



Sustainable Development in an Unequal World

How Do We Really Get »The Future We Want?«

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■ This publication features speeches delivered at the Rio+20 High-level side event, »Sustainable Development in an Unequal World«. The event presented a strongly unified message from world leaders past and present that not only does environmental justice require social justice, which cannot be achieved without greater equality of income and wealth between and within countries, but even more emphatically, without serious and urgent progress toward environmental, social and economic justice, we face a growing crisis of democracy.

■ »The world now needs to conclude and act upon the fact that our economic, social, and environmental goals are not separate, independent pillars to be pursued, but highly interdependent ones. The big picture is not one of difficult trade-offs to be overcome, as in fact many people still believe. Sustainable development goals in all three areas are in fact mutually supportive.«

*Gro Harlem Brundtland (Prime Minister of Norway, 1986–1989/1990–1996;
Member of the UN Secretary General's High-level Panel on Global Sustainability
and Member of the Club de Madrid)*

■ »Sustainable development requires equal rights, equal opportunities and equal participation in society, politics and the economy. Because sustainable development is about inclusion in all its dimensions.«

*Michelle Bachelet (Executive Director of UN Women;
President of Chile, 2006–2010 and Member of the Club de Madrid)*

■ »Is there something wrong with us as human beings that we can't see we need a new paradigm of development? ... we have to make democracy a mobilization of people worldwide to stop the root of the inequities and the way we are destroying the ecosystems of our world.«

Mary Robinson (President of Ireland, 1990–1997 and Member of the Club de Madrid)



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Preface

The high-level side event »Sustainable Development in an Unequal World«, organized by Friedrich-Ebert-Stiftung and Club de Madrid, co-sponsored by the International Trade Union Confederation and the Republic of Costa Rica and held during the Rio+20 United Nations Conference on Sustainable Development in June 2012, presented a strongly unified message from world leaders past and present that not only does environmental justice require social justice, which cannot be achieved without greater equality of income and wealth between and within countries, but even more emphatically, without serious and urgent progress toward environmental, social and economic justice, we face a growing crisis of democracy.

This message was emphasized in various ways in speeches delivered during the event. Panelists Michelle Bachelet (Executive Director of UN Women; President of Chile, 2006–2010 and Member of the Club de Madrid), Gro Harlem Brundtland (Prime Minister of Norway, 1986–1989/1990–1996 and Member of the UN Secretary General’s High-level Panel on Global Sustainability and Member of the Club de Madrid), Sharan Burrow (General Secretary, International Trade Union Confederation), Jose Enrique Castillo Barrantes (Minister of Foreign Affairs, Costa Rica), Ángel Gurría (Secretary General, OECD), Anthony Lake (Executive Director, UNICEF) and Mary Robinson (President of Ireland, 1990–1997 and Member of the Club de Madrid) each addressed a different facet of the event’s overarching message on the state of national and global inequalities and their relationship to sustainable development and growth, including high and increasing worldwide inequality between those who pollute most through wasteful use of natural resources, and those who suffer the effects of pollution.

The event’s eminent speakers pointed to the fact that the world’s most affluent one billion people have a lifestyle which negatively affects and pollutes the other six billion’s air, water, land and foodstuffs and undermines their right to a decent life. They also strongly underlined the necessity to create a global governance structure that enables the integration of economic policies with social justice and environmental sustainability.

Michelle Bachelet led the group of speakers. Madame Bachelet characterized our world as one that is out of balance and underscored the need for gender equality to achieve a world in balance. She pointed to a growing body of research showing that gender equality improves the performance of economies and emphasized the importance of social protection floors for all people, not only to prevent social collapse from a crisis, but to enable a better response to crisis.

Gro Harlem Brundtland addressed the risk posed by inequality within and between nations, which she pointed out is worse than when world leaders met in Rio 20 years ago. She emphasized that it is not possible to protect nature for future generations unless all people have basic opportunities in life. Building on Michelle Bachelet’s remarks, Madame Brundtland reiterated the message of the UN Secretary General’s Global Sustainability Panel on which she served that »the next increment of global growth could come from the full economic empowerment of women« and that »the single most important catalyst for change is mobilizing and investing in women and youth.«

Sharan Burrow came to Rio directly from the G20 summit in Los Cabos, Mexico. She shared that the International Trade Union Confederation (ITUC) went to the G20 with just three requests: investment in green jobs and infrastructure, social protection floors and a financial transaction tax to reign in finance and provide funds for job-rich development. She emphasized that – although the G20 acknowledged in its communique that austerity measures have suppressed demand and thrown people into poverty and greater vulnerability – it did not follow through with commitments or a time-frame for implementation. Additionally, ITUC prepared for the summit and for the Rio+20 conference by conducting a global opinion poll. Ms. Burrow pointed out that the disturbing result of the poll bodes ill for the state of democracy: »only thirteen per cent thought voters have any real influence on the economic decisions of government.«

Ángel Gurría stressed the drag put on progress toward sustainable development by high and growing inequalities. He accentuated the fact that income inequality



in OECD countries is at its highest level for 50 years. He shared that for the OECD green growth is necessary to enhance productivity, to free up fiscal resources for poverty reduction, and to open up new markets for green goods and services. He acknowledged the lack of comfort some countries have with the concept of green growth, and emphasized the need for a just transition for workers and their families in moving towards greener growth in order to directly address countries' concerns.

Jose Enrique Castillo Barrantes spoke about Costa Rica's decades of work to build a society in which the interdependence between the three pillars of sustainable development has helped the country in its goal to achieve greater social cohesion and broader human development. Among the highlights of its social policies are its social security system, established in 1942 and one of the most comprehensive in Latin America, and its constitutionally mandated commitment to spend eight per cent of GDP on education. Over 97 per cent of the population is literate, giving Costa Rica the top ranking in Latin America. Minister Castillo noted as well that Costa Rica is the only developing country that has established a carbon tax, one step on the way toward its aspiration to be the first carbon neutral country on the planet.

Anthony Lake spoke of UNICEF's advocacy for children, emphasizing that the need for extended equitable investment in their health, education and protection is not only right, but a good investment that can break the intergenerational transmission of poverty, create more stable societies and promote economic growth. In 2010, he related, UNICEF studied the cost-effectiveness of an equity-focused strategy to reduce mortality in children under 5 years and learned, to its surprise, that an equity-focused approach is more cost-effective than the current approach. In conclusion, he stressed, »unless we invest in children equitably, development will never be sustainable and the children – the next generation – will pay the price.«

The final speaker, Mary Robinson, picked up on the theme of a crisis of democracy introduced by earlier speakers as the inevitable outcome of repeated failure to build political will for sustainable development. She criticized the text negotiated at Rio as very far from a new paradigm of sustainable development and cautioned

that climate change is compounding the existing examples of social injustice with injustice on a global scale. She advocated for a human-rights informed approach to climate and environmental justice that can augment the effort on the part of Club de Madrid to build shared societies. Ultimately, her message was a wake-up call, both to those on the panel and in the audience as well as to the world at large: »Is there something wrong with us as human beings that we can't see we need a new paradigm of development?«

The Rio+20 event also provided an opportunity to unveil the Global Shared Societies Agenda, a discussion organized by Friedrich-Ebert-Stiftung, Club de Madrid and Center of Concern and developed during a seminar in April 2012 in the context of the Spring meetings of the IMF/World Bank, in which representatives of different international organizations took part, including the Asian Development Bank, G20 Mexican Presidency, International Labour Organization, International Monetary Fund (IMF), International Trade Union Confederation, Organisation for Economic Co-operation and Development, UN Children's Fund, UN-Department of Economic and Social Affairs, UN Development Programme, UN Regional Commissions (ECLAC and ESCWA), UN Women and World Bank. The Global Shared Societies Agenda is intended to be a guide to which policy options provide the best opportunities for encouraging greater equality, inclusion and sharing and thereby facilitating the creation of a more effective, efficient and sustainable economic system.

Overall, the event showcased strong statements made by the panel's participants to help build global political support for sustainable development. Their focus on the linkage between economic growth and stability, on the one hand, and social inclusion and cohesion, on the other, is crucial for sustainable development as well as for a *Global Shared Societies Agenda* (see Annex). The unified message of this event supports the inclusion of equity goals as an integral part of sustainable development and contributes as a first step toward post-Rio discussions of the development of sustainable development goals and a post-2015 development framework.

We would like to thank all participants in the Rio+20 event as well as all who provided inputs to the Global Shared Societies Agenda. We are also grateful to Jomo Kwame Sundaram, who served as Assistant Secretary



General for Economic Development in the United Nations' Department of Economic and Social Affairs (DESA) from January 2005 to July 2012, for lending his unique perspective to the introductory essay in this volume. Finally, we are grateful to our colleagues in the Club de Madrid for co-organizing this event with us at Rio+20 and to the event's co-sponsors, the International Trade Union Confederation and the Republica de Costa Rica.

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Introduction

Jomo Kwame Sundaram

The Rio+20 outcome document is a compromise that is still far from offering an adequate new paradigm for sustainable development. Global governance that integrates economic policies with social justice and environmental sustainability is urgently needed, but did not emerge from Rio+20. This volume of speeches by some current and former world leaders who participated in the high-level side event, »Sustainable Development in an Unequal World«, held during the Rio+20 Conference in June 2012, addresses an emerging crisis of democracy, which will only worsen without serious and urgent progress toward environmental, social and economic justice. The *Global Shared Societies Agenda* introduced at this event seeks to offer policy options to provide the best opportunities for encouraging greater equality, inclusion and sharing, thereby facilitating the creation of a more effective, efficient and sustainable economic system.

Recognizing that market forces and private investments alone will not generate the investments needed to sufficiently increase employment as well renewable energy and sustainable food production, the overarching message coming from the different voices in this publication is that a strong, sustained and inclusive recovery requires rapid action by national governments and coordinated multilateral cooperation.

Eight decades ago, in the midst of the Great Depression, the United States government, under the newly elected President Franklin Delano Roosevelt, introduced the »New Deal« to combat the interrelated social and economic crises then faced by the country. The New Deal consisted of a number of mutually supporting initiatives of which the most prominent then and relevant today are:

- Public works programs financed by deficit financing. The best known is the Tennessee Valley Authority (TVA), which pioneered an integrated regional development program in an underdeveloped region of the US, and laid the infrastructural foundations for energy provision as well as sustained industrial and agricultural growth in the region.

- A new social contract to provide greater social protection and to raise living standards for working families, in particular the Social Security system. The New Deal's Citizens' Conservation Corps alone created two million jobs at a time when the US population was around 125 million. With the US population now 2.5 times more, an equivalent initiative would imply five million more jobs.
- Regulation of financial markets to protect citizens' assets, e.g. with the creation of the Federal Deposit Insurance Corporation, and to better channel financial resources into productive investments, e.g. with the enactment of the 1933 Glass-Steagall Act.

The New Deal thus effectively directed the fiscal stimulus to developmental goals. What is less well known is its contribution to early environmental goals as well. Not only did it help pull the United States out of the Great Depression, and help usher in a new era of economic growth and expanding prosperity, especially in some relatively poorer regions, but it also successfully addressed unsustainable agricultural practices that had caused widespread ecological, social and economic problems in the Midwest.

Long-term management of economic and natural resources is key to more inclusive and sustainable development. While market solutions may do well in inducing marginal changes, they are less effective in bringing about large-scale transformations. Appropriate public policy and public investments, with strong multilateral support for a global investment programme, will be crucial to ensure adequate climate change mitigation and adaptation. Many investments should be front-loaded (i.e., scaled up urgently, rather than gradually incremental) and led by the public sector to induce more private investments.

Multiple crises, multiple challenges

Today, we are in the midst of another crisis, perhaps even more severe than the Great Depression at the world level. Thus, the current circumstances in the world require the international community to commit to a program that



not only achieves a strong, sustained and inclusive economic recovery, but which must also necessarily entail rapid expansion of decent employment.

The economic crisis has wiped out more than 50 million jobs after years of often weak, job-poor growth and increasing inequality in the world. Since 2007, employment rates have risen in only six of the 36 advanced economies, while youth unemployment has increased in the large majority of both established and emerging markets. The crisis and recession are not likely to be reversed, as many governments, especially in advanced economies, prioritize fiscal austerity and labour market deregulation, even though they undermine livelihoods and the social fabric.

Meanwhile, despite more rounds of 'quantitative easing' to make available more credit at low interest rates, most productive enterprises, especially small and medium sized ones, have limited access to credit, thereby depressing investment and job generation. Easy credit before the crisis had encouraged over-investment in sectors thought to be commercially profitable, but now, the resulting over-capacity discourages further private investment in much of the real economy.

With unemployment higher, and incomes and domestic demand not growing, most countries expect to recover by exporting, which is obviously impossible for all countries to achieve at the same time. Developing countries, long urged to export in order to grow, are now being told to produce for the domestic market and to import more instead, after much of their earlier productive capacity for the domestic market has been eroded by decades of import liberalization.

Having experienced current and capital account crises following greater, but nonetheless uneven international economic integration, emerging market economies still feel obliged to accumulate large reserves to protect themselves in the face of greater volatility and instability worsened by international financial liberalization which has also failed to enhance growth. Meanwhile, the room for extraordinary initiatives for economic recovery has been reduced by the crisis and earlier policy responses.

Public investment and social protection measures can serve to create millions of jobs, reviving aggregate demand, by raising spending for both consumption and investment. However, the belief that public investment

crowds out private investment continues to deter government-led recovery efforts despite strong evidence to the contrary. In the past, most advanced economies had greater fiscal deficits than today, especially during and after the Second World War. These deficits financed strong, sustained and inclusive post-war reconstruction and recovery, not only in their own economies, but also abroad. Driven by Cold War considerations, the US Marshall Plan and similar interventions elsewhere have been central to such efforts in post-war Europe and Northeast Asia.

Government deployment of massive financial resources to save selected private financial institutions deemed 'too big to fail' has caused sovereign debt to increase dramatically. Soon after these bank rescues however, governments imposed fiscal austerity in conformity with financial market expectations. Eurozone countries' policy space has been constrained, not only by such self-imposed fiscal constraints, but also by their lack of exchange rate policy flexibility as members of the common currency area.

Even before the current finance-induced economic crisis and slowdown, at least four other major challenges had been identified. For decades, there has been concern over the huge and growing gap between rich and poor countries. After a brief reversal of the growing gap in the immediate post-war period, coinciding with the first and second UN Development Decades in the 1960s and 1970s, the gap reopened in the last two decades of the 20th century and continued to widen until the middle of the last decade.

Economic stabilization, liberalization and privatization during this recent period has been associated with slower growth, deindustrialization and growing income inequality in most countries while the fast growing developing economies, mainly in East Asia, have generally pursued more heterodox policies. Poorer developing country economic performance in the third and fourth UN Development Decades in the 1980s and 1990s and the international development-related conferences from the 1990s probably contributed to the demise of the Development Decades and the emergence of the Millennium Development Goals (MDGs).

While growth in most developing countries and transition economies picked up in the half decade before the financial crisis, it is not clear how much this has been associated with the structural transformation normally



associated with development. And while there has been considerable progress on most MDG targets and indicators, recent growth has been closely associated with greater demand for natural resources, especially mineral extraction, reflected in higher commodity prices.

Both development and environmental crises are consequences of the nature of growth in the world economy over the last two centuries. While raising incomes and opportunities, especially in industrial countries, this growth was largely associated with greater inequality, both among and within countries, leaving most of the world's people behind. It also engendered environmental and resource exploitation, rendering such economic growth unsustainable.

Despite disagreements on many details, there is now a scientific consensus that the world faces a looming climate crisis. Global warming is threatening people and development in most countries. Vicious circles are only likely to become stronger with global warming, the emergence of new threats, and the intensification of existing threats, such as the water challenge.

Sustainable development implies moving to low GHG-emission development pathways combined with full employment in the North and catch-up development in the South. But the climate crisis cannot simply be addressed by across-the-board greenhouse gas emission cuts by all countries from their present levels. Solutions to the climate threat are not acceptable if they fail to address other challenges, including inequalities. At heart, this is the difference between the climate action and climate justice positions and movements. Sustainable development must therefore provide climate protection while reducing global disparities; rapid, inclusive and sustainable development is thus desirable for the best climate outcomes.

Clearly, the challenges of climate and development must be addressed together. Climate protection requires the cooperation of all major countries, and cannot be imposed on an unequal world by an affluent and powerful minority. Development will have to consider the climate-constrained environment, mitigating global warming with low-carbon growth while adapting to the effects of climate change. Much recent policy discussion sees such problems in incremental terms, or tends to overlook the different challenges and trade-offs faced by developing countries.

Clearly, the finance-induced crisis needs a comprehensive recovery program, but with at least two additional objectives. First, the economic globalization of recent decades and the adverse worldwide consequences of the crisis require an adequately financed and coordinated multilateral response. The global response must include all, including the developing countries. These current crises are global in nature, and adequate responses will be needed in virtually every country, especially in developing countries where maintenance of high growth rates is necessary to eradicate poverty and hunger, meet the other MDGs and otherwise improve the welfare of their populations.

Second, greater awareness of resource depletion and ecological deterioration, due to unsustainable production and consumption, also requires appropriate responses. Therefore, the recovery program has to be sustainable, especially environmentally. We are in the midst of an ecological crisis. While most attention here has been focused on climate change, the sustainability of economic growth and development is also threatened by the loss of forests and biodiversity, air and water pollution, and the degradation and depletion of natural resources as well as socio-political instability due to resource and ecological degradation and loss.

The improved economic performance of many developing economies in the middle of the last decade is largely associated with greater economic demand for commodities, especially natural resources. Many long-term supply and demand factors and some short-term factors also contributed to higher food prices, beginning in 2006 (before they collapsed in mid-2008), and then again after 2010 (despite the decline in 2011–2012). The flight from other financial assets to and from commodity futures and options, now viewed as a new asset type, has also affected spot prices, resulting in greater energy and food price volatility with widespread consequences for sustainable development and living standards.

A Global Green New Deal?

In early 2009, UN Secretary-General Ban Ki Moon proposed the Global Green New Deal (GGND) to accelerate economic recovery and job creation while addressing sustainable development, climate change and food se-



curity challenges. The program would be built around massive, multilaterally cross-subsidized public investments in renewable energy and smallholder food agriculture in developing countries. These outlays should induce complementary private investments including public-private partnerships.

The GGND will have to be built around a global investment programme and more integrated policy responses, which are required at both national and multilateral levels to adequately address these interrelated threats. International cooperation should include an adequate climate fund, supporting the massive and affordable generation of renewable energy in developing countries. This should help to overcome energy poverty and to provide the energy infrastructure for catch-up development as well as easy and affordable access to climate technology, including a revised intellectual property regime.

Currently, most developing country governments feel constrained to undertake public works programmes through deficit spending, unlike developed countries as well as a few emerging economies. Substantial increases in concessional financing, official development lending and assistance are needed for developing countries to enhance their fiscal space and capacity for counter-cyclical responses without cutting other public expenditure. Resources are needed to overcome immediate balance-of-payments problems and to stimulate economic recovery, but much of these can be deployed in ways to better address longer-term development challenges.

Therefore, the new recovery initiative should promote public works in support of a different sustainable development pathway, to simultaneously achieve economic development, social progress and environmental sustainability – as agreed to at the UN Conference on Environment and Development at Rio de Janeiro in 1992. Such a new recovery initiative would have some crucial elements similar to Roosevelt's original New Deal, namely public work programs, support for social protection, especially in developing countries, and mechanisms to encourage productive investment.

Most critically, the public works programs would be launched, not only in developed countries, which can more easily resort to deficit financing, but also in developing countries, whose constraints are greater. At

lower levels of development, they are less resilient and more vulnerable to world market vicissitudes and instability. With fewer resources, capacities and capabilities, they are also more likely to be compelled to pursue pro-cyclical monetary and fiscal policies, adversely affecting long-term growth.

The required fiscal response should make long-term investments to address the problem of food insecurity, to mitigate as well as adapt to global warming, and to make continued investments in education, health and job creation. Resources should also be allocated to strengthen social protection to prevent millions in developing countries – directly threatened by rising unemployment, volatile food prices, declining export demand and other consequences of the crisis – from falling deeper into poverty, and to prevent major setbacks in progress on the MDGs.

Collaborative initiatives of the governments of rich and poor countries can create jobs in developed countries while generating strong developmental impacts in developing countries. Resources allocated for developed countries' stimulus packages can be deployed to finance such initiatives. Reforms of the international financial and multilateral trading systems are needed to better support the investments to lower greenhouse gas emissions. Investment could not only promote development in developing countries, but also provide global public goods (such as forests or the conservation of other natural and environmental resources, or by mitigating greenhouse gas emissions) and increase aggregate demand, thus enhancing employment. Such programs could, for example, focus on policies such as a global feed-in tariff regime, energy efficiency, public transport and food security.

Global Feed-in Tariff Regime

A shift to electricity from renewable sources is urgent to stem the accelerating pace of climate change. However, such clean energy is still more expensive than fossil fuel energy. Low incomes make even fossil fuel energy unaffordable to the 'modern energy' poor who are more likely to resort to biomass energy sources which generally generate even more greenhouse gas emissions than fossil fuels; thus, overcoming energy poverty will help enhance their living standards in addition to reducing



their greenhouse gas emissions. In this way, the rapid uptake of renewable energy can be sustained with decent employment expansion so that households can afford such modern energy services.

The unit costs of renewable energy should fall as the scale of production increases. However, the scale of production cannot grow unless renewable energy becomes more cost-competitive. Electricity should then be sold to consumers at lower (subsidized) prices, indexed to the country's income level.

A global feed-in tariff program would guarantee purchase prices to electricity generators in developing countries for periods sufficient to induce the necessary investments in related capacity and capabilities, increasing demand for renewable energy equipment and infrastructure. Thus, renewable energy generation would create much more employment than fossil fuel energy generation. As the scale of production increases and technology improves through ›learning by doing‹, unit costs will come down.

With development and improved welfare, increased incomes would allow higher prices for electricity bought, reducing the subsidies needed over time. Delivery mechanisms will have to be designed to ensure a ›level playing field‹ for competing technologies and electricity generators, and to benefit low-income consumers, especially the ›energy poor‹. The programme should be accompanied by support to spur the expansion of national production capacities to meet a growing share of the demand for electricity with renewable energy, thus ensuring additional job creation.

Energy Efficiency

This is a ›win-win‹ option in both developed and developing countries. Opportunities to realize both energy cost savings and greenhouse gas emission reductions can be significant through better weatherization of public buildings and improved construction design, for example. However, this will require considerable technical support from those with such technology and experience, e.g. by municipalities with ›sustainable buildings‹ policies and other such programmes. The near-term job creation benefits from such programs are sizeable.

Public Transport

A shift to cleaner public transport is desirable for economic, environmental and social reasons. A subsidized programme of ›clean fuel‹ buses in developing countries could promote the growth of jobs and incomes in developed countries, while reducing greenhouse gas emissions compared to business as usual and relieving urban congestion in developing countries. To avoid unfair competition on the supply side, manufacturers from all countries should be invited to join the programme and to compete on the environmental impact quality of the buses they produce. Affordable transfer of ›clean bus‹ technology to developing countries will be needed in this connection.

Food Security

Food insecurity has become a serious concern in the last half decade after the international food price spikes of 2007. After falling from its previous peak in early 2008, food prices rose again in 2010–2011, threatening hundreds of millions of poor people. After the 1970s, with significant drops in official development assistance for agricultural development, many developing countries have neglected food security and agricultural production in their economies. Meanwhile, rich countries subsidize and protect their farmers, undermining food production in developing countries.

Food security should be considered a global public good since the consequences of food insecurity have global ramifications. Multilateral initiatives are needed to ensure food security. The Green Revolution of the 1960s and 1970s – with considerable government and philanthropic support – greatly increased crop yields and food production, reducing the threat of hunger. However, the efforts for wheat, maize and rice were not extended to other crops, especially water-stressed agriculture in arid areas, requiring a second Green Revolution for all major food crops.

How can the world escape the cul-de-sac created by the short-termism of both financial markets and electoral politics? Although inclusive multilateralism has been battered by various challenges, including its seeming messiness and slow progress, it remains the best option, but the United Nations system must be bolder, and powerful interests must also allow it to play a bigger leading role.



South Korea and China have already channeled much of their stimulus packages towards investment in renewable energy, energy efficiency, public transport, waste management and integrated water management. However, much more remains to be done. The response to the food crisis needs to combine short-term ameliorative measures with longer term investments to enable sustained growth in sustainable food production by rehabilitating dry lands, enhancing access to clean energy, and using information technology to provide farmers (especially small farmers) with better access to weather information, technological innovations and market conditions.

After decades of promoting economic – especially financial – liberalization and globalization, the International Monetary Fund has become more careful, if not skeptical, of its own previous policy analyses, prescriptions, and operations. Recent initiatives by the International Labour Organization endorsed by the United Nations – such as the Global Jobs Pact and the Social Protection Floor – are all directly relevant to such a recovery effort as well. Perhaps more than ever in recent decades, inclusive multilateral institutions are on the same page in prioritizing a strong, sustained, and inclusive economic recovery.

But multilateral cooperation for global recovery has been disappointing since 2009 – the year of the G-20's London and Pittsburgh summits, including the Global Jobs Pact, on which there has been little meaningful progress since. As a result, the past three years have witnessed little movement toward developing and implementing a strategy for strong, sustained, and inclusive recovery.

The international community's renewed commitment to sustainable development in Rio de Janeiro in June 2012 faces huge challenges, requiring adequate responses to development, employment, environment, climate, finance and food crises. There are no easy answers, but as the Chinese character for ›crisis‹ reminds us, crisis involves both ›danger‹ and ›opportunity‹. Multilateral leadership, through the United Nations system, now has a conjunctural opportunity and mandate to rise to these challenges.

Clearly, environmental justice requires social justice, which cannot be achieved without greater economic equality at the global and other levels. High and growing inequality – between those who pollute and waste most

natural resources, and those who most suffer the effects of pollution and resource depletion and degradation – is only making things worse. The world's most affluent live in ways that negatively affect others' air, water, food, land and ultimately, their livelihoods and lives.

An International Trade Union Confederation (ITUC) global opinion poll¹, conducted in preparation for Rio+20 and the G20 Summit that preceded it, showed that only thirteen per cent of those questioned thought voters have any real influence on the economic decisions of government. This looming crisis of democracy is the inevitable outcome of a failure to build political will for real sustainable development, the future we require.

1. Poll accessible at <http://www.ituc-csi.org/ituc-global-poll-2012.html?lang=en>.



»A World in Balance Requires Gender Equality«

Michelle Bachelet

Executive Director, UN Women; President of Chile (2006–2010); Member, Club de Madrid

Good afternoon. It is great to be here. There is a real sense of urgency. We have come to a point that I had hoped I would never see – a real and dangerous threat to the Earth's natural systems, on which we, as humans, and our civilizations rely. We cannot continue on our current path of rising inequality, an unstable economy, and environmental decline. We see that the free market is not free. It has costs that people are paying for every day, costs that need to be accounted for and addressed in public policy. We pay a high price for unemployment when young women and men who just graduated from college cannot find a job. We pay a high price for polluted water that children and their families are unable to drink. And we all pay a price for the continuing social exclusion, sexual exploitation and violence against millions of women and girls. I have just one message today: A world in balance requires gender equality.

That is why UN Women and the Government of Brazil hosted the Women Leaders Forum, which started yesterday, and the Women Leaders' Summit with Heads of State and Government tomorrow. Women's voices need to be heard. We need to move towards a new model of inclusiveness, social equality and protection of our environment.

Now, don't get me wrong. I am not saying that women can solve everything. I am saying that women and men, and young people, need to take decisions together. Our world is out of balance and we can no longer afford decision-making monopolized by men. We have come to a point where we can no longer afford to leave women out. We need more women working alongside men in parliament, in high public office, at peace negotiations, and in the executive office and boards of private companies around the world. Sustainable development requires equal rights, equal opportunities and equal participation in society, politics and the economy. Because sustainable development is about inclusion in all its dimensions.

When women bring their unique insights, perspectives and wisdom to decision-making, they help solve the world's problems. Studies find that diversity leads

to decisions that are more sound, practical and responsive. When one woman makes decisions, it changes her. When more women make decisions, it changes policies, plans and priorities, and – I will add – politics. We have all come to realize that market forces and gender blind economic policies cannot deliver sustainable development, social justice and equality.

Rising awareness is marked by a reemergence and strengthening of social movements. Movements and uprisings that question the current models of growth and development that are fuelling inequality, breaking social contracts, and undermining the human rights of people to food, education, health, decent work, equality, safe drinking water and sanitation. On the other hand, what we saw when we were sharing the social protection floor panel, from ILO and other international organizations, is that countries that do have a more balanced development model with social protection floors, really could respond better and not only prevent social collapse from financial collapse, but also they could respond better to the crisis.

Our collective challenge is to reorient institutions to protect the well-being of current and future generations and ecological systems. The report of the United Nations Secretary General's High Level Panel on Global Sustainability brings a fresh perspective to this debate. It recognizes that is not just about the markets, but about the women and men who drive and are affected by them. It is not just about the companies, but about the women and men who work there. It is not just about economic growth but about how growth is generated, how it is distributed where it goes and what it does to women, men and families, and the environment.

Gender equality brings development dividends in all the dimensions of sustainability: social, economic and environmental.

A growing number of reports find that gender equality improves the performance of economies. The *World Development Report 2012* finds that the productivity gains,



enhanced growth prospects and improved outcomes for the next generation are associated with women's greater access to employment and productive assets such as finance. The Food and Agriculture Organization finds that giving women the same access as men to seeds, fertilizers and tools could increase national agricultural output by between 2.5 to 4 per cent and reduce the number of hungry people by 100 to 150 million.

Studies show that countries with a high human development score highest for the Gender Inequality Index based on three dimensions: reproductive health, empowerment measured by seats in parliament and secondary education, and labour market participation.

My friends, the solutions are loud and clear: we need to place human rights and dignity and gender equality at the center of the sustainable development discourse but more than discourse, actions. We need to advance equality so that women and girls can reach their potential. Women's empowerment and gender equality are fundamental to healthy societies and economies, and sustainable development. Women are on the frontlines, especially in rural areas, and their full participation is absolutely essential to address the key issues of sustainable food, water and energy.

Everywhere I have traveled in the world, I have met resilient and dynamic women who use their ingenuity, their entrepreneurship talent and their knowledge to create wealth, reduce poverty and transform their families, their communities and their societies with very little resources. They are a driving force behind all the pillars of sustainability, be it social, economic or environmental development. For instance, in the Yasuni ITT Initiative, women are able to develop economies with solidarity, with social justice, that are in the community and also trying to bring all the ancestral knowledge to the development of their societies.

We are here in Rio to make a call for action, to address the 'gender equality crisis' within the framework of the sustainability agenda.

Women need full and equal access to land and control over productive resources, equal rights and opportunities in political decision making processes, and universal access to quality and affordable family planning and other sexual and reproductive rights and health services.

It is time to advance social protection, alleviate women's unpaid work burden, and position women in a green economy and green jobs. The future women want is a world that is healthy, free from hunger, fear, violence and poverty. A world that prioritizes equity, human rights and gender equality. A world where women and men, girls and boys have equal rights and opportunities and equal access to resources, education, healthcare, employment, leadership and decision-making. A world where women constitute a dynamic force for realizing the benefits of sustainable development for present and future generations.

All of us at UN Women look forward to working with you so that the future women want is the future we all share.



»Bringing Sustainable Development to the Mainstream«

Gro Harlem Brundtland

Prime Minister of Norway (1986–1989 and 1990–1996); Former Chair, World Commission on Environment and Development; Member, UN Secretary-General's High-level Panel on Global Sustainability; Member, Club de Madrid

Let me start by saying that a world with increasing gaps and inequality, within and between nations, is maybe even more apparent today than it was in Rio twenty years ago. The financial and economic crisis hitting the rich world is now affecting most countries across the globe now in the second decade of the twenty first century. Unemployment, dramatic among youth, poverty and despair is becoming a daily reality even in countries that used to be privileged and safe from such types of social disruption. However, a major part of our analysis back twenty five years ago in *Our Common Future* was indeed that people must be at the center of a sustainable pattern of development and that there is no way to safeguard nature to serve future generations unless we give all people basic opportunities in life and work together to overcome barriers and inequities inside and between nations.

As the number of people living in absolute poverty has been reduced from 46 to 27 per cent of the world population since 1992, and the global economy has grown by 75 per cent, human numbers, lifestyles and consumer habits have put natural resources under increasing strain. It is a harsh reality that we now fully need to take on board, that our current pattern of consumption and production cannot continue raising standards of living without overstepping planetary boundaries. Although great progress has been made in human development, there is increasing evidence that we are facing serious limits posed by nature, creating real barriers to further growth and prosperity. So if present trends in growing inequality and ecosystem degradation persist, so too there will be damage to the very potential for growth itself. Growth will be grinding to a halt and may even risk reversing as human numbers and needs continue to rise.

We now need to bring the sustainable development paradigm to the mainstream of the global economic debate. In this way, both the cost of action and of inaction will become transparent, and we will demonstrate how the cost of inaction far outweighs the cost of action. The world now needs to conclude and act upon the fact

that our economic, social, and environmental goals are not separate, independent pillars to be pursued, but highly interdependent ones. The big picture is not one of difficult trade-offs to be overcome, as in fact many people still believe. Sustainable development goals in all three areas are in fact mutually supportive.

The Global Sustainability Panel that was put together by the Secretary General and on which I had the honor to serve has put forward our report and vision for a sustainable planet, a just society and a growing economy. We concluded that our goal must be, and I now quote, »to eradicate poverty and reduce inequality, make growth inclusive, production and consumption more sustainable, combatting climate change and respecting a range of other planetary boundaries.« End of quote. And I say that today with great impact, I hope, because I don't find it as it should be in the document. We can no longer assume that our collective actions will not trigger tipping points as environmental thresholds are breached, risking irreversible damage to both ecosystems and human communities.

We made the key point in the panel that most goods and services that are sold today fail to bear the full environmental cost and social cost of production and consumption. But based on science and evidence, therefore, we need to reach consensus on how to price them properly. Such costing of externalities will open new opportunities for green growth and for green jobs. Environmental goods and services need to be turned into economic opportunities. Local renewable energy resources and improved agricultural practices will contribute to water, food, and energy security as well as improved health and livelihoods. Women and girls need to be at the center of our attention.

So our Global Sustainability Panel concluded that there needs to be a serious shift towards sustainable development, and that requires gender equality and an end to persistent discrimination against women. We believe that the next increment of global growth could come



from the full economic empowerment of women. It will require policies that explicitly address the unique challenges that today limit women's participation in many countries' economies. It means securing women equal access to land, to capital, to credit and to markets. We know that sustainable agriculture and land use, food and water security are intrinsically linked to the role of women and the opportunities of women in large parts of the world.

It is time to embrace a second green revolution, an ever-green revolution that doubles yield while building on sustainability principles. The same is true of energy, another key issue at this meeting of leaders, linked as it is to all three pillars of sustainable development. Women would like to be carrying less wood daily to burn on polluting cookstoves, more time for women and girls to work and to study. The result of this will also be less climate gasses to pollute our atmosphere and less biodiversity disruption. Sustainable energy for all, as you know, has been pushed by the Secretary General. It's an excellent initiative, an excellent example of how our key goals are mutually supportive.

Finally, it is clear that the single most important catalyst for change is mobilizing and investing in women and youth. We former heads of state, some of us here in government and in the Club de Madrid, call on today's leaders to put in place clear answers to the urgent questions the world is facing because young people have a right to expect this from their leaders, an agreement between them towards a more sustainable, socially inclusive, low carbon and resource efficient world.



»We Want Action«

Sharan Burrow

General Secretary, International Trade Union Confederation

For the trade unions this summit was supposed to be the inspirational commitment to change the model of development for the world. For us there is no question: there are just no jobs on a dead planet. And we are now in the midst of the most bitter crisis of unemployment. We have the greatest inequity. Ángel Gurría [OECD] will tell you about his research on inequity, which we think is preeminent across the G20 countries, and then if you add the emerging economies and the developing world it gets worse.

For two decades, three decades – you pick your set of indicators – workers have generated twice or more the amount of productive income than there was at the point of origin you take. So why is it that as we face the future, we are in fact much more unequal than when we started? So I can only complement the FES and Club of Madrid because without voices from major institutions, then frankly, workers and civil society would feel very isolated on this question.

There is a serious level of frustration. If you look at the G20 outcomes, to which I was asked to draw the bridge, then on the one hand the words are a little better. There is an acknowledgement – if not in these blunt terms – that austerity measures have killed demand and have put many more people into impoverished and fragile situations. However, even though the language of investment in job-centered growth is there – in green growth, in sustainability, and championed by the host President Calderón – the commitment to action is not.

If I had to choose a word I would say that countries are »atomized«. There is a real sense of fear of international cooperation, despite the fact that we know that only coordination – of course implemented in the context of national development – but coordinated investment, strategic outlook, both for employment and sustainability is the only way to drive us both out of the current crisis and onto a more equitable footing.

The trade unions went to the G20 with a small number of requests. We want to see investment, major invest

ment in infrastructure, particularly enabling green infrastructure so that we can see jobs generated. We went to the G20 and said, »We don't come empty handed. We have 25 trillion dollars of workers' capital, their pension funds invested in the global economy. 14 trillion of it jointly managed, and we want it out of the speculative, non-productive sector of the financial economy. We want it into »patient« capital. We want it in long term investment, in sustainable futures, but we need your help because the asset classes – particularly the green bond market – is not mature enough, and given the state of the governments, particularly in Europe investing in debt, we need government backing. We don't need government money, although some incentives in some of the surplus countries and some regulatory environments is necessary, we need government backing for the technical capacity, both across governments and the multilateral organizations that can provide the security for us to realize our fiduciary responsibilities, but on a reasonable basis.«

Workers aren't greedy. Sustained over 25 or 30 years, inflation plus three or four per cent would do us. »So what would it take?« I say to the European Central Bank, »to generate a ten-year productive bond, not a bond with exorbitant interest rates, that's just driving the cycle of debt, that's creating the green that the bond markets and the ratings agencies are generating still, but is in fact creating productive wealth in a sustainable frame.«

We said, »You can't just create jobs, though. You have to recognize that we need the social protection floors that are both the drivers of survivability and dignity.« Michelle Bachelet knows more than anyone on this, having headed up the UN Panel. But as a labor leader, I'm very proud of the negotiations at the ILO, just endorsed last week, of a new international standard, a new recommendation on the Social Protection Floor. And we know that if you actually invest in the Social Protection Floor for the poorest of countries, you could realize the Millennium Development Goals overnight. And yet we are so far from it. And it costs so little money.



But is there commitment to a fund here, or from the G20, to actually generate the solidarity to kick start or strengthen social protection floors in the poorest countries? No.

And our third request was in fact that we do something about the greed of the financial sector, tax a tiny fraction of their wealth in a financial transactions tax. We didn't get satisfaction from the G20 on that one, and we haven't seen it here.

Can I tell you that these are three simple requests. And I can also tell you that we managed to cut a deal, not always with those we are most friendly with but, with the employers. We went to the governments with the employers – as we said, »investment, investment, investment« – we said »young people need to be included in driving those jobs.« We want to scale up apprenticeships in every country, but they have got to be greener jobs, in greener production, in greener processes. We've got a commitment with the business community to do that, and we want governments to back us up.

We also said we want to shrink the impoverishment of the informal economy growing now in every one of our countries because it is about desperation. And so you see people take any job, any wage, any opportunity just to survive, largely because there's no social protection or minimum wage on which you can live. Or indeed, collective bargaining rights that are the only serious mechanism to distribute the wealth more evenly. Instead we're seeing an attack on labor rights by some of the traditionally most progressive governments in the world, right across Europe, and outside of Europe in the US and other places.

So we come here to say, »We want action.« I've just returned from the G20, and I've read the statement. There's a lot of reasonable language there, but I see no timeframe. I see no framework for implementation. I see no commitment other than to consultations despite the innovation of the Brazilian government via the Rio Dialogues with civil society, to put the Major Groups at the heart of developing even the sustainable development goals, let alone the financing for climate, where – I must say – we bring a lot of the money that is possible to harness. So out there in the rally, which I'm sadly missing this afternoon, I can tell you there is real anger.

And I'm not surprised because we prepared for both this forum and the G20 with a global opinion poll, and it's shocking. The figures are really shocking. We want leaders to understand that the democracy contract is broken. It's broken.

There is some hope in emerging economies like Brazil still, but in the traditionally wealthy economies, I can tell you that overwhelmingly people say that they do not have any hope that the future generation will be better off. Overwhelmingly. We're talking about economies that have social security – like France, Belgium, Germany – but overwhelmingly, more than two thirds of people, upwards of 80 per cent of people in those economies are saying their children will not be better off. That's got to be the most shameful thing we've heard in a long time. Then people are saying that only eleven per cent of the globe has additional money to spend in an economy that's dying, in demand that's being killed daily.

So if two thirds of people say that their income is going backwards, and only one third says that its going forwards, only eleven per cent say that they have more money to spend, and if you take out the richest levels, that's even less. Then we're in trouble.

You know the figure that worries me most? The anxiety and the fear that this poll demonstrates is actually being generated into a loss of trust in democracy. That's the figure that's really frightening. When only thirteen per cent of people – and these are not only union members, this is a public opinion poll – only thirteen per cent say that voters have any real influence on the economic decisions of government. Only thirteen per cent. That says to me that the trust in democracy is broken. And unless we see it rebuilt nationally and internationally, then the kind of anger you see outside will simply continue to build.

I would be remiss not to finish by saying that women are particularly angry. To see that even the wording of the Beijing Platform has gone back to reproductive health and not recognize reproductive rights is actually extraordinary! It's 2012!

We are absolutely urging Brazil, urging the other leaders, to at least put forward some communique that says something about implementation. That says that the sustainable development goals must go way beyond



the Millennium Development Goals, must deliver on inequity. Must do something about the paradigm shift of an economic model that understands that environmental protection and decent work and social protection go hand in hand.

In conclusion, we must of course involve the Major Groups, who have the capacity to help deliver, to help rebuild the trust of our citizenry in a democratic process. If we are shut out, then people like me can do little to bridge the gap. The foolishness of not trusting the implementation of such a sustainable model is extraordinary. When by 2050 – labor understands, and we have a lot to lose, but labor understands – that with the need to generate 50 per cent more food, 45 per cent more energy, and 30 per cent more water, these are jobs. These are good jobs, they can be greener jobs. You know I do not even see a mention of green jobs in the text, which frankly makes us very, very angry.

And we are wondering why it is that countries have such a fear of harnessing the future. People want governments to. We want them to as trade unions. We do represent a lot of people, and there are a lot of people feeling like the world is simply not working for them. Rio was an opportunity. The language, like the G20 language, is not all bad. But where is the commitment for coordinated, strategic action on which governments will not rest until it's delivered? It's not here.

We urge President Dilma, who I know to be a visionary, and I urge other leaders to actually stand up and say, »There is a commitment to implementation. There is a commitment to concrete action starting with energy and food security, decent work, social protection and investment in green jobs.« That's our future.



»A Green and Inclusive Growth Model: Our Only Credible Strategy«

Ángel Gurría

Secretary General, OECD

Sustainable development is still not a reality. Today one billion still people live on incomes of less than 2 dollars a day, 1.3 billion people still do not have access to electricity, 800 million people are without clean drinking water, and 2.5 billion people lack access to basic sanitation.

In addition, high and growing inequalities are limiting our efforts to move towards sustainable development. Income inequality in OECD countries is now at its highest level for the past half a century. Our recent OECD report, *Divided We Stand: Why Inequality Keeps Rising*, dispels the assumption that the benefits of economic growth automatically trickle down to the disadvantaged. However, income inequality is not inevitable. Chile, Brazil and Mexico have successfully managed to reduce inequality, though a large gap still remains between the rich and the poor in these countries.

OECD work clearly shows that a powerful way to counter rising income inequality is to invest in people from their early childhood, to their formal education and throughout their working life. Let's be clear: investment in education and training pays off handsomely. Inequalities are not the only challenges. Economic expansion has also come at a price to the environment. We are on a collision course with nature! Failure to responsibly manage the natural assets on which life depends will have serious economic and social consequences, especially for the poor.

Our *Environmental Outlook to 2050* concludes that, if we don't act now, we will have billions more people in water stressed areas, millions who would be dying because of poor air quality. Biodiversity will be further diminished by about ten per cent by that time, and average temperatures could rise by 3–6 degrees by the end of the century, rather than the 2 per cent that we have agreed should be the maximum. And if we talk about inaction, the cost of inaction is higher than the known cost of action today in every single one of those areas. So we can avoid the collision course with nature at a lower cost than that of not doing anything, which is what we seem to be doing so far.

Changing our growth model and making it greener and more inclusive is the only credible strategy we have before us. The OECD has been contributing to the global efforts to define such a strategy and to integrate green growth and sustainable development into countries' structural economic reforms.

Allow me to tell you how. Green growth strategies can unlock opportunities for economic growth and better welfare through a number of channels: (i) by freeing-up scarce fiscal resources for anti-poverty programmes and other public priorities, (ii) by enhancing productivity through a more efficient use of natural resources and energy, (iii) by opening up new markets for green technologies, goods and services, and (iv) by creating new employment opportunities.

Moving towards a greener model of growth can also help shield future growth from costly resource bottlenecks and systemic risks arising from pressures on the environment. Of course, not all green growth measures are »win-win« opportunities. There are often some »losers« from the reforms, and our work also provides advice on how countries can smooth the transition, and take care of those that may be affected.

For instance, labour market and skills policies will have to assure a fair transition for workers and their families in moving towards greener growth. We need to maximise new opportunities for workers, and we need to ensure that these opportunities are shared in an equitable manner, while minimising unavoidable adjustment costs.

A joint report we wrote together with the ILO shows that this will require: (i) meeting the emerging job-skills requirements of a greening economy; (ii) helping workers to move from declining firms and sectors to growing ones, while providing income security; (iii) assuring worker rights in growing green sectors, while seizing opportunities to promote social inclusion; and (iv) strengthening labour market information systems and social dialogue, so as to promote a deeper shared understanding of how best to green the labour market.



Green growth policies can also improve welfare through distributional impacts. Most of the environmentally harmful subsidies – on fossil fuels, for example – are indeed poorly targeted. They are often introduced to cushion the effects of high fuel prices or price volatility on the poor. But the most recent estimates suggest that only 8 per cent of fossil fuel subsidies reach the poorest 20 per cent of the population, making them an expensive tool for addressing social issues. Removing the subsidies and retargeting some of the money saved to more direct support for poor households can increase equity, improve economic efficiency and benefit the environment.

Let me just give you one example: we are always chastising the Europeans and the Americans – because the Europeans have an agricultural policy in which they subsidise their producers, and the Americans have tariffs that protect them. But we know that the developing countries and emerging-market economies also have subsidies that promote the consumption of fossil fuels, which are higher than all the subsidies for agriculture. In 2010, they spent over 400 billion US dollars in fossil fuel consumer subsidies. We also found out that there are 250 different ways in which developed countries – OECD countries – subsidize both the production and consumption of fossil fuels. So we're all guilty.

The key issue is: what can the poorest countries in the world do with 400 billion US dollars? A lot! It's a question of reallocation. If you reallocate those resources to the most vulnerable individuals, you can have fantastic results! But what is the situation today? It's certainly bad for the environment, because the subsidies promote the consumption of fossil fuels; it's bad for the budget, because the subsidies cost a fortune, and you still have to dedicate scarce resources to fighting poverty; and, last but not least, it's bad for social equity, because who benefits from the subsidies? The people who need them less: the better-off, who consume more electricity and fuels. There will be losers in all these cases, but they can be compensated with only a fraction of what would be gained by phasing out those harmful subsidies.

A number of countries, including Indonesia, Mexico and India, have been looking at how they can redirect fossil fuel subsidies to better achieve important social objectives, such as through targeted cash transfers or funding for health care, education and infrastructure in poor

areas. Another example of a green growth policy with positive distributional impacts is Brazil's *Bolsa Floresta* (forest allowance), which rewards traditional communities in the Amazon basin for their commitment to stop deforestation.

To sum up, there is no 'one-size-fits-all' model. Each country will need to devise a strategy tailored to its own national circumstances and needs. But countries are often not as original as they think! There are many things that are common to all countries. The OECD stands ready to help and provide country-specific guidance both to OECD and partner countries. To do so, we are now integrating sustainable development and green growth across our full work programme.

Rio+20 provides another chance to get it right. There may not be many more. I hope that, together, we will bring the necessary political momentum and an action-oriented agenda to make sustainable development happen.



»The Value of the Interdependence of the Three Pillars of Sustainable Development«

H. E. Enrique Castillo Barrantes

Minister of Foreign Affairs, Government of Costa Rica

I would like to thank the Friedrich-Ebert-Foundation, for its generous invitation to participate in this event within the United Nations Conference on Sustainable Development, which brings us together today to share and exchange our point of views regarding our vision on sustainable development within a context of inequality and inequity. At the beginning of the summit I find it of vital importance to stress the need for continuing the work on the prospect of a more democratic, more just, more equitable and egalitarian world, where all citizens can achieve a greater well-being and quality of life, based on decent work, enjoyment of their rights and fundamental freedoms and in equilibrium with nature.

Today, as 20 years ago, the questions about the viability of this process continue. Some tend to think that these notions are mere rhetoric, but in Costa Rica we have been building a society that values these concepts in a very serious manner. Slowly, we have incorporated the value of interdependence between the three pillars of sustainable development to achieve greater social cohesion and broader human development.

The process has been gradual in the experience of our country, there have been many shortcomings and there still remains a long journey to go, but we can point to some great achievements that have contributed so that this sustainability project sees the light of day. With modesty, but also with great satisfaction, I would like to share in this space some results that may be sources of reference for others who, like us, aspire to a better world. Please take this as a message of hope coming from a tiny developing country. Our first head of state was a teacher. And since our independence in 1821, Costa Rican citizens began to build a nation based on democracy, solidarity, freedom, a culture of peace and respect for nature.

A milestone for our country, in 1870, was the establishment of free and compulsory primary education, much earlier than in any country in Latin America, England or the United States of America. Seven years later, we

abolished the death penalty as a gesture of continued commitment to respect the lives of all humans. Already in the twentieth century, in the decade of 1940, we conducted a series of social reforms, most notably, in 1942, the establishment of our social security system, one of the most inclusive and supportive of the Americas, which currently provides access to health care to the entire population in Costa Rica, including immigrants with an irregular situation. Due to that early investment in human capital, which we sealed with the constitutional commitment to spend 8 per cent of our GDP towards funding public education, we were able to build a strong middle class and achieve low poverty levels.

Today, the country has been able to attract investment in the most sophisticated production sectors because of the high levels of education of the population. We have become the largest exporter of technology in our region and one of the developing countries advantaged in innovation. The country has continued the path of improving the quality of education. With its policies, Costa Rica has managed to increase the graduation of students from primary school from 77 per cent in 1990 to 92.2 per cent in 2008. As was pointed out by the Minister of Education of Costa Rica, Mr. Leonardo Garnier, »... we know that both economic dynamism and welfare, social equity and environmental sustainability of our country depends – more than any other thing – in our education to help people be fully able to cope with boldness, creativity and a spirit of solidarity with the challenges of our times. Today, as yesterday, education is the key to development...« Census data this year reflect a substantial improvement in literacy rates, 97.6 per cent of the population is literate. Costa Rica ranks first in literacy in Central America.

Another turning point occurred in 1948 when Costa Rica decided to consolidate the best of our civic values, and abolished the armed forces. We chose to settle our disputes by way of the ballot box, and not by arms, we decided to invest in schools and teachers, not on barracks and soldiers. This continuous path made us the



oldest and the most stable democracy in Latin America and today, with a deep conviction and satisfaction, we can say that several generations have been born in a society, to which idiosyncrasies defend the rule of law with no army, as a daily and non-renounceable practice.

More recently, we faced a turning point in our conception of development. By the end of the 60's decade, we had to deal with massive deforestation. We changed from a forest extension of 75 per cent of our territory in the 50's, to 30 per cent in less than 20 years. It was forecast that there would not be any forest left by the year 2000. Costa Rica, in a radical change decided to implement, in advance of international tendencies, an institutional and political effort that comprised changes in legislation and in capacity-building, among others, through the creation of the Ministry of Environment, and in 1970 the national parks system, that today gives special protection to 25 per cent of the national territory. As a result of these efforts, Costa Rica managed to turn back the tendency of deforestation, and today possesses a forest cover that exceeds half of our territory: 52.38 per cent.

Today, our country is fifth in the world in protection of the environment, and we aspire to become one of the first carbon-neutral countries on the planet. Ours is the only developing country that has established a carbon tax, and revenues generated by it are destined to finance a national payment system for environmental services. Also, knowing that children will be responsible for building a future that is friendly with the environment, education actions are being carried out for sustainable development tending to transform our schools into carbon neutral education centers. These are other visionary initiatives. A nation like ours, small but audacious, wants to believe that change is possible.

In a wider context, the Government of Costa Rica understands that a State is well governed when the tendency towards inequality is reversed, when it delivers holistic development plans in an efficient manner, when it ensures the fundamental rights to its citizens and directs its efforts to the constant construction of opportunities. That is why we have strived to follow a consistent strategy in the commitment to sustainable development. This demands more than anything, a holistic approach of all its elements, and a vision from the local, regional, national and global perspective, in the search for a project that is all-inclusive.

The National Development Plan 2011–2014, contemplates actions to advance towards secure development led by innovation, science and technology, strengthened by solidarity and committed with environmental sustainability.

I highlight the efforts that our country has been making in the achievement of the Millennium Development Goals, and particularly our advancement in the third objective: the participation of women in public life, which has increased each year. Today nearly 40 per cent of members of Congress are women; also 30 per cent of the Supreme Court of Justice. Equally, their participation in the job market has grown, from 30 per cent in 1990 to 42 per cent in 2010, with a growing tendency. Their potential role for change, in different spaces of social, economic, political and cultural participation is recognized.

We are also committed in the fight against poverty, as a fundamental part in our development strategy. Total poverty in our country descended from 27.1 per cent in 1990 to 18.5 per cent in 2009, and extreme poverty from 9.1 to 4.2 per cent.

Social public investment represents 23.4 per cent of the Gross National Product.

Costa Rica understands, however, that for the most part the problems it faces are common to other nations and that demand global solutions from the basis of common, but different responsibilities. Therefore we consider that the United Nations system plays a crucial role in the formulation and search for joint solutions, and in this sense we grant dialog in this Summit a position of priority. The process of human sustainable development demands for its viability a true worldwide association. We aspire to continue putting forth our modest contribution to this process.



»Investing In Health and Education to Make Development Sustainable«

Anthony Lake

Executive Director, United Nations International Children's Fund (UNICEF)

Let me begin by applauding the Club de Madrid, the government of Costa Rica, and Friedrich-Ebert-Stiftung for focusing this session on »Sustainable Development in an Unequal World« ... and on a Rio+20 outcome that will, »strengthen the inclusion of equity goals as an integral part of sustainable development.« I was also glad to read, in the concept paper for this session, of your conviction »that poverty eradication and development require a new paradigm of sustainable development ... because it is the »bottom billion« who suffers most from a lack of sustainable development, as well as from social exclusion.« The bottom billion is a useful and evocative phrase, and whenever we use it, let's remember not only how many they are, but who they are.

They are not simply the statistical category of »the poor.« They are the many millions of girls and women who walk miles every day to find water for their families ... they are 180 million stunted children starved of vital micronutrients ... they are the millions of families who do not have access to basic sanitation facilities, making them all the more vulnerable to disease. Those whose livelihoods and ways of life are most vulnerable to the ravages of global warming.

No one with concern for the rights and plight of the bottom billion could disagree with the urgent need for a new paradigm of sustainable development – which the Secretary General has said should, »lay the foundations for dynamic economic growth, respect for the planet, and social equity.« Because while everyone has a stake in sustainable growth, no one has a greater stake than children. If growth is not sustained ... the next generation will not benefit from its fruits. Worse, as the irreversible effects of climate change take hold, those least responsible stand to pay the highest price as glaciers melt ... seas rise ... lakes shrink ... and coasts recede. In Sub-Saharan Africa alone, climate change is expected to lead to an enormous increase in the number of malnourished children – as many as one million more children by 2030.

But children are not only in peril. They are also a part of the solution. We must do more than argue that children must reap the benefits of sustainable development – although that is, indeed, an important principle. We must also show that equitable investment – in their health, in their education and protection – is not only right in principle but sound in practice.

To paraphrase President Kennedy's inaugural address – we must ask not only, as we do now, what growth will do for equity. We must also ask what equity and investment in children will do for sustainable growth. And evidence suggests that investing in the social sectors and in children equitably – especially in their health and their education – does indeed help break the intergenerational transmission of poverty, create more stable societies, and promote economic growth.

A recent IMF staff discussion note shows that as societies become more equitable, economic growth is more sustainable over time. In fact, it found that a 10 percentile decrease in inequality increases the expected length of a growth spell by 50 per cent. Investing – I repeat, investing – in people ... in their health and in their education ... is a vital part of making development sustainable.

Consider these returns on investment. Just one extra year of schooling for girls can increase their future wages by between 10 to 20 per cent – wages which they, more than boys, reinvest back into their families, kick-starting a cycle of opportunity and prosperity. Immunization is one of the most cost-effective childhood health interventions. A recent study shows that if we scale up the use of five basic existing vaccines and introduce a Malaria vaccine, we could, over the next 10 years, save some 6.4 million lives, and avert 6.2 billion US dollars in treatment costs, as well as avert 145 billion US dollars in productivity losses. The Copenhagen Consensus, a group of leading development experts, found that vitamin A supplements yield a cost/benefit ratio as



high as 100:1. And the World Bank estimates that investing in nutrition can increase a country's GDP by at least 2 to 3 per cent.

In today's uncertain economic climate, no government can afford to ignore such financial returns. In fact, a society which short changes investments in the future capacity of its people – its health, its education, its environment, its social fabric – is a society which is sacrificing its long-term growth. And the benefits to society of investments in health and education – in greater stability and social cohesion... in stronger institutions and better governance – are critical for creating the conditions in which children survive and thrive... in which our planet can prosper... and in which economies burgeon in the long run.

Just as I know that this commitment to inclusive and sustainable growth is at the heart of the Club de Madrid's work on Shared Societies so, too, is it at the heart of UNICEF's institution-wide refocus on equity. And I am happy for the opportunity briefly to share with you what inspired that refocus two years ago. There is no doubt that, since 2000, progress towards the Millennium Development Goals has lifted millions of children out of poverty and given millions more a better life and greater opportunities. Many nations are on track to reach the MDGs. But those national averages can and do disguise the plight of the most marginalized children... millions of whom have been – and are being – left behind.

Children living with disabilities... children from indigenous communities... those in urban slums and rural areas. Girls. In country after country, statistical successes are disguising moral failures. Across the developing world, compared to children in the richest quintile, the poorest children are twice as likely to die before their fifth birthday... nearly three times as likely to be underweight... twice as likely to be stunted... and less likely to attend primary school. That is just wrong.

One possible reason for this gap is, in part, the longstanding belief among development professionals that while it would be preferable in principle to focus on the hardest to reach, it is neither practical nor cost effective. In recent years, though, innovations have begun to revolutionize development practices. Today, new vaccines... SMS technology... and other interventions enable us to reach the hardest-to-reach more quickly and

inexpensively than ever before. So in 2010, UNICEF undertook an extensive modeling exercise to test the cost-effectiveness of an equity-focused strategy to reduce under-five mortality. Our study – *Narrowing the Gaps* – concluded surprisingly that that an equity-focused approach is actually more cost-effective than the current approach. In countries with the highest under-five mortality rates and the worst poverty, a 1 million US dollars pro-equity investment will save up to 60 per cent more children than a traditional 1 million US dollars investment. In short: a pro-equity strategy is not only right in principle; it is right in practice.

To that end, over the last two years, UNICEF has reviewed our programs through an equity lens, and is now working, with our partners, to reach still more of the children our efforts are missing. The almost 20 per cent of children still not covered by routine vaccination... The 67 million children still out of primary school... The infants who die, unnecessarily, from the complications of preterm birth or from pneumonia and diarrhea, the other biggest – and highly treatable – killers of children.

Recently, the global community came together at a conference in Washington DC hosted by Ethiopia, India, and the United States, in collaboration with UNICEF and WHO, to reach those unreached children – by rallying again around the goal of child survival. More than seven hundred representatives of civil society, faith-based organizations, the private sector, and some seventy governments reviewed significant new modeling, based on innovations in health and education, which shows not only that it is possible to achieve dramatic reductions in child mortality by 2035 – but also that it is feasible to greatly decrease that most outrageous of inequities: the huge gap in child mortality between the poorest and richest nations. Almost sixty governments, and many dozens of non-governmental organizations, signed a pledge on the spot to redouble efforts to achieve that goal, through measurable benchmarks. We expect many more to follow suit in the coming weeks and months. In doing so, they will renew the promise the world made in 1990 at the World Summit for Children... in MDGs 4 and 5... and ten years ago in the General Assembly Resolution on a World Fit for Children.

The goal of 2035 represents a giant step towards what must be our ultimate ambition – a world in which no child dies of preventable causes, of treatable disease.



And with a view to increasing our efficiency and achieving ever better results, UNICEF has developed a new tool to monitor our progress and accelerate those results. Because results are all that matter if children's rights are to be realized.

If we can increase vaccinations so that fewer children die of diseases we know how to prevent...if we can provide more micronutrients so that young brains and young bodies grow strong...if we can give more boys and girls a quality education, we will give children everywhere – this generation and the next – the start in life they deserve. And make sustainable the future of which they dream. That is their right...our responsibility...and, I hope, one legacy of Rio+ 20.



»Democracy That Delivers is Necessary for Sustainable Development«

Mary Robinson

President of Ireland (1990–1997); Member, Club de Madrid

I am very happy to be here in the context of partnering with Club de Madrid, amongst friends and colleagues, to discuss a very interesting contradiction in the title of this event, which has come out in the presentations, and that has been very telling: »Sustainable Development in an Unequal World.« Actually a contradiction, but it has enabled the panel to be very frank about where we are.

I align myself completely with the urgency and passion of those who are very very concerned about where we are and about what is happening here in Rio+20. And I believe we are seeing words being spoken, but the actions being taken don't align themselves with the words being spoken.

We are very far in the text as it stands from a new paradigm of sustainable development, which is actually what we need. Maybe we can have faith that the heads of state and government will step up to the plate, but there is that lack of leadership at the moment, which is extremely worrying. And I agree with Sharon Burrow that it is giving rise to threats to democracy, which is a major concern of the Club of Madrid. We talk about »Democracy that delivers.« If democracy doesn't deliver, then you will find that there is a real scepticism about it.

At one level, I am deeply concerned about this lack of leadership because moments like this have to be taken. They were taken twenty years ago. The Rio summit twenty years ago changed the way of doing, created Ministries of Environment in many countries, created the Conventions. It was really significant.

The text at the moment of our common vision is not a common vision. It is a lot about recognizing, reaffirming, acknowledging, the odd underscoring, and a few processes that may or may not give us an invigorated approach, up to and beyond 2015, with sustainable development goals and with a possible political forum. We don't know because there is not really any strength or clarity in the text. And on top of that, something that I'm very concerned about from a human rights perspective, is that climate change compounds the existing examples of inequalities and injustices and the scale of those inequalities and injustices.

It's lovely to hear the story of Costa Rica, and like others, I say that we do need these good models. They give us hope. But if we look at the global scale, and people are looking at it young people are looking at it; women are looking at it – many of the organizations here are in social contact with millions of people, so there is a disconnect between that sense of the world needing to change course, needing a new paradigm of development and the lack of leadership and vision at the political level here.

It's very worrying, except that I actually believe that you can take some hope, Sharon. I believe that we may see new constituencies of demand who have been energized by both the lead-up to Rio – which has analysed the depth of the problems – and the sense that we have to get together and collectively have such strength of mobilization that we bring it home to these leaders: »If you don't listen to us, you're gone.« That's what it has to be.

If I could just explain just one small piece of this which I believe will help. As I mentioned, climate change is compounding the existing examples of social injustice with injustice on a global scale. Those who have contributed least to the causes of climate change are suffering the worst impacts. I've seen it every time I've gone to countries in Africa and countries in South Asia. The whole conversation is that things are so much worse. It's not all attributable to global warming, some of it is cutting down trees or bad soil management –but the changes in the climate are disproportionately affecting people's lives. They are affecting food security. They are affecting water. They are affecting health. Millions of people will have to move shortly because of the way that they are being affected by flooding, the flash floods, et cetera.

The Club of Madrid came forward with a concept for Shared Societies which, I believe, is one of the contributions that we have been making which can help us to inform our approach to equitable sustainable development, striving as it does for a just society, and I quote, »based on equity (to your point, Tony Lake), equity for



each and every person, including those of all the identity groups that make up the society, feels at home, feels that they belong, that they can play a full part in that society and at the same time, fulfil themselves.«

So the concept of a Shared Society complements a climate justice approach, embracing a people-centered approach, striving for greater social equity. Just as sustainable development – as we’ve heard repeated over and over here in Rio – is based on a balance between three pillars of social, environmental and economic development, so climate justice is based on a linked approach to human rights, climate change and development.

Climate justice is a human-rights based approach to combating climate change, which seeks equitable outcomes to both protect the vulnerable and provide access to benefits arising from our transition to low carbon development. These are the 1.3 billion people who have no access to electricity, the 2.7 billion that still cook on charcoal, on animal dung and firewood. And that’s in a population of seven billion, on top of the other inequities of the approximately billion who go hungry at night and hear their children wake up crying, hungry in the morning, who are undernourished and some of them stunted so they won’t reach their full potential.

Is there something wrong with us as human beings that we can’t see we need a new paradigm of development?

This is not a way out panel up here. This is a panel of respected insiders. And listen to us! We are frustrated that we are at a point where the resources of our world are becoming exhausted, where we’re heading for a warming of our world which is frightening, where the population increase is more dramatic than we have ever seen, rising to about nine billion by 2050, and where the intergenerational inequity also has to be brought out.

As one of the Elders, with Gro Brundtland, we’ve been in discussion with Youngers, and it has been heartening as well as enlightening to know how strongly they have a sense that they want to claim now the future that we’re destroying, before we can destroy it, I’ll put it that way. They are actually saying, »We cannot tolerate this to continue because we have a much longer span than you have.« And they point out that political decision makers tend not to be young, tend not to have that future perspective that is necessary. In fact, have such

short term perspectives, of the four to five years until the next election, or perhaps it is six months that is the time scale. So we know these disconnects.

I believe that we need, at least in the climate area, to move from just relying on the science, and the science is extremely important, and the principles of climate justice respect the science and are based on it as well, but for a human-centered approach we need to gather in the impacts of climate now on millions of people. But we also need to build those other constituencies of demand, the constituencies around children, around workers, around women, around young people, around vulnerable people, around indigenous communities, and actually make those constituencies of demand agree on about five of six things.

And I honestly believe we are going to have to come out of Rio, re-energized to do that because we have not had the leadership in Rio. And we have to make democracy a mobilization of people worldwide to stop the rot of the inequities and the way we are destroying the ecosystems of our world.

I’m sorry, but as a grandmother, I have four grandchildren who will be in their 40s in 2050, along with nine billion other people, I do not believe at the moment that they will have a safe world, and that is what it’s all about. We have to do something.



Annex

Toward A Global Shared Societies Agenda to Promote Long-Term Inclusive and Sustainable Growth

The Concept of Shared Societies

The working definition of Shared Societies used here is based on an approach to social inclusion developed and adopted by the Club de Madrid. It is defined as a society based on equity, where each and every person, including those from all the identity groups that make up the society, feels at home, feels that they belong, that they can play a full part in that society and, at the same time, fulfill themselves. A Shared Society can be understood as one in which individuals share an equal capacity to participate in economic, political and social opportunities regardless of their religion, ethnic or linguistic group, and where as a consequence relations between groups are peaceful.

There is, correctly, a growing concern about current levels of overall inequality and their negative impact on economic performance. Equally Shared Societies are not only inherent desirable but they too offer an economic dividend. Shared Societies may offer more certainty for investors; less transaction costs for entrepreneurial activity; facilitate greater domestic resource mobilization for governments; ensure a more sensitive and sustainable approach to resource exploitation and development as a result of greater public involvement; and improve creativity, productivity and overall human wellbeing. The costs of social divisions, and of missing out on the Shared Society dividend may be significant and the ultimate consequences for the sustainability of human economic and social life, devastating.

The following proposals address the question of what policy options provide the best opportunities to encourage greater equality, inclusion and sharing and thereby facilitate the creation of a more effective, efficient and sustainable economic system. They were developed during a seminar in Washington on 22 April 2012 in the context of the Spring meetings of the IMF/World Bank in which representatives of the following organizations took part: Asian Development Bank, G20 Mexican Presidency, International Labour Organization, International Monetary Fund (IMF), International Trade Union Confederation, Organisation for Economic Co-operation

and Development, UN Children's Fund, UN-Department of Economic and Social Affairs, UN Development Programme, UN Regional Commissions (ECLAC and ESCWA), UN Women and World Bank.

Objective of a Global Shared Societies Agenda

1. To create agreement that the social dimension should become an integral part of macroeconomic and financial policy-making through the application of robust economic and social policies that are complementary and mutually reinforcing and promote sustainable and inclusive societies.
2. To create consensus that policies should be audited by those issuing and implementing them in respect to their contribution to a Global Shared Societies Agenda.
3. To enable phased implementation of the Global Shared Societies Agenda on national, regional and global levels, thus contributing to the reduction of excessive inequality and the promotion of social cohesion in the interest of shared global stability and prosperity.

Assumptions

- There should not be a boundary between economic and social policy.
- A Global Shared Societies Agenda is focused on promoting a long-term sustainable and inclusive growth process and as such contributes to overall national wellbeing and economic progress.
- Long-term sustainable and inclusive growth takes place in an era of greater volatility in the global economic system than previously, so planning for systemic shocks must be a part of the overall outlook. A Global Shared Societies agenda should act as an automatic stabilizer in response to crises and protects people.



- Shared Societies reduce the threats to political systems arising from inequality and exclusion from participation in society.
- Forging a shared society is the responsibility of every government, together with local authorities, civil society organizations/non-governmental organizations (CSOs/NGOs), and relevant social partners, and every Intergovernmental institution has a responsibility to encourage and support national efforts.

Requirements

- Shared Societies require transparent governance and better coordination and coherence between national, regional and global institutions, including financial institutions.
- They also require an agreed vision of the goal of a Shared Society and specific criteria by which progress towards that vision can be assessed.

In support of a Shared Societies agenda, we recommend action in the following policy areas:

National:

- Public expenditure policy
- Taxation
- Monetary policy
- Social protection
- Education and Health
- Labor market institutions
- Gender Mainstreaming, including Women's Empowerment
- Economic decision-making/transparency & accountability/voice and participation
- Indicators

Global and Regional:

- International monetary system
- Sovereign debt restructuring
- International tax cooperation
- Financial and macroeconomic regulation and supervision



NATIONAL

National economic policies that support a Shared Societies Agenda will limit inequality; guarantee fair and equitable access to resources, knowledge and opportunities; combat poverty; tackle exclusion and underdevelopment in peripheral areas and among marginalized minority communities; design austerity measures when required so that they target those most able to bear them and not those least able to resist, and as a result ensure that all members of society can play a full and valuable role in the economy as producers, consumers and tax payers. Specific policies can be implemented in each policy area.

Public Expenditure Policy

The composition of public expenditures should be guided by the support each item provides to strengthen the productive capacities of an economy and to reduce inequality.

Implementing well-designed cash transfers that tackle poverty and reduce inequality, and investing in social sectors such as health, education and social security are needed for a shared society as well as to reduce disparities that create conflict.

Political action should be taken on the following:

- Ensure that appropriate levels of public investment spending are maintained.
- Assess the impact and desirability of specific subsidies and where deemed necessary (especially food and energy) ensure that they do not provide perverse incentives.
- Target transfers in cash and kind to reduce excessive inequality and protect the vulnerable.
- Ensure that public expenditures are efficient.
- Assess the differential impacts of current and proposed expenditure policies on each group within society and each geographical area, in order to achieve greater economic and social inclusion.
- Support employment-intensive activities that enhance sustainability, such as investments in renewable energy and energy efficiency
- Provide incentives and support for small and medium enterprises (SMEs).
- Ensure the representation of all groups of society in a transparent and accountable budget process.

Taxation

Taxation policies which are progressive will reduce high levels of inequality, which are not compatible with Shared Societies. Taxes should be collected transparently and efficiently. Broadening the tax base is important to ensure equity and to secure adequate funds for implementing necessary policies and so that there is a high level of tax compliance.

Political action should be taken on the following:

- Tax rates on capital income and other sources of income should be equal.
- Taxation should be progressive.
- Provide support to improve tax administrations where they are weak. Consumption taxes are an easier alternative to administer although they can be regressive and therefore need to be structured properly so as not to hit the poor and marginalized groups unfairly.
- Developing countries that strongly rely on trade tariffs for revenue should explore options to diversify their revenue base, without precluding the role that such tariffs play as an important policy option in order to protect and support employment and productive capacities. However stronger economies need to act decisively and quickly to remove tariffs which unfairly disadvantage developing economies, while unnecessarily protecting sectors of their own economies.
- Taxation should give incentives for SMEs and other opportunities for employment creation and monitor the results.
- Broadening the tax base is important – the informal economy needs to be included – not only to increase revenue but to hasten the incorporation of the informal sector in the economy and stimulate a fiscal compact which encourages greater identification with state finances.
- The financial sector, which is under-taxed compared to other sectors in most countries, should contribute more tax revenue, including through financial transactions taxes
- Tax regimes and collection mechanisms should be designed to avoid corruption.
- International tax cooperation is necessary to curb tax avoidance and evasion.



Monetary Policy

Monetary policies have, in recent decades, tended to target price stability and, more recently, a consensus is forming around its role in targeting financial stability. But looking at monetary policy from a Shared Societies perspective may call for tempering or trading off those targets with others such as employment, growth, exchange rates, distribution of income or financial inclusion, as the experience of some central banks illustrates. More discussion and research is needed, however, on what are the appropriate trade-offs, the most relevant targets or even the best ways to measure them in order to support Shared Societies.

Political action should be taken on the following:

- Assess social dimensions of monetary policies and their impact on specific groups (for example the implications for the value of pensions and savings). These considerations should determine monetary policy design, acknowledging that the models for doing so will be contingent on social and economic contexts.
- Promote open debate and study of alternative monetary policy targets and their distributional impacts with a view to increase knowledge on the issues.
- Ensure strong and well regulated systems for managing monetary policy.

Social Protection

Social protection structures are an integral part of a long-term sustainable growth policy that takes into account increased volatility in the global economic system and the consequent economic shocks that come from it. Social protection also serves as an automatic stabilizer in crises.

Individuals covered by social protection schemes are more secure and therefore more able to plan ahead and participate more fully in the economy. If conditionalities such as attendance by children at school or health clinics are included, they may offer additional benefits by equipping the next generation to play a full role in the economy.

The following principles for designing social protection floors enable the productive participation of all in the economy: 1) universality, 2) production of social bene-

fits, and 3) flexibility to enable rapid deployment to identify those in temporary jeopardy and keep them from falling into long-term poverty or dependency.

Many poor economies already provide social protection systems and have demonstrated that they are affordable, but nonetheless more affluent economies should support and help to finance such programs.

Political action should be taken on the promotion of, among others, the following, necessary components of social protection:

- Establish, nationally and internationally, the basic components of a social protection system and determine the necessary level of provision required for individual countries.
- Identify an appropriate mix of cash transfers and provision in kind, including food based programs and provision of facilities and equipment to allow participation in training and employment.
- Programmes which include conditionalities must be designed, targeted and monitored carefully, or they will fail to reach those most in need either because they live in remote areas, they are not registered in national data or they belong to marginalized communities.

Education and Health

Beyond being necessary components of social protection, strong educational and health care systems are central to the very creation of Shared Societies, as quality education and health are prerequisites for meaningful participation in a Shared Society in order to achieve long-term sustainable growth. Resources are a necessary though not sufficient requirement for ensuring access to good and effective health and educational provision.

Political action should be taken on the following:

- Protect spending on education and health services, even in times of budgetary constraints.
- Provide adequate access to training for personnel and ensure, perhaps with incentives, that well trained staff are available to all sections of the community, including the most remote regions of the country.



- Assess if services are provided in culturally sensitive ways so that all sections of society including women feel able to avail of the provision.
- Establish monitoring systems, with international support where necessary, to check regional and identity group differentials in access to education and health services and correct imbalances.
- Use conditionalities in transfers as an incentive to participation in education and preventative health programs and monitor if the programs reach all sections of the community and if they have an impact on education and health outcomes.

Labor Market Institutions

Deregulated labor markets have weakened employment security provisions and taken away basic social protection (e.g. ineffective unemployment benefit systems), thus contributing to rising inequalities. Strong labor market institutions are necessary to redress the undesirable consequences of deregulated labor markets. As such, they support shared societies and help to prevent inequalities from developing.

Political action should be taken on the following:

- Apply International Labor Standards appropriate to local circumstances.
- Review and if necessary enhance anti-discrimination laws to ensure equality of access to job opportunities and protection of those in employment.
- Create or strengthen fair employment agencies to assess policy for its impact on employment transitions, job creation and decent work.
- Strengthen collective bargaining and trade union rights (freedom of association).
- Apply national – but not necessarily uniform – minimum wage systems.
- Strengthen social dialogue processes.

Gender Mainstreaming and Women's Empowerment

Ensuring the full and equal participation of women is not only necessary from a human rights perspective, but women play a critical role in supporting their families and communities and thereby secure the economic

benefits of shared societies. Therefore it is essential that policies ensure that the benefit of economic, political and social opportunities are available to all regardless of gender or sexual orientation.

Political action should be taken on the following:

- End practices of gender-based exclusions from all sectors of economic participation, especially the job and assets markets.
- Wage-setting processes should include a commitment to end disparities between men and women, taking into account the cost of social reproduction and reproduction of the labor force.
- In embedding social indicators in macroeconomic and financial policy-making, a special effort is required to consider gender-disaggregated data and identify and overcome gender biases in data-gathering methodologies.

Economic Decision-Making/Transparency & Accountability/Voice and Participation

Voice and participation for all groups regardless of race, ethnicity, religion, gender, class or other group identity ensure that the interests of those groups are taken into account and that the kind of policies proposed here are more likely to be adopted. It limits the influence of vested interests that reject or dismiss the policies needed to overcome social division and marginalization of certain groups. It enhances the sense of recognition for individuals, an important dimension of the well-being fostered by Shared Societies. Voice and participation are necessary to foster a sense of ownership of public affairs and to arrive at broadly-accepted solutions to economic challenges faced by society. Ignoring and suppressing the views of all sections of the population has significant costs in the form of limiting potential contributions to economic life.

Political action should be taken on the following:

- Promote transparent audits of economic and social policies, with participation of the countries and people, followed by concrete commitments and action.
- Ensure accountability of leaders regarding the objectives of shared societies.
- Foster and invest in empowerment for all sectors to participate without conforming to a dominant culture.



- Increase the use of mechanisms, such as polls, consultations, town hall meetings and referenda as well as modern electronic media, that allow wider participation by the whole population.

Indicators

Social policy interventions require the expansion of the range of information available for decision-makers on macroeconomic and financial policy. Indicators on social cohesion and shared societies are relevant to evaluate macroeconomic and financial outcomes. Therefore, quantitative data on hard economic performance need to be weighed together with more qualitative measures such as levels of social capital, wellbeing and social trust to see how one can make more nuanced assessments of socio-economic development and produce improved decision-making. The fact that qualitative data is harder to collect than quantitative data does not make them less relevant and important in policy formulation and assessment processes.

Examples of useful social indicators:

- Global Peace Index
- Social Unrest Indicator
- Inclusive Growth (ADB uses 35 indicators to evaluate inclusive growth)
- Human Development Index
- Social Cohesion (OECD uses 5 indicators to evaluate social cohesion)
- Social Inclusion Index (The Council of the Americas has recently produced one for Latin America)

There are many other useful social indicators that should be listed.

What useful social indicators should do:

- Show trade-offs in political decision-making.
- Make policy choices clear.
- Create knowledge about shared societies.
- Demonstrate changes over time.
- Utilize data that is disaggregated and differentiated to household level.
- Be evaluated for their limitations (e.g. some countries in the Arab Region had very good pre-revolution human development indicators).

Political action should be taken on the following:

- World Bank and UN, in collaboration with the IMF should prioritize research for more meaningful indicators.
- Auditing systems should be developed to include these indicators in processes of policy development and negotiation of support from the World Bank and IMF.
- Surveillance procedures should include social indicators alongside the current emphasis on macroeconomic and financial indicators.



GLOBAL & REGIONAL

The international monetary and financial frameworks should »do no harm« and support and encourage the appropriate national and regional policies leading to inclusion, stability and shared societies. The current approaches in all policy areas do not adequately take into account the social dimension. Incorporating a shared societies agenda into frameworks for policy development will significantly increase their potential to ensure global and regional financial systems that promote sustainable inclusive growth. The following areas need action:

International Monetary System

The international monetary system should support long-term sustainable growth through an enabling environment for full employment and countercyclical fiscal and monetary policies in all countries while avoiding contractionary biases.

Political action should be taken on the following:

- International mechanisms to provide liquidity.
- Diversification of international currencies.
- Strengthen the role of Special Drawing Rights (SDRs).
- Governance reforms to guarantee appropriate voice and representation for all countries and proper policy coordination between countries.

Sovereign Debt Restructuring

International frameworks for sovereign debt restructuring are required for more orderly, timely, and less costly resolutions of sovereign debt crises. By shifting the incentives of creditors they will also contribute to a fairer allocation of risks and rewards in financial activity.

Political action should be taken on the following:

- Develop a statutory basis for sovereign debt restructuring, which takes social impacts into account.
- Ensure that ad-hoc debt restructuring is also socially sensitive.

International Tax Cooperation

Given the high mobility of capital and businesses and the unfair implications of tax havens, tax cooperation to avoid a race to the bottom and to ensure that individuals and companies pay their fair share of taxes in all places where they operate or transact is increasingly a requisite to enable increased revenue-raising capacity at the national level.

Political action should be taken on the following:

- Eliminate evasion via transfer mispricing.
- Develop an international agreement on the location of tax liability for individuals and corporations.
- Enhance capacity building in tax authorities of poor and middle income developing countries.
- Develop international co-operative arrangements to combat tax avoidance and evasion.

Financial and Macroeconomic Regulation and Supervision

In liberalized financial systems, recurrent financial crises are inevitable. Two key principles provide the necessary framework for regulatory reforms: comprehensiveness and counter-cyclicality. Comprehensiveness of transparency for all actors and activities is required as well as comprehensive and equivalent regulation and supervision. In addition to being comprehensive, regulations should have a strong counter-cyclical focus to avoid the excessive accumulation of leverage and increase of risk-taking during booms, as well as to prevent asset-price bubbles from feeding into credit expansion. Financial and macroeconomic regulation and supervision should incorporate social and environmental elements as macro-economically relevant variables. Surveillance must be underpinned by governance reforms to ensure compliance by all countries and political acceptance in the subject countries.

Political action should be taken on the following:

- Regulate the »shadow financial system«, which includes unregulated agents and instruments, including offshore centers, investment banks, collateralized debt obligations, structured investment vehicles and derivatives.



- Ensure the registration and disclosure all relevant variables for all financial institutions.
- Enable countercyclical regulation so that provisions and/or capital required for financial institutions will increase as risks are incurred and fall when loan-expansion slows or reverses.
- Further broaden and democratize the membership and representation in the Bank of International Settlement (BIS) and Financial Stability Board (FSB), to promote a well-functioning network of national and regional authorities, with appropriate coordinating powers given to the apex of the system.

For further information about the Global Shared Societies Agenda, please contact Sara Burke, Senior Policy Analyst at the Friedrich-Ebert-Stiftung, New York sburke@fesny.org or Carla Fernández-Durán, Program Officer at Club de Madrid cfernandezduran@clubmadrid.org.



Authors

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Michelle Bachelet currently serves as the first Under-Secretary-General and Executive Director of UN Women, established on 2 July 2010 by the United Nations General Assembly. From 2006–2010, Ms. Bachelet was President of Chile. Prior to her Presidency, she also held ministerial portfolios in the Chilean Government as Minister of Defense and Minister of Health. Under Ms. Bachelet's leadership, UN Women is now leading, supporting and coordinating work on gender equality and the empowerment of women at global, regional and country levels. This follows her major successes as President, which include redirecting billions of dollars in revenues to support pension reform, social protection programmes for women and children, and research and development, despite the financial crisis.

Gro Harlem Brundtland served as Prime Minister of Norway from 1986–1989 and 1990–1996. Following this, she was appointed Secretary General of the World Health Organisation and served in this capacity until 2003. In 2007 she was appointed Special Envoy for Climate Change by UN Secretary-General. Throughout her political career, Dr Brundtland expressed concern for issues of global significance. In 1983 the then United Nations Secretary-General invited her to establish and chair the World Commission on Environment and Development (the Brundtland Commission). The Commission, which is best known for developing the broad political concept of sustainable development, published its report *Our Common Future* in April 1987. The Commission's recommendations led to the Earth Summit – the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992.

Sharan Burrow is General Secretary of the International Trade Union Confederation (ITUC), the world's peak labour union body, which represents 175 million workers in 155 countries and has 305 national affiliates. Ms. Burrow began her working life as a school teacher. She is known for her international advocacy on labour standards, women's and migrants rights, sustainable development, climate change, corporate accountability, investment in infrastructure and the transition to the green economy. She represents workers in global policy discussions at the G20, the World Bank, International Monetary Fund and United Nations bodies. She was a member of the Stakeholder Council of the Global Reporting Initiative, the UN Global Commission on International Migration and the Governing Body of the International Labour Organisation.

Ángel Gurría has been Secretary-General of Organization for Economic Cooperation and Development (OECD) since June 2006. He was re-appointed to a second mandate in September 2010. In his capacity at OECD, Mr. Gurría has reinforced the organisation's role as a »hub« for global dialogue and debate on economic policy issues while pursuing internal modernization and reform. Mr. Gurría is a Mexican national and came to the OECD following a distinguished career in public service in his country, including positions as Minister of Foreign Affairs and Minister of Finance and Public Credit in the 1990s. Mr. Gurría holds a B.A. degree in Economics from UNAM (Mexico) and a M.A. degree in Economics from Leeds University (United Kingdom).



H. E. Enrique Castillo Barrantes has served as Minister of Foreign Affairs for the Republic of Costa Rica since 2011. He is a distinguished lawyer, diplomat, academic and writer, having undertaken various official posts, including Costa Rican Ambassador to France (1986–1990), Minister of Justice (1994–1995), and Permanent Representative to the Organization of American States (OAS) (2007–2011). Mr. Castillo has degrees in Law and Sociology conferred by the University of Costa Rica as well as a Master’s and Doctorate Degree in Law and Sociology conferred by the University of Bordeaux, France. He has also authored various books and articles on law and criminology published in Argentina, Mexico, New York (United Nations), Costa Rica, Panama, Peru, Spain and France.

Anthony Lake is the sixth Executive Director of the United Nations Children’s Fund (UNICEF). Over a career spanning 45 years of public service, Mr. Lake has worked at the most senior levels of the US government, including his tenure as National Security Adviser (1993–1997). He also served as the U.S. President’s Special Envoy in Ethiopia, Eritrea, and Haiti. Mr. Lake’s experience in international development began in the 1970s, as Director of International Voluntary Services, one of the world’s oldest peace organizations. He has also served on the Board of Directors of Save the Children and the Overseas Development Corporation. Over the past ten years, Lake has been an International Adviser to the International Committee of the Red Cross, and Chair of the Marshall Legacy Institute. From 1998 to 2007 he served on the Board of the US Fund for UNICEF, with a term as Chair from 2004 to 2007, after which he was appointed a permanent honorary member.

Mary Robinson served as President of Ireland from 1990–1997. She resigned in 1997 to take up an appointment as United Nations High Commissioner for Human Rights. She served as High Commissioner from 1997 until 2002. Ms. Robinson has been Honorary President of Oxfam International since 2002 and is also a founding member and Chair of the Council of Women World Leaders. Mary Robinson’s newest projects are the Ethical Globalization Initiative (EGI), which seeks to incorporate human rights into the globalization process and support capacity building and good governance in developing countries; and the Mary Robinson Foundation – Climate Justice, a centre for thought leadership, education and advocacy on the struggle to secure global justice for those many victims of climate change who are usually forgotten – the poor, the disempowered and the marginalised across the world.



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