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G20 EXTRAORDINARY COMMITTEE OF INDEPENDENT EXPERTS ON GLOBAL INEQUALITY

Summary Report

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Solidarity

Equality

Sustainability

This report is authored by the 2025 G20 Extraordinary Committee of Independent Experts on Global Inequality, led by Joseph E. Stiglitz, and joined by Adriana Abdenur, Winnie Byanyima, Jayati Ghosh, Imraan Valodia and Wanga Zembe-Mkabile.

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1. INTRODUCTION

Inequality is one of the most urgent concerns in the world today, generating many other problems in economies, societies, politics and the environment.

Inequality causes people's lives to be more fragile, leading to perceptions of unfairness that spark frustration and resentment. That, in turn, undermines social and political cohesion, eroding citizens' trust in authorities and institutions. The consequences are political instability, decreased confidence in democracy, enhanced conflicts and diminished appetite for international cooperation. Inequality also affects our ability to deal with planetary challenges.

Inequality is not a given; combating it is necessary and possible. Inequality results from policy choices that reflect ethical attitudes and morals, as well as economic trade-offs. It is not just a matter of concern for individual countries, but a global concern that should be on the international agenda – and therefore the G20's.

Inequality has important cross-border effects, and the global rules on trade, finance, investment

and knowledge are key determinants of inequalities within and between countries. Some of these imbalances in income and wealth distribution within and between countries result from globalisation driven not only by the benefits of global economic integration, but also by large corporate and financial interests.

Concerted global action to reduce levels of inequality requires collective commitment and international coordination.

Our Committee was commissioned by the South African Presidency of the G20 to provide a report on the state of knowledge about global inequality. Our work covers inequality's inter-related dimensions, causes, consequences and recent trends. We also propose policies that might address its most adverse effects. This summary of our findings is based on discussions within the Committee and extensive consultations with other experts; more extensive discussion and evidence are presented in the full report. Both end with some recommendations, including a specific proposal for a new permanent international body to assess and monitor inequality globally.

Box: Some key facts on inequality

- Nationally, 83% of countries have high income inequality (using the World Bank definition of 'high inequality' as a Gini coefficient above 0.4). These countries account for 90% of the world's population.
- Globally, income inequality between all individuals in the world has fallen since 2000, due largely to economic development in China. However, it remains very high, at a Gini coefficient of 0.61.
- Wealth inequality is far higher than income inequality. Globally between 2000 and 2024, the richest 1% captured 41% of all new wealth, in contrast to just 1% being captured by the bottom half of humanity.
- The richest 1% have seen their average wealth increase by US\$1.3m since 2000, while someone in the poorest half of humanity saw their wealth increase by an average of US\$585 over the same period (in constant 2024 USD).
- One in four people globally (2.3 billion) face moderate or severe food insecurity, i.e., having to regularly skip meals, which is up by 335 million since 2019.

Inequality is a policy choice. The negative trends can be reversed.

An International Panel on Inequality (IPI), as we propose in Chapter 5, could track trends on inequality such as these, and assess the forces contributing to those trends.

2. TRENDS IN INEQUALITY

Conducting a comprehensive assessment of inequality globally is made more difficult by gaps in data, as well as differing definitions and measures. In addition, there are concerns about the quality and reliability of some of the available data. Adding to the complexity are the different experiences in different countries and regions over different time periods. Despite this, innovative work by researchers around the world using various databases enables us to identify some broad patterns and trends.

Inter-country inequality, broadly measured, appears to have reduced, because of the rise in per capita incomes in some very populous countries like China and India, which brought down the share of high-income countries in global GDP somewhat. There have been improvements in some of the worst aspects of poverty and deprivation, with hundreds of millions of people moved out of poverty, largely in China, but elsewhere as well. However, the COVID-19 pandemic interrupted this positive trend in many lower-income countries; recent years have also witnessed an absolute increase in hunger and food insecurity.

Nonetheless, divergences among countries remain large, especially between the richest and poorest. The divergence between some regions has grown, for example between much of Western Europe and sub-Saharan Africa.

Wealth inequality is much more concentrated than income inequality. Even where income inequality has not increased (and in some cases, actually decreased), wealth inequality remains high. By most measures, it has increased in most countries over the last forty years.

Wealth inequalities have a forward momentum, as compound interest increases fortunes and, in the absence of effective inheritance taxes, wealth is handed down from one generation to another, undermining social mobility and economic efficiency.

Across all major regions, private wealth has grown in the past two decades, sometimes quite sharply, while public wealth has stagnated or declined.

Of particular concern has been the global increase in incomes and wealth at the upper end of the scale, with those at the top getting an increasing share of national income and wealth, especially

the very wealthiest (the top 0.01%). Data from the World Inequality Lab show that the richest 10% of people in the world account for 54% of total global income and 74% of total global wealth.

There has also been a weakening of the middle-income groups in many parts of the world, reflected in more insecure incomes and precarious material lives. In some countries, there is strong evidence of an evisceration of the middle, which can have significant consequences for economic and political stability.

Inequality exists across many dimensions. While economic inequality (in incomes and assets) tends to be strongly correlated with inequalities in other areas (health, education, employment, housing conditions, exposure to environmental hazards, voice in political processes, access to justice, and so on), the extent of this effect varies because much also depends on public policy. Further, within countries there are intersecting inequalities because of class, gender, race, and ethnicity. Location and resident/migrant status can generate multiple deprivations or, conversely, multidimensional privilege and power for a few. This is also evident at the global level: the global ultra-rich tend to be predominantly white, male and based in rich countries.

There is also a strong correlation between inequalities in opportunities and inequalities in outcomes. In most countries, the life prospects of young people depend heavily on the income and education of their parents, but this is much more the case in some countries. Here, as in many aspects of inequality, there are often large discrepancies between the evidence and people's perceptions, including as reflected in popular rhetoric. For instance, while the United States is often described as a 'land of opportunity', the evidence is that there is less mobility than in many other countries, and that the 'American Dream' is, to a large extent, a myth. Poverty traps, where chances to move out of the lower deciles of income and wealth distribution are limited, are part of the landscape in many, if not most, countries.

In Chapter 4, we assess some of the key drivers of inequality. Here, we note that there are both long-term structural forces (for instance, the shift from manufacturing to service-sector economies, changes in technology and globalisation) and short-term forces (for example, the COVID-19 pandemic, the war in

Ukraine, post-pandemic inflation, and the recent interruption to longstanding trade patterns) affecting economies. The structural forces led, for instance, to an increase in inequality within the advanced countries in the early stages of industrialisation, followed by a period of decreasing inequality, especially during World War II and the two decades after, followed, in turn, by an era of markedly increased inequality.

On the other hand, in the early years of this decade, highly varying short-term forces have often dominated. The massive and largely egalitarian support provided as a response to the COVID-19 pandemic lowered income inequality in countries like the United States, even as it increased educational and job inequalities. In many other countries, the pandemic and its outcomes both reflected and intensified existing inequalities. In many ways, COVID-19 was a high-water mark in global health inequalities. Governments of rich countries used intellectual property (IP) rules and other strategies to ensure that they received the bulk of the vaccines, leaving many people in low- and middle-income countries to get sick, be hospitalised and, in too many cases, die.

3. THE CONSEQUENCES OF INEQUALITY

Inequality, particularly in the extremes, has many negative economic, political and societal outcomes, each interacting in ways that exacerbate the adverse effects.

A lack of income has obvious adverse effects on people. They experience hunger and may receive inadequate healthcare; their children may be malnourished and may not get the education they need to live up to their potential, which contributes to poverty traps and the intergenerational transmission of poverty.

There are also adverse consequences for the overall performance of the economy. It should be obvious that, if large portions of a population receive inadequate education, healthcare or nutrition, they will not be as productive, and the entire economy will not perform as well as it otherwise would.

Those on the lowest incomes or in the informal sector, especially in countries with weak systems of social security, are highly vulnerable to adverse shocks.

In countries with limited upward mobility, aspirations can also be limited, which can constrain productive investments. There are other social consequences of inequality with economic implications: there is evidence that, in many places, inequality is associated with increased personal or household debt, which has implications for economic stability.

Many of the sources of inequality themselves have large deleterious economic effects. For example, market power increases the incomes of corporate owners (who are largely among the rich), decreases the real incomes of workers, and distorts resource allocations, leading to inefficiencies. Wealth derived from under-regulated natural resource companies enriches the owners at the expense of the wellbeing of the rest of society, while extraction and production processes undermine environmental sustainability.

Wealth can undermine democracy because those with great wealth may have disproportionate influence on the economy and politics. Economic inequalities tend to get translated into political inequalities, including, for instance, in access to justice or having a say in the political process. In many countries, the media are controlled by the ultra-rich, giving them a dominant role in societal discourse. This problem has been exacerbated by the advent of social media and technology platforms, whereby control of the 21st-century town square has been put into the hands of a very few.

Global inequalities impair global economic performance as they give rise to cross-border effects. The most obvious are related to the environment and public health. The excessive carbon emissions generated by profligate consumption by the globally very rich contribute to climate change, with adverse effects on the global economy and the planet. Health deprivations in one country can allow pathogens to flourish and then be carried elsewhere, in the worst cases giving rise to a pandemic.

The new perspective on inequality and economic performance (in all its dimensions) that has emerged in the last 15 years is that reducing inequality can be good for economic performance. This is markedly different from the dominant view of earlier decades, which held that there was a trade-off: performance

would have to be sacrificed to reduce inequality. The consensus of our Committee is in line with the consensus of the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), and much recent independent research. While direct evidence using aggregate macroeconomic data between various measures of economic performance and inequality is not completely conclusive, the Committee believes that the indirect evidence – representing the various channels through which inequality affects economic performance both in the short and long term – is sufficiently compelling to support the above conclusions.

As significant as the economic consequences are, our Committee agreed that the most worrisome effects may be on politics and democracy. Economic inequalities typically get translated into political inequalities, though the extent depends on the political rules of the game, e.g., the influence of political contributions; the role of revolving doors; regulations concerning transparency and conflicts of interest; and whether or the extent to which the very wealthy are allowed to dominate traditional and social media.

The political economy effects then reverberate, reinforcing economic inequalities due to the introduction of rules (described in more detail in Chapter 4) that favour the rich and powerful, but undermine national and global economic performance. Notably, for instance, financial deregulation accompanied by the removal of capital controls led to the 2008 financial crisis, with contagion effects for the entire world.

Moreover, many workers feel increasingly disaffected by economic conditions. They respond to socially and politically polarising forces, including by marginalising and excluding people like migrants. These actions create additional threats to democracy. (Similarly, while globalisation, as it has been managed, has contributed to some aspects of global inequalities and the economic stresses felt in some countries, recent attacks on it underplay the importance of complementary domestic policies and threaten the ability to garner potential benefits from global cooperation.)

The strength of democracies is often associated with those in the middle of the income

distribution, so the evisceration of the middle in some countries, noted in Chapter 2, is almost certainly an important contributor to the weakening of democracy there.

4. DRIVERS OF INEQUALITY

There are two overall factors underlying most existing inequalities.

First is the distribution of market incomes. Policies which change this distribution are referred to as pre-distribution policies. Market incomes are determined by two parts:

- Distribution of asset ownership, not just financial assets but skills and social networks (social capital) that are critical in boosting workers' wages.
- Distribution of income among labour, capital, and rents (including market power and the laws and regulations that affect corporate power, the ability of firms to exploit workers, and corporate managers to extract rents from corporations). These rules and regulations that affect how market incomes are distributed are in turn affected by an interplay of political and economic power.

The second is public policies affecting the redistribution of income. This also concerns two parts:

- Taxes and transfers, for example progressive taxation of income that reduces inequalities of income in the labour market.
- Public expenditures, such as healthcare, which, when free or subsidised, reduce income inequality directly as families do not need to spend (or spend as much) money to pay for them, providing greater benefit to those with lower incomes.

Of course, several policies speak to both sets: tighter inheritance taxes can prevent the build-up of wealth inequality between generations.

Many existing inequalities emerge from historical, political, economic and social processes, which also affect institutions and policies. Together, these affect wages, profits and rents, both the distribution of market incomes and post-transfer and tax incomes.

Historically, the divergence between the rich countries of the 'Global North' and the rest of the

world began during the colonial period, when many colonies' economies were structured so raw materials could be extracted at the lowest cost, the richest people had the best land, and racial and sexual discrimination were used to fuel the extraction process. It markedly accelerated with the Industrial Revolution, when per capita incomes in Europe and a few other countries began to increase rapidly after centuries of stagnation. Income disparities across countries have since moderated but remain very high, and colonialism and its inequalities have contributed to today's inequality. There are reforms in the international arena that could further reduce those gaps. Moreover, even though the gap between emerging markets and the advanced countries has narrowed, the gulf between the richest and poorest countries has been particularly persistent, so reforms in policies that prolong this inequality are crucial.

Within societies, policies and processes operate on inequalities in diverse ways. Equalising factors, such as increased access to education, can be at work alongside unbalancing (disequilibrating) factors, such as those associated with marriage and inheritance patterns that perpetuate elites. Both can be strongly influenced by public policy, but in the absence of strong public action, can give rise to vicious cycles perpetuating and increasing inequality, with disequilibrating forces reinforcing one another. Those with low incomes may, in the absence of public programmes, be unable to provide adequate healthcare, nutrition and education to their children, who will then be condemned to a life of poverty. Those with high incomes may save more and earn high returns on their investments, enabling them to pass on more wealth to their children (in the absence of progressive inheritance taxes), which perpetuates and enhances wealth inequality. Much of the increase in inequality observed in many countries in recent decades can be attributed to the weakening of equilibrating forces and the strengthening of disequilibrating forces.

Across the world, large corporations and rich elites wield influence and sometimes even determine laws, regulations and monetary and fiscal policies in ways that favour them. This has been reflected in a series of economic policies

that have been implemented in most countries of the world over the last three decades, such as the liberalisation of financial markets and the weakening of competition policies.

Several of these policies have led directly to higher inequality. Deregulation of the labour market and legislation to restrict trade unions reduced the power of labour vis-a-vis capital. Rules regulating businesses changed in many countries, reducing states' ability to curb monopoly power, and tending to enforce the legal primacy of returns to shareholders above the rights of other stakeholders. Taxation became less progressive, with effective tax rates on corporations and the richest individuals in most countries falling dramatically, and an increasing reliance on regressive taxation, like value-added tax (VAT). The partial privatisation of education in some countries, especially within the context of low or falling inheritance taxes, led to greater intergenerational transmissions of inequality.

Deregulating financial markets compounded this by generating volatility that could result in crises, with especially adverse effects on those at the bottom of the distribution. In many places, finance did a poorer job in providing credit to small- and medium-sized enterprises, impeding upward mobility. Globalisation has enabled far greater levels of tax avoidance and evasion. Privatisation of state-owned enterprises and services in sectors like energy, water, transport, education and health drove up corporate profits and prices for consumers. This reduced access for the poor and lowered their living standards.

Macroeconomically and fiscally these structural policies, and the crises they often precipitated, were typically accompanied by significant austerity measures, with high interest rates and fiscal consolidation. These measures included cuts to public spending that affected ordinary people's access to essential goods and services. This drove further increases in inequality, with particularly adverse impacts for women and socially marginalised or less-empowered groups.

Institutions and policies reflect the wider culture and thinking of the people who play a dominant role in creating them. High levels of economic inequality get translated, as we have noted, into political inequalities when only an elite few shape the system. In turn, that economic system shapes its people and their perceptions, which

may result in even more instability, as an elite few perpetuate and build on that system.

High levels of inequality undermine trust in others and in institutions, and this is even more so if inequalities result from rules set with the disproportionate voice of the wealthy. These problems are exacerbated if the economic system promotes selfishness and greed over cooperativeness, and maximising profits over other values, such as honesty. Matters are made still worse because the lack of opportunity at the bottom is associated with poverty traps and high levels of inequality lead to a lack of aspirations.

The international setting

The international economic and legal architecture developed over the past few decades has contributed to within-country and global inequality in important ways. We have noted how national rules affect inequalities within a country. In some areas, international rules are a major driver of those rules. International rules also directly affect the workings of market forces in ways that can directly affect both within- and between-country inequalities.

Globalisation in all its dimensions has affected the distribution of income within and between countries. Earlier studies, for instance, emphasised that trade in goods was a partial substitute for the movement of labour and capital, implying that, in competitive markets in advanced countries, workers' incomes would be reduced, especially those of less-skilled workers, exacerbating inequalities in market income.

More recent studies have recognised that the wage shares of national income – particularly for less-skilled workers – have fallen across almost all countries. One explanation is that more integrated trade, greater mobility of capital across borders and new technologies used in production have lowered the bargaining power of less-skilled workers everywhere, affecting both wages and working conditions. Higher variation in wages has gone hand-in-hand with higher job insecurity and informality for workers at the lower end of the spectrum.

Recent advances in technology, particularly in digitalisation and artificial intelligence, have the potential to increase inequalities within and

between countries, even as they bring some benefits. While there is the potential to use tax policies to redistribute incomes from the winners to the losers within countries, the effects are more problematic when those who benefit live in different countries from those who do not.

Macroeconomic policies have exacerbated these internationally generated disparities in labour incomes. We previously noted how the expenditure cuts associated with austerity disproportionately affect those at the bottom and the middle of the income distribution; however, their macroeconomic effects on the labour market also disproportionately affect those at the bottom. Much of the volatility in developing countries has been associated with shocks from abroad. Financial and trade liberalisation has exposed especially small countries to more shocks, with greater macroeconomic impact.

IP agreements have enabled the private sector to create monopolies of knowledge and critical technologies, including those that are essential for dealing with public health crises, climate change and other environmental challenges. Today, these rules have led to large net transfers from developing countries to their developed counterparts. By depriving developing countries access to critical health products (such as vaccines during the COVID-19 pandemic, as noted in Chapter 2), they have contributed to the vicious health-inequality cycle, documented by the Global Council on Inequality, AIDS and Pandemics, whereby low-income individuals are more likely to face health risks, including through pandemics, with subsequent adverse effects on their abilities to earn income, which make them still more vulnerable.

The 'liberalisation' of financial flows was not so much about eliminating regulations as about having regulations and a legal system that favoured creditors and private holders of financial assets over the rights of debtors and other stakeholders. This has been associated with greater financial volatility as well as periodic sovereign debt crises. These have wreaked havoc on the lives of people in debtor countries, but often had only marginal impact on the incomes and wealth of rich creditors.

The current international tax system, widely recognised as being outdated, enables

multinational corporations and the extremely wealthy to avoid equitable taxation, to the extent that they typically pay lower rates than others who are less well off. It also allows for the persistence and expansion of illicit financial flows, which have had a particularly adverse effect on the poorest region of the world, sub-Saharan Africa.

These are among the many features of the international economy that can be significantly affected by the decisions and actions of G20 governments. It is therefore critical for G20 leaders to be closely involved with this issue, to recognise the extent and urgency of the problem, to take account of both the drivers and the consequences of inequality, to pursue policies that address it and to remediate its most pernicious aspects.

5. PROPOSAL FOR AN INTERNATIONAL PANEL ON INEQUALITY

A key finding of our Committee is that policymakers often lack sufficient, dependable or accessible information on inequality trends and the impacts of proposed policies on inequality, in all its dimensions. We therefore recommend – as the immediate and priority request of this Committee to the G20 – the establishment of a new body, an ‘International Panel on Inequality’ (IPI), to support governments and multilateral agencies with authoritative assessments and analyses of inequality. These analyses would inform and empower policymaking.

The body could be inaugurated under the leadership of the South African G20 Presidency and supported voluntarily by champion countries (not limited to G20 members), with multilateral agencies as key stakeholders.

The Panel would be a technical body centred on data and policy-relevant analysis (not advocacy). It would not directly conduct research but monitor existing and new research, and assess gaps in knowledge and the availability of quality data. It would produce periodic, policy-relevant assessments on the drivers, measurement and impacts of income and wealth inequality, and their relationship with inequalities in other dimensions, such as health and opportunity. Of particular relevance to the G20, it would identify trends and processes with a special focus on the

international architecture. On the basis of these assessments, it would make recommendations on needs for further research.

A geographically and disciplinarily diverse panel of experts could be selected to serve in an independent capacity, supported by a lean and agile secretariat. We envisage that the organisation could take the form of a distributed structure with working groups, including scholars not members of the panel as needed to increase expertise of the many dimensions of inequality or questions of inequality data and measurement. The working groups could use new technologies for interaction, consultation and dissemination. The IPI would take advantage of recent enormous advances in research on inequality, supported by institutions across the world devoted to the study of this subject.

The idea of the Panel is inspired in part by the success of the Intergovernmental Panel on Climate Change (the IPCC), through which many thousands of scientists have voluntarily contributed their time and efforts, synthesising and coordinating research, providing accurate and timely assessments of the state of knowledge in this crucial arena.

Like climate change, unrestrained and growing inequalities also represent a major threat to the global community. It is imperative that we have better knowledge about its evolution and how proposed policy changes might alleviate it—or make it worse.

In the full report, we describe in greater detail some suggestions for the organization and governance of the IPI. We emphasize that these are only suggestions, to guide the South African government as it enters consultations with others on the establishment of what could prove to be a landmark institution.

6. POLICIES TO TACKLE INEQUALITY

Within countries, there is considerable scope to develop strategies to change the ways in which national income is distributed and then redistributed through tax and expenditure policies, in order to mitigate the inequalities (in all dimensions) generated by market forces. Policies will obviously vary by national and regional context, but they must confront the drivers of inequality discussed in Chapter 4.

We note the significance of regulatory changes, such as policies to rein in excessive corporate power, minimum wage legislation, regulating investment and economic activity to protect the environment, etc. We also recognise the crucial role played by public provision in ensuring universal access to good quality essential goods and services (e.g., food, housing, health, education and social security) throughout people's lives. Due to intersecting multidimensional inequalities, such provisions must ensure access for those who are typically excluded or marginalised. Relatedly, policies must address social discrimination.

In this context, we note the misconception that presumes the private sector is more efficient than the public. This runs counter to evidence that public services, in many cases and contexts, are both necessary and superior.

Public investment is essential to meet social and developmental goals, and to ensure a just energy transition. It is also crucial that countries focus more on creating decent jobs with fair wages and protections, and work to regulate labour markets to ensure workers rights.

Strong social protection strategies that ensure access for everyone to essential goods and services are necessary because markets are volatile and unable to provide adequate and affordable insurance against the multiple risks that individuals face, in the context of large structural changes faced by economies.

Of course, higher public spending also requires more revenues. Since in many countries those at the top pay a lower tax rate than others, there needs to be a shift from regressive indirect taxes (such as VAT) in favour of more direct taxation of wealthy people and large corporations. Income taxes have to be more progressive.

International

In virtually every area there needs to be a rethinking of the effects of international agreements, with more attention paid to the distributive effects, both within and between countries.

In particular, the G20 should ask how much any provision within any agreement addresses some externality, helps resolve some global coordination problem of mutual interest, or

assists in the provision of some global good; versus to what extent its specific provisions are designed to enhance the wellbeing (or income) of certain powerful actors (whether countries or companies) on the global scene.

An agreement among countries to have a minimum corporate income tax would, for instance, help prevent the destructive race to the bottom in corporate taxation. Investment agreements that restrict countries from imposing new regulations or taxes are more problematic. A country that engages in excessive regulatory or tax measures will itself pay the price, in terms of an inability to induce investors to enter, while certain regulations and tax measures are necessary and desirable for the wellbeing of those within the country.

Some areas in which we find reforms to existing systems are necessary and urgent follow (the full report includes a wider range and possible actions). We divide our discussion into reforms in the rules and institutions that govern the economy, and policies that affect the resources and capabilities of individuals and countries.

Reforming the rules and institutions that govern the economy, with special attention to global rules and institutions, by:

- Rewriting IP rules, particularly including waivers in the event of pandemics and compulsory licences/waivers for technologies related to climate change.
- Rewriting international trade rules to ensure a more equitable sharing of the gains from trade, in particular eliminating aspects that inhibit developing countries from moving up the value-added chain and keeps them producing primary commodities.
- Globally coordinating policies to enforce competition, rein in corporate concentration (including breaking up monopolies) and restrict anti-competitive practices, especially in the digital domain.
- Redesigning investment and bilateral taxation agreements, which are increasingly being used by private players to restrict taxation and regulation. This would include moving away from prevailing Investor-State Dispute Settlement (ISDS) mechanisms that do not conform to modern judicial standards,

which have strong rules on transparency and conflicts of interest. These are typically absent in ISDS.

- Reforming the governance of the international financial institutions (IFIs) to better reflect the contemporary global economy, for example in voting and veto rights.
- Increasing the IMF's liquidity tool, Special Drawing Rights (SDRs), annually along with increases in global GDP, and ideally distributing them according to need (established by clear criteria), rather than by today's IMF "quota". Any conditions should be centred around the provision of global public goods, like climate mitigation.
- Rethinking aspects of the macroeconomic and structural frameworks used by the IFIs – including the reliance on austerity rather than growth-enhancing policies in response to budgetary deficits, and presumptions in favour of private rather than public provisions of key services. Similarly, well-designed capital controls can be an important instrument in reducing macroeconomic instability, which exerts such a large toll, especially on the poor.

Expanding resources and capacities of developing countries and all citizens within them.

With the diminution of development assistance, impacted countries will have to be more reliant on their own resources. What matters is the net of flows into the country minus the flows out. IP and competition reforms could lead to smaller outflows; fairer trade policies could lead to greater inflows. Below are listed some other critical reforms, especially in the international architecture, that are likely to reduce inequality.

- Reforming the international tax system to enable the fair and efficient taxation of multinational corporations and the very wealthy. The latter would require a global asset register to identify and track wealth; it might entail a global minimum tax on ultra-rich individuals. The former would require at the very least a global minimum corporation tax at a higher rate – and without the exceptions embedded in the current OECD initiative.

- Debt restructurings and liquidity support for the many developing countries and emerging markets with excess debt, whose enormous spending in servicing that debt has compromised their future development. The global financial architecture needs reforming to make it less likely that another debt-and-development crisis emerges in the future, and that any prospective debt restructuring could be conducted more quickly and equitably than under current arrangements.
- Cooperating internationally to control the large illicit financial flows that deprive developing countries of the resources they need.
- Ensuring that all countries have the necessary finance (for example, through new issuances of SDRs) to cope with the loss and damage from climate shocks, adapt better and further reduce emissions of greenhouse gases, in order to prevent climate-related increases in inequality.
- Expanding capacity to produce critical medical and climate-related products, in part through technology transfer.
- Improving access to food at stable prices by, for instance, assisting in the creation of national and regional reserves of grain and other foods, curbing speculation and investing more in local and regional production in places that rely excessively on food imports.
- Improving digital access for all.

Extreme inequality is a choice. It is not inevitable and can be reversed with political will. This can be greatly facilitated by global coordination, and in this regard, the G20 has a critical role. Addressing inequality in all of its dimensions in the most efficient and effective way requires greater fundamental knowledge of inequality than we currently have. The key proposal of this report, the creation of an International Panel on Inequality, would enhance our understanding of inequality in all of its dimensions, assessing magnitudes and trends, its drivers and consequences, and the impacts of on-going structural changes and of policies. It would be a permanent legacy of the South African Presidency of the G20, in helping the world address one of the major scourges of our time – moving the world towards our ideal of a globally shared common prosperity.

