"> <li>• DPR - Charge d'affaire H.E. Ambassador Luis Bermúdez, Permanent Mission of Uruguay</li> <li>• Special Envoy for the 2030 Agenda, Mr. Inge Herman Rydland, Norway Ministry of Foreign Affairs</li> </ul>

<b>1. Panel Discussion 8:20 - 9:45</b>	Moderator: Paul Ladd, Director, UNRISD <b>“Setting the Stage for Global Level Action”</b>	
<b>Speakers</b>	1. Katja Hujo, UNRISD Senior Research Coordinator	Overcoming Inequalities in a Fractured World—the Politics of Transformative Change and Fiscal Policy
	2. Ricardo Fuentes-Nieva, Executive Director, Oxfam Mexico	Grabbing the spoils: economic inequality, political capture and the decay of the social contract
	3. Shahra Razavi, Chief of Research and Data, UN Women	Turning the tide of intersecting inequalities: The role of family-friendly policies
	4. Dora Benedek, Deputy Division Chief, Fiscal Policy Department, IMF	Fiscal policy for inclusive growth and sustainable development
	5. Fernando Filgueira, Senior researcher at CIPPEC (Argentina) and CIESU (Uruguay)	Achievements and challenges of an egalitarian growth strategy: tax, social policy and wage coordination reforms during Uruguay’s <i>Frente Grande</i> administrations.
<b>Q&amp;A</b>	<b>09:10 - 9:40</b>	
<b>Reflections</b>	Special Envoy for the 2030 Agenda, Mr. Inge Herman Rydland, Norway Ministry of Foreign Affairs	
Coffee Break		
<b>2. Roundtable 10:15 - 11:45</b>	Moderator: Sara Burke, Senior Policy Analyst, FES New York <b>“Coordinating Global and National Action”</b>	
<b>Speakers</b>	1. Matthew Martin, Director, Development Finance International 2. Jo Marie Griesgraber, Executive Director, New Rules for Global Finance	DFI and Oxfam’s Commitment to Reducing Inequality (CRI) index and updates on Global Financial Report on Multilateral Institutions and Progress on Inequality
	3. Paola Simonetti, Deputy Director, International Trade Union Confederation	Inequality and international finance: Making the SDGs the guide
	4. Kate Donald, Director, Human Rights in Economic and Social Policy, Center for Economic and Social Rights	Inequality between countries, global tax governance, and extra-territorial human rights obligations
	<b>Q&amp;A</b>	<b>11:10 - 11:40</b>
<b>Closing Remarks</b>	UNRISD and FES	

### **Brief description of the event**

In keeping with the mandate of the HPLF to provide guidance and recommendations on implementing the 2030 Agenda for Sustainable Development, the panellists at this event will share knowledge and experience on how to use equitable and sustainable taxation policies to reduce inequalities, and how to build the agency and overcome political barriers to implement tax reforms that are equality-enhancing and contributing to sustainable development.

Inequality as a social, political and development issue has risen towards the top of public agendas, with its damaging impacts on social, environmental and economic sustainability and its link to poverty, insecurity, crime and xenophobia now widely demonstrated and acknowledged.

Vertical (income) and horizontal (group-based) inequalities, when intersecting, reinforce each other. Poverty often exacerbates the structural violence and discrimination already suffered by individuals who belong to one or more marginalized groups. In the case, for example, of women and girls, there remain persistent and protracted gaps in achieving women's rights and realizing tangible progress on the ground, especially regarding labour rights, equal pay and a fair distribution of unpaid care work.

Inequalities we are facing globally, regionally, nationally and locally are not a natural and unavoidable reality, but rather a result of entrenched power structures and global economic systems in which a select few, the 1%, have highly disproportionate control over and access to resources, a situation which is reinforced by the current economic order which distributes gains towards capital owners to the detriment of labour and the environment. While such inequalities are not new, they are growing more dramatic, girded by neoliberal policies and compounded by corporate capture of political processes and state institutions, lax global and national tax governance, rapid technological expansion, and the erosion of labour rights, to name but a few.

At the proposed side event, we will zoom in on fiscal policy as an equality-enhancing instrument, in particular tax policy and tax governance, which has the potential to raise necessary revenues for public spending which tackles vertical and horizontal inequalities, and to stem market incentives for accumulation of income and wealth at the top, while forging a credible fiscal compact between citizens and the state. Representatives from civil society organizations, member states and UN organizations, as well as researchers will discuss how inequalities are reproduced and reinforced by regressive tax reforms and gaps in national and global tax governance, for example regarding taxation of MNCs, regulation of tax havens and illicit financial flows, and failure to raise sufficient revenue for financing sustainable development at national and global levels, and how this situation can be changed.

The discussion will address three key questions associated with the theme of the 2019 HLPF, specifically with SDGs 10, 8, 16 and 17 (and SDG 5).

1. What are the economic and political factors that have shaped fiscal space in the recent past? What role do fiscal policies play in reducing inequalities?
2. How can tax policies and tax governance be reformed to enhance equality, from national to global levels?
3. What are drivers for progressive tax systems? How can we build alliances and coalitions to promote tax reforms for inclusive and sustainable development?

### **Expected Outcomes**

1. Participants will have a better understanding of the key drivers and consequences of inequitable and ineffective tax systems from global to local levels.
2. Participants will be exposed to new empirical evidence and concrete experiences of different actors and countries that have implemented and funded equality-enhancing policies (regarding vertical and horizontal inequality). They will get a better understanding about the political strategies employed to move towards a new fiscal compact for sustainable development.