

## **St Petersburg Initiative to Ensure Strong, Sustainable, Balanced, and Inclusive Growth**

### ***The Civil20 Task Force for Preparing a Report and Recommendations to Overcome Inequality***

Economic inequality continues to grow in both individual countries and at the global level. The growing inequality has negative economic, social, and political consequences, constricts economic growth, and undermines the social cohesion and political stability. Addressing the causes for inequality, as well as transforming structural barriers into new opportunities to overcome it, is the key to ensuring strong, sustainable, balanced, and inclusive economic growth. Transitioning to such a growth model is dependent on the action sequence taken by the G20 countries at both the national and global levels.

In the run up to the St Petersburg G20 summit, the Civil20 has started preparing a report and recommendations surmounting the risks surrounding the growing income inequality. A special Task Force, bringing together experts from most of the G20 member countries, has been established to draft the report. As a result of the work and extensive discussions, recommendations were developed for the G20, and they are based on the analysis and conclusions presented in the synthesis report and country reports.

#### ***Recommendations to the G20 to Overcome Inequality***

To achieve its fundamental goal of equally distributing the benefits of globalization, the G20 should approve the **St Petersburg Initiative to Ensure Strong, Sustainable, Balanced, and Inclusive Growth**. The framework of this initiative should include general principles that are supplemented by specific actions relevant for the G20 countries.

#### **As a matter of priority, the G20 should:**

1. Evaluate and address the impact of the proposed economic policy measures on the social sphere, equality achievement, and economic growth. The first step would be the formal inclusion of objectives for achieving equality and later on of its corresponding targets in the Framework Agreement to Ensure Strong, Sustainable, Balanced, and Inclusive Growth.
2. Highlight as a priority measures that are simultaneously aimed at combating inequality and at promoting economic growth. Begin with measures that directly contribute to the creation of new sources of growth and employment as well as financial stability in both the short and medium term.
3. Reaffirm the need to strengthen the foundations of state policy in the area of combating inequality by: a) instituting macroeconomic policies aimed at creating new jobs and stimulating aggregate demand; b) implementing fiscal and monetary policies that promote efficient investment; and c) eradicating both corruption and tax evasion and increasing the effectiveness of public spending.
4. Strengthen the social protection networks with the goal of maximizing the number of people who have access to it and ensuring their effectiveness and maximum responsibility with respect to spending.

5. Create a G20 Working Group for Equality designed to work with the relevant international organizations and non-governmental groups with the view to finalizing and introducing these recommendations as well as to develop new recommendations for the Brisbane G20 Summit to be held in November 2014.
6. Using the UN's framework, promote the inclusion of tackling inequality as one of the goals of post-2015 global development.

***Specific actions relevant for most of the G20 countries:***

1. Implement macroeconomic and industrial policy measures aimed at creating jobs and actions to ensure equal access to capital markets and entrepreneurship.
2. Ensure the implementation of measures aimed at creating equal opportunities, such as investments in human capital through the development of public health care, quality education, and vocational training in order to enable citizens to realize their potential in the labor market. Create an inclusive system for providing financial services to ensure a large portion of the population has access to financial services, including the most vulnerable strata of society.
3. Take measures to generate revenue and expand the tax base. Make the tax system more fair and progressive, solve tax evasion and tax avoidance, including the fight against illicit financial flows. Increase public spending efficiency. Since measures at the national level are not by themselves sufficient to fight tax evasion effectively, the G20 countries should be actively involved in the mechanisms of international cooperation on tax matters, such as: automatic information exchanges, multilateral, simultaneous tax audits, international help in collecting taxes and repayable sums.
4. Change the subsidies structure in such a way as to avoid a situation where the actual beneficiaries of subsidies are the rich instead of the poor who were hurt from the recession.
5. Implement a subsidies structure that ensures access to important public goods through more effective redistribution and the implementation of social programs. These could include the introduction of a minimum level of social protection, an improved pension system with the goal of maximizing stimuli for active participation in the economic activities of experienced, older workers; support regional economic growth through the promotion of regional initiatives, including programs on how to improve infrastructure, human capital, and programs on achieving interregional equality and integration. These measures shouldn't be used to support affluent, urban areas to the detriment of poor, rural settlements.