CRISSES OF INEQUALITY

Shifting Power for a New Eco-Social Contract
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Our world is in a state of fracture, confronted with severe crises, increasing inequalities and unravelling social contracts. Now is the time to act to secure our future and co-construct a new eco-social contract that delivers for people and planet.

Today’s extreme inequalities, environmental destruction and vulnerability to crisis are not a flaw in the system, but a feature of it. Only large-scale systemic change can resolve this dire situation.

Inequality has been a driver, amplifier and consequence of multiple and overlapping crises—economic, social, political and ecological. The result is a vicious cycle which is disrupting the basis for human life on this planet and eroding prospects for a dignified and peaceful life for all. Vulnerable and marginalized groups, who face multiple intersecting inequalities, are worst affected, falling further behind. Elites can largely shield themselves from adverse impacts of crises and often even exploit crises for their own gain.

We can create pathways toward a new eco-social contract based on a vision of justice, equality and sustainability. To do this, we need a new development model with three key pillars: alternative economic approaches that centre environmental and social justice and rebalance state–market–society–nature relations; transformative social policies based on a fair fiscal compact; and reimagined multilateralism and strengthened solidarities.

Those in power work to preserve and perpetuate a system that benefits the few at the expense of the many. Only if we rebalance existing power structures and create new alliances can we achieve transformative change. Progressive political leaders, inclusive coalitions, active citizens and social movements need to come together to co-create a new eco-social contract for climate and social justice.
Introduction

There is perhaps no more telling example of the way in which our current world order is bent toward injustice than the Covid-19 pandemic, simultaneously so universal and experienced so differently from person to person and place to place. The period since the virus was first detected in early 2020 has been marked by extensive loss of life, severe economic downturn, the rolling back of many human development indicators and an overall increase in poverty. Yet, at the same time, it also brought significant gains for a very small group of people, as wealth concentration at the top has intensified since the pandemic began. Such an extreme increase in human suffering matched by an equally extreme increase in profit and privilege has been the unfortunate refrain running through the history of recent crises, growing louder with each passing year. With a central focus on inequality, this report starts from the premise that a system in which a global health crisis can double the wealth of the 10 richest men in the world (Oxfam 2022a; see figure 1) while sending more than 120 million people into extreme poverty (UN 2021) signals a broken social contract, leaving behind far too many people and failing to protect our planet.

The damage wrought by Covid-19, HIV and other pandemics is not the result of the viruses alone, but of how they make space in, and expand, the fissures of our unequal society.

–Winnie Byanyima
Executive Director, UNAIDS
Only seven years ago the world seemed to be set on a more hopeful path. In 2015, the international development community agreed on an ambitious agenda to “transform our world,” with an unprecedentedly broad and transformative development vision enshrined in the 2030 Agenda for Sustainable Development (UN 2015). Unlike the era of the Millennium Development Goals, the new agenda included an explicit commitment to reduce inequalities within and between countries, as stipulated in Sustainable Development Goal 10. With only eight years remaining to make this ambition reality, the context for achieving the vision of Agenda 2030 has never been more daunting because of a number of urgent challenges. These include the unprecedented concentration of wealth and income (Chancel and Piketty 2021; UN DESA 2020a) and disparate progress in reducing poverty; the elite capture of political processes and institutions (Bartels 2008; Gilens 2012); the rise of austerity, privatization of essential services and rolling back of the state (Ortiz et al. 2020); nationalism and right-wing extremism as well as backlash against egalitarian and human rights discourses and movements (Radačić and Facio 2020; Roggeband and Krizsán 2020); insecurity, conflict and increasing numbers of forcibly displaced people (UN DESA 2020b; UNHCR 2022); evolving technology creating new divides both within and between countries (UNCTAD 2021a); and the climate crisis and biodiversity loss threatening our very existence (Dasgupta 2021; IPCC 2021; UNDP 2020). The Covid-19 pandemic has exacerbated the corrosive effects of the current system and the inequality it has wrought (Oxfam 2021, 2022a), revealing its lack of resilience to shocks, while in the context of the recent Russia–Ukraine war energy and food prices have skyrocketed and severe geopolitical tensions have emerged. The result is a world in a state of fracture, and at its heart is inequality.
Inequality has been both a root cause and an amplifier of multiple crises—economic, social, political and ecological. The unprecedented concentration of wealth and income among individuals, groups and corporations is a defining feature of the present moment (Credit Suisse 2021; Oxfam 2018), one characterized by interconnected and compounding crises which can be understood as endogenous to the current economic system. In the past three decades, the top 1 percent of humanity has captured nearly 20 times the amount of wealth as the bottom 50 percent (Oxfam 2022a). This wealth and income concentration at the top is both a result and a driver of elite power (Hujo and Carter 2022).

Empirical evidence shows that inequality along all dimensions is highly detrimental for our societies and economies, undermining economic development and poverty reduction, well-being and health, democracy, participation and social cohesion, as well as social, environmental and economic sustainability (see, for example, Berg and Ostry 2011; Chancel 2017; Dorling 2019; Mounk 2018; Stiglitz 2012; Therborn 2013; UNDP 2019; UNRISD 2010; Wilkinson and Pickett 2009).

As inequality continues to increase within and among countries as a result of neoliberal policies and recent crises, vulnerable groups are especially hard hit (Hujo and Carter 2019a; Oxfam 2021). Race, ethnicity, caste, citizenship status, gender identity, sexual orientation, age, disability and a number of other factors continue to play a crucial role in determining people’s capabilities and social outcomes (Stewart 2013, 2016).

The current sense of crisis and insecurity contrasts with a picture of considerable development gains throughout the world since the second half of the twentieth century, including expansion in human development for the majority of the earth’s people, reduced poverty, greater longevity, advances in gender equality, progress in reducing various forms of discrimination, enhanced capabilities and widespread...
access to technology. However, these benefits have been unequally distributed, and past gains can quickly be eroded when crises hit (UN 2022a).

This moment of crisis has not arrived in a vacuum but has emerged in the wake of various trends (figure 2), including globalization, technological progress, demographic change—such as ageing, migration and urbanization—and shifting global power structures. These long-term trends have on the one hand presented opportunities for human progress in terms of growth, poverty reduction and well-being. On the other hand, they have often produced highly unequal outcomes within and between countries and with regard to different social groups, as well as new risks and profound environmental impacts. This report argues that this outcome is partly due to the way in which long-term trends were shaped by policy approaches associated with the neoliberal shift that was spearheaded by several countries in the global North in the early 1980s. This shift has created a context and vicious cycle of rising inequalities, instability and crisis (UNRISD 2000, 2010; Utting et al. 2012). As a consequence, benefits have been distributed unequally while costs were offloaded onto subaltern groups, global South countries and the environment (Fraser 2021), hollowing out social contracts and destroying the global commons (Meagher 2022; Standing 2019).

To understand how we got to this moment, the report will analyse how the age of neoliberal globalization and related policy choices are at the heart of the present challenges, having paved the way for the current model of unsustainable hyperglobalization, which creates an inescapable gravity toward inequality and crises. It reveals how deep fractures run through societies and economies, manifesting in inequalities, segregation and polarization, conflict and social exclusion, and what their root causes are; and it explores how broken social contracts can be reformed and transformed into eco-social contracts to overcome current challenges, protect people and planet and set us firmly onto more sustainable pathways.

In today’s era of rentier capitalism, there has been a plunder of the commons. ... In the process, social inequalities have worsened by more than can be measured by monetary incomes.

–Guy Standing
Professorial Research Associate, SOAS University of London
Inequalities in Times of Crises
A Vicious Cycle

Over the past half century, the efficient operation of the market for the pursuit of private profit has been allowed to run roughshod over any notion of the public good.

–Mariana Mazzucato
Professor, University College London

Crisis by design

When taking a deeper look at the system which has ushered in an age of crisis, we understand that the inequality, environmental degradation and lack of resilience it has produced is not an unfortunate by-product, but rather built in by design. As this report demonstrates, inequality and crisis are intimately linked, bound together in an escalating spiral, with each reinforcing and compounding the other to a point of extreme vulnerability, disparity and unsustainability.

We understand crises as systemic threats and disruptions that undermine livelihoods and social provisioning and put individual or collective response mechanisms under stress, often leading to a reversal of past achievements and hard-fought progress, and pushing vulnerable and marginalized groups further behind (Heintz et al. 2021; UN 2021).

Our current economic model of neoliberal hyper-globalization produces and reproduces inequalities, is prone to volatility and fails to stay within planetary boundaries. Instead, the economy serves to create and reproduce crises in various spheres (Fraser 2021;
<table>
<thead>
<tr>
<th>Crisis</th>
<th>The economic and financial crisis of 2008-9 led to:¹</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>1.8% ↓ 9.9% ↓ 9.0% ↓ global output 9.9% ↓ global trade 9.0% ↓ investment</td>
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<tr>
<td>In the US, in 2008-10, committed financial sector support amounted to 5.197 billion USD, whereas announced fiscal stimulus measures only reached 829 billion USD.¹</td>
<td></td>
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<tr>
<td>Financial crises undermine women’s participation in the formal workforce, their presence in politics, their educational attainment, and their health outcomes.⁵</td>
<td></td>
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<tr>
<td>The average stimulus per capita spending in developed countries was USD 10,000 compared to USD 20 in LDCs in 2020.⁶</td>
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| Human-induced climate change has already led to approximately 1.1°C of global warming.⁷ |
| The world’s richest 1% emit more than twice as much CO₂ as the poorest 50% of the population.¹⁰ |
| Currently, 80% of all people who live in low-elevation coastal zones, areas most vulnerable to sea level rise from climate change, are located in developing countries.¹¹ |
| Over the past 50 years, the occurrence of weather-, climate- and water-related disasters has increased five-fold.⁹ |

| In 2015, 2.1 billion people in the world were in need of care, and that number is expected to reach 2.3 billion by 2030.¹² |
| Women perform 76.2 percent of all unpaid care work globally, 3.2 times as much as men.¹⁵ |
| More than 40% of all children below primary-school age—or nearly 350 million—need childcare but do not have access.¹³ |
| The effective coverage of persons with severe disabilities receiving benefits in 2015 was just 9 percent in Asia and the Pacific compared to above 90 percent in Europe.¹⁵ |

| Civic space is severely limited in 87% of countries.²⁰ |
| The top 90 media owners (public and private) account for 30-50% of the world’s major media assets.²⁰ |
| When rich voters (5th income quintile) and poor voters (1st income quintile) disagree on an issue, poor voters are on average 31% less aligned with their representatives than the rich.²¹ |

| During the pandemic, there were 6.2 million officially reported deaths.²² |
| Non-official death estimates were more than twice as high as of April 2022.²³ |
| Only 15.2% of people in low-income countries received at least one vaccine dose by April 2022, compared to 79.4% in high-income countries.²⁷ |
| The 10 richest men in the world doubled their wealth during the pandemic.¹⁰ |
| Compared with the last quarter of 2019, in the second quarter of 2020 the number of domestic workers in the workforce decreased by 5–20 percent in most European countries, by about 50 percent in Latin America and the Caribbean and by 70 percent in Peru.²⁸ |
Offé 1976; see figure 3), from economic and financial crisis; to the crisis of climate change, biodiversity loss, pollution and unsustainable resource use; to the care crisis that manifests itself in a shortage of care for those in need and a disproportionate amount of unpaid care work placed on women; to a political crisis that is characterized by increasing power asymmetries, backlash against human rights, decreasing citizen trust and eroding state legitimacy, and an unprecedented level of protests and violent conflicts. The Covid-19 pandemic is a “great revealer” of the inherent flaws of this system, both in terms of the conditions that led to it, specifically the closing-in of human civilization on natural ecosystems, and the outcomes it has produced. Acknowledging this would allow us to move to a bolder agenda for transformative change, addressing the structural drivers of crises and inequalities (UNRISD 2016; Utting et al. 2012).

How did we arrive at this model? Despite the opportunities that state-led development and early globalization during the post-Second World War era offered for poverty reduction and social progress, there was a radical shift toward market fundamentalism in the early 1980s. This was spearheaded by governments and institutions in the global North and led to increased instability, inequality and uneven development. Despite efforts to counteract the adverse impacts of liberalization, deregulation and privatization policies through a “social turn”—a gradual shift in ideas and policies which reasserted social issues in development agendas around and after the UN Social Summit in Copenhagen in 1995—fundamental challenges remained unaddressed (UNRISD 2016). Social protection strategies focused on targeting the poor through social assistance programmes (for example, conditional cash transfers), while social services, employment and the macroeconomic drivers of inequality and crisis continued to be sidelined.

The financial crisis of 2008, which originated in the United States and quickly spread across the world, revealed the detrimental impacts of the neoliberal turn on institutions, stability and livelihoods, and the overreliance on market instruments to address growing imbalances and social exclusion. The crisis resulted in a severe disruption of the global economy, with highly negative spillovers to national economies. It was driven by inequalities that had built up during the era of neoliberal globalization, in particular rising income and wealth inequalities (Horn et al. 2009; Rajan 2010; Stiglitz 2012; Stockhammer 2015), and accelerated by a risky incorporation of vulnerable groups into financial markets. Structural factors such as racial and gender inequality (in particular of single-parent households) and worsening class distribution of income (Dymski et al. 2013; Fukuda-Parr et al. 2013) contributed to the crisis. In a context of stagnating wages, housing and consumption credit was made easily accessible to these groups, despite their limited ability to serve this debt and manage associated risks. As the crisis unfolded, inequalities increased further due to adverse impacts on labour markets, household assets and access to public goods. Policy responses to the crisis had mixed impacts on inequalities, mostly favouring big corporations, banks and creditor countries rather than vulnerable groups. After an initial array of countercyclical policies, austerity and fiscal consolidation measures gained ground once fiscal space was exhausted and market pressure increased (Ortiz et al. 2020). This gave way to a scenario of skewed and slow recovery that has come to be known as the Great Recession (Grusky et al. 2011).

In addition to frequent economic and financial crises, the world is confronted with an unprecedented environmental crisis rooted in colonialism and exploitative resource extraction from the global South that has fueled industrialization in the global North as well as an economic system prioritizing profit over people and planet (Gough 2017; Monkelbaan 2021; Raworth 2018). Many planetary boundaries, the outer limits at which humanity can continue to develop sustainability, have been exceeded (Rockström et al. 2009), with both ecological and social consequences (Raworth 2018) and without achieving basic development standards and social rights for all. The majority of CO₂ in the atmosphere has been created by rich industrialized nations, with the United States and Europe accounting for over half of the global total as of 2020 (Our World in Data n.d.). Between 1990 and 2015, the wealthiest 10 percent of humanity accounted for 52 percent of cumulative emissions, with the top 1 percent alone accounting for over 15 percent (Oxfam 2020a). While the poor and marginalized contribute the least to climate change, they are also the most likely to be harmed by it and they have the fewest resources to cope with it (see box 1).
Box 1. Transformative adaptation in coastal cities: Lessons from Ho Chi Minh City and Jakarta

Rapid and uneven urbanization and economic growth makes coastal cities home to many people vulnerable to climate impacts. The number of urban slum dwellers has continued to grow (Dodman et al. 2019a) and led to more people highly exposed to flooding and living in overcrowded housing with little tenure security, poor water and sanitation, poor access to social services and unable to have their voices heard by political leaders (Dodman et al. 2019b). Urban upgrading is an attempt to tackle this situation by removing precarious settlements along rivers and canals to reduce exposure and relocate people to improved housing. However, in practice, this has forced many low-income and marginalized people to the outskirts of the city and unsettled their livelihoods.

In Ho Chi Minh City, low-income migrants are the most vulnerable group as they are often not registered or recognized as citizens, which limits their access to administrative resources and information. They have reported unstable livelihoods as a result of urban upgrading projects, as well as a lack of transparency in project planning and implementation. In general, upgrading projects focus most often on technical aspects, while social and cultural considerations, including restoring the livelihoods of affected people after resettlement, are left unresolved.

In Jakarta, participation in and communication between the city and its residents has improved, but the overall development vision for Jakarta remains that of a world-class waterfront city with little to no room for informal settlements (“kampung”). Researchers and civil society representatives have pointed to the important knowledge, creativity and potential of kampung dwellers who have been living with floods and adapting to them for a long time. While from an official perspective it is argued that large-scale infrastructure measures and upgrading efforts are necessary to protect the people of Jakarta, ignoring localized adaptation knowledge from kampung practices in city planning represents the continuation of business-as-usual approaches that tend to favour elites and reproduce existing inequalities.

UNRISD research has shown that much can be done in order to meet the needs and preferences of the affected households when more emphasis is placed on social impacts and support systems. Transformative urban upgrading and inclusive adaptation requires governance reforms that allow for learning from local experiences, and that harness the potential of individual leadership and innovation that is currently undermined by hierarchical decision-making structures.

Sources: Huynh and Nguyen 2020; Simarmata and Surtiari 2020; Tran and Krause 2020; UNRISD 2021a, 2021b

The destruction of our natural environment is not the only crisis threatening humanity in current times. Care is a society-wide service performed by a variety of actors that is essential for the maintenance of our social, economic, political and cultural institutions, and for our continued existence. However, the capacities of societies to engage in such forms of social reproduction under our current economic system are under severe pressure (Dowling 2021a; Fraser 2016). The care crisis has emerged as a result of several developments. First, the number of persons in the world in need of care is growing. In 2015, 2.1 billion people in the world were in need of care, and that number is expected to reach 2.3 billion by 2030 (ILO 2018a). At the same time, the pool of available caregivers is shrinking. This is related to a number of factors, including increased participation of women in the labour market as a result of shifting gender norms and advances in women’s rights (creating increased demand for care as women navigate employment and care responsibilities) and the reduced role of extended family members in caretaking as a result of migration, urbanization and shifts in family structure (ILO 2018a). Finally, state investment in care has dropped off in recent years because of cuts to social budgets as a result of austerity policies and decreased tax revenue. Additionally, the amount of time and resources needed to be dedicated to care and domestic work is highly influenced by the availability of social services and social infrastructure such as energy, water and transportation, as well as the quality and accessibility of education and health services (Razavi 2007; UN Women 2018). These factors have a particularly significant impact on women, who take on a disproportionate share of unpaid labour, spending on average three times as many hours as men on unpaid care and domestic work (Esquivel and
The paid care sector is characterized by an erosion of working conditions, understaffing and low pay, often experiencing further downsizing during crises or political shifts (ILO 2018a).

The care crisis is a long-term systemic crisis that has become more severe in the aftermath of the global financial crisis in 2008 and the Covid-19 pandemic (Batthyany 2020). The Covid-19 pandemic has demonstrated the essential value of care work, both paid and unpaid, as well as intersectional inequalities associated with the sector relating to gender, class, race/ethnicity or caste, informality and migrant status. Inequalities and underinvestment in care provisioning lead to heightened risk for both caregivers and care receivers, greater economic losses for care providers and the entire economy, and increased amounts of unpaid care work delivered by women and girls, creating time poverty and undermining their capabilities (Antonopoulos et al. 2012; UN 2020a; UN Women 2020b, 2020c).

Political crises of various kinds are making headlines daily, from presidents being ousted by military forces, to elected political leaders caught in corruption scandals or gradually undermining democratic institutions, to new military conflicts such as the most recent Russian invasion of Ukraine that has resulted in a brutal war. Political crises have a bearing on the political order and challenge existing social contracts, even if not all lead to a complete breakdown or radical change of the political order. Some symptoms of crisis include increasing protests and decreasing levels of trust. People are taking to the streets in unprecedented numbers to express mounting political and economic grievances and discontent with political leaders (Brannen et al. 2020; CIVICUS 2020; Ortiz et al. 2022). Much of the growing discontent and disenchantment in democratic capitalist regimes has been related to the multiple crises analysed in this report, which have adversely affected equality, social mobility and economic security (Offe 1976; Vaugirard 2007). The reasons for declining trust are mainly attributed to economic insecurity and poor or corrupt governance (Perry 2021), but also to rising inequality (Bjørnskov 2007; Gould and Hijzen 2016; Rothstein and Uslaner 2005). Further, the democratic political fabric is threatened by the growing influence of big corporations on policy making, shrinking policy space due to technocratic policy making and policy conditionalities which delegitimize governments (Crouch 2004; Mkandawire 2006; Reich 1991), and illiberal democracies and rising populism (Mounk 2018; Mudde and Rovira Kaltwasser 2017; Zakaria 1997).

Finally, the Covid-19 crisis has not only revealed the unequal structures in our societies but also acted as an amplifier of existing inequalities and pushed the less powerful and more vulnerable further behind. The pandemic spread quickly over the globe, putting health systems, state capacity and people’s resilience under severe strain. Death rates for Black Americans were 2.4 times higher than those for whites (Poteat et al. 2020). Women—and, in the United States, especially women of colour—have been more likely to lose their jobs during the Covid-19 crisis, stalling or even abandoning their careers and financial security (Oxfam 2022a). Lockdowns have amplified gender-based violence and violence against LGBTIQ+ individuals (UN 2020b; UN DESA 2020c). The pandemic has also intensified challenges migrants and refugees face in accessing social, economic and political rights in host countries (Foley and Piper 2021; Guadagno 2020; ILO 2020a). Persons living in disadvantaged neighbourhoods have experienced more severe impacts of the disease, whether directly
in terms of cases, or indirectly in terms of effects on livelihoods and quality of life (Alcântara et al. 2020; Guy 2020; Slattery et al. 2020). Vaccine inequality—the unequal access and roll-out of newly developed vaccines for Covid-19 in high- and low-income countries—as well as the huge difference in fiscal stimulus measures between the global North and South, were additional features of the crisis demonstrating how existing global structures and a lack of international solidarity reinforced inequalities (see figure 3). In addition, the economic impacts of Covid-19 have been much worse than those of the 2008 financial crisis, in particular in South Asia and Africa (UNCTAD 2021b), and led to a 3.4 percent decrease in global GDP in 2020.

While higher-income groups and countries can shield themselves more effectively against the negative consequences of climate change, environmental crises and pandemics than poor people and lower-income countries can, they are increasingly realizing that they cannot fully detach themselves from crisis impacts and their social and political consequences. Moments of crisis unsettle conventional thinking about development paths, disrupt accepted world views and present opportunities to rethink and change direction away from business as usual. The realization that everyone depends on the global commons and public goods and that no one is safe until everyone is safe opens a window of opportunity to create a new eco-social contract geared toward greater social inclusion, equality and ecological sustainability.

KEY MESSAGES: CRISIS BY DESIGN

ONE
Inequalities and crises are not inevitable, but to a large extent the result of policy choices. Our global economic system has ushered in an age of crises, with inequality, degradation and threats to resilience built in by design.

TWO
The shift toward market fundamentalism has increased inequalities, instability and systemic economic and financial crises, leaving all but the wealthiest highly vulnerable to shocks.

THREE
The environmental and climate crisis, closely related to global inequalities and unsustainable economic systems, is reaching dangerous tipping points. The richest individuals, corporations and countries in the world are responsible for the majority of CO₂ emissions, resource use and pollution, while vulnerable groups are most affected by the worst consequences of climate change and environmental destruction.

FOUR
There is a crisis of care, and it is hindering social development and progress toward gender equality. The global economy is characterized by entrenched patriarchal norms, a disproportionate amount of unpaid care work shouldered by women and communities, an undervaluation of care in the market and deficiencies in public care provision.

FIVE
Instability, insecurity, inequalities and the concentration of elite power are undermining trust, policy space and state legitimacy. Democracies are eroding or backsliding, and civic space is closing down. Political crises are multiplying, manifesting as violent conflicts, increasing protests and collective discontent, political polarization and media capture, with severe consequences for democracy, development and human rights.
The age of inequality: Intersecting inequalities and power

Getting to grips with the multifaceted nature of inequalities as both drivers and consequences of crisis and unsustainable development, the report unpacks vertical and horizontal inequalities, their intersections and their linkages with power. Income inequality and inequality related to group identity, when intersecting, reinforce each other (Crenshaw 1991; Kabeer 2014; Stewart 2013; UNRISD 2010). Poverty often exacerbates the structural violence and discrimination already suffered by individuals who belong to one or more marginalized category, for example, women and LGBTIQ+ groups, minority racial or ethnic groups, elderly or young persons, persons living with disabilities, informal sector workers, rural populations, and migrants and refugees.

Overlapping privilege is the other side of the coin, allowing us to explore how a small minority, the top 1 percent or 0.1 percent of wealth owners and income earners, accumulate disproportionate levels of resources and power. Inequality is a relational concept, reproduced in interactions between people. It is also a multidimensional concept that plays out differently across time—that is, over the life course and between generations—and space.

Inequality is not only a social and climate justice issue but has adverse impacts on key development indicators such as growth, macroeconomic stability, poverty reduction, health, nutrition and educational indicators, violence, social protection and employment (Chancel 2017; Lakner et al. 2020; Stiglitz 2012; Therborn 2013; UNDP 2019, 2020; UNRISD 2010; Wilkinson and Pickett 2009).

Economic inequalities to the extent we observe today are rooted in historical legacies and injustices and have further thrived in the age of financialization and hyperglobalization. They are driven by asymmetries in global trade, investment and financial regimes and a policy and regulatory environment that fosters the concentration of rents as well as tax avoidance and evasion by leading multinational corporations. While value is extracted at the lower end of global value chains, huge costs are imposed on workers, women, local communities and ecosystems (Kesselring et al. 2019; Milanovic 2016; Phillips 2017; Sachs et al. 2020; Stiglitz 2012; UNCTAD 2015). The flip side of increasing capital concentration and business power is the increasing livelihood insecurity of smallholders and micro-enterprises, and a growing precarious and mobile workforce made up of migrant, informal and gig economy workers. These groups often lack social protection and secure incomes and face heightened exposure to risks in times of crisis (Hujo and Carter 2019a; Meagher 2022; Standing 2014).

Lucas Chancel and Thomas Piketty (2021) find that within-country inequality dropped in 1910–1980 (while between-country inequality kept increasing) but rose in 1980–2020 (while between-country inequality started to decline; figure 4).

Between 1980 and 2020, the period of neoliberal hyperglobalization and financialization, the top 1 percent of income earners captured 22 percent of total world growth, versus 11 percent for the bottom 50 percent (Chancel and Piketty 2021). Convergence between countries was driven by the rapid growth of large economies such as China and India, and by higher per capita growth rates in the global South compared with the OECD (Bourguignon 2016). However, the world’s poor population continues to be concentrated in the global South, whereas
most of the rich live in the global North. About 84 percent of multidimensionally poor people live in sub-Saharan Africa (558 million) and South Asia (530 million) (Independent Group 2019). Despite a decline in relative inequality between countries, absolute disparities between rich and poor countries, for example, measured in average per capita income, have increased (UN DESA 2020a). Finally, while convergence appears in basic capabilities (countries in the low human development group are catching up more quickly than those in higher human development groups), divergence appears in enhanced capabilities, for example, life expectancy at older ages or share of adults with tertiary education (UNDP 2019).

Wealth distribution is even more unequal compared with income distribution (see figures 1 and 4), with the greatest concentration at the very top. This accumulation has been accelerating in recent years, reaching staggering numbers during the Covid-19 pandemic, during which a new billionaire was created every 30 hours (Oxfam 2022b).

Social inequalities, defined as disadvantages related to group status, compound economic inequality, resulting in entrenched structures of stratification that constrain people’s life choices and well-being, undermining social cohesion, democracy and economic development (Alkire et al. 2020; Hughes et al. 2009; Hujo and Carter 2019a; Independent Group 2019; see, for example, box 2). Groups affected by historical injustices and lack of resources and power are especially at risk (Jelin et al. 2017). Indigenous peoples suffer lack of access to appropriate public health systems, were not properly considered in the formulation of Covid-19-related confinement measures and had limited access to preventive information, such as updates about the disease in culturally and language-pertinent formats (IWGIA 2021; UN 2020c). In the United States, LGBTIQ+ people (16+) are nearly four times more likely to experience violent victimization than non-LGBTIQ+ people (Flores et al. 2020). Young workers, those aged between 15 and 24, are twice as likely to live in extreme poverty than adult workers. Eighty-five percent of people without access to electricity live in rural areas, with negative impacts on education, health and income (UN 2021). It is the most vulnerable citizens who face a disproportionate level of climate-related risk (Krause 2019; Tran and Krause 2020; see box 1). Around 2 billion workers worldwide are informally employed (with informal employment representing a larger share of women’s work), accounting for 61 percent of the global workforce, which means they tend to work in vulnerable conditions and earn lower incomes than people in salaried employment (ILO 2020b; Ghosh 2021). Many vulnerable groups do not benefit from any form of social protection. Less than 20 percent of older persons receive a pension, only 28 percent of persons with severe disabilities receive disability cash benefits, only 35 percent of children worldwide have access to social protection and only 41 percent of women giving birth are covered by maternity benefits (UN DESA 2020c).
Box 2. Universities and social inequalities in the global South

Higher education (HE), historically a privilege of elites, is now recognized as a key to social mobility and greater equality across gender and race, empowering disadvantaged groups and increasing their labour market opportunities (Carter and Hujo 2021). In the past several decades, more than one-third of secondary school leavers have been absorbed into some form of HE, up from one-fifth in 2000 (McCowan and Bertolin 2020). But these increases are not evenly distributed across countries and the increased participation in tertiary education has not necessarily been accompanied by sufficient formal employment opportunities for new labour market entrants, a situation that has worsened during the current Covid-19 pandemic (ILO 2021; Marginson 2016). Further, the demand for HE in many places in the global South has exceeded the capacity of public educational institutions, which experienced budget cuts during structural adjustment and subsequent fiscal crises. Growing demand has largely been satisfied by private providers, with impacts for affordability and accessibility of HE (UNESCO 2017). Rich students overwhelmingly outnumber poor students in terms of attendance rates and are much more likely to attend selective universities (Guzmán-Valenzuela 2016).

Recent UNRISD research found that while availability of HE opportunities for school leavers and adult learners has increased over the past decades, countries in the global South are still lagging behind compared with the global North. The expansion of private or fee-paying HE as the main mechanism to expand availability of opportunities reflects both fiscal constraints and international trends toward commercialization of public services. This has detrimental impacts on access and equity in contexts where inequalities are high and most student cohorts are from low-income families. In contexts where pressures for cost recovery and meritocracy compete with equity concerns, accessibility has been improved through policies such as subsidized student loans and living support schemes, expansion of subsidized programmes in public universities, quota systems favouring racial minorities in competitive entry exams, expansion of tertiary education infrastructure outside urban centres, and distance education.

Low-income or poverty status continues to be the greatest obstacle to access, with some minority ethnic groups and women from better-off families having managed to access fee-paying HE. However, racial and ethnic minorities, low-income students, students from public secondary schools or with parents of low educational attainment, or those living in remote areas are still facing obstacles to access and completion, whereas female students are often overrepresented in less prestigious and lower-return study programmes and institutions. This points to shortcomings in terms of horizontality and potential for social mobility in HE in the global South, with intersecting vertical and horizontal inequalities determining to a significant degree who can access HE and on what terms. For example, women tend to be overrepresented in less prestigious universities; private, fee-paying (with public no-cost universities in many countries being the most competitive and highest quality) or non-degree programmes; and degree courses with lower earning potential. This, combined with inequalities in access to social capital including family networks, labour market segregation, care responsibilities and other disadvantages described above, lead to lower returns of HE for women compared with men.

Source: Ayelazuno and Aziabah 2021; Gaentzsch and Zapata-Román 2020; Lebeau and Oanda 2020; McCowan and Bertolin 2020; Simson and Harris 2020

Economic and social inequalities both drive and are driven by political inequalities, as elites accumulate influence and power to preserve and perpetuate a system that benefits the few at the expense of the many. There are significant data to suggest that political systems bend toward the preferences of elites. These preferences vary to some extent across groups and places and are often related to elite perceptions of inequality and poverty (Atria et al. 2020; Krozer 2020; Moraes Silva et al. 2022; Seekings 2022), but elites are found to be overwhelmingly more satisfied with the system than average citizens, participate more and have more representation in politics (Bartels 2008; Cagé 2020; Dal Bo et al. 2017; Gilens 2012; Lupu and Warner 2022; Pontusson 2018). Elites wield influence over policies and legislation through various strategies, including influencing the electoral process through
business networks and lobbying, media control or outright state capture. In 2015, 69 of the world’s top revenue generators were companies, while only 31 were states (Dauvergne 2018). The largest companies have incredible sway over the global economy, as their investment is increasingly essential for economic and political stability worldwide (Korten 2015). In times of crisis, the influence of business in politics is often heightened and consequences amplified, as the state acts to protect them from shocks. For example, during the 2008 financial crisis, responses centred around bailing out banks and creditors rather than minimizing the impact on vulnerable groups. During the Covid-19 pandemic, corporations have played an outsized role in shaping policy responses (Oxfam 2020b), including, for example, in eliminating liability for workers’ health and safety, receiving tax cuts and stimulus money, and arguing for weaker environmental regulation (Earthworks et al. 2020; Encarnación López 2020; Gangitano 2020; Kopp 2020; Lazarus 2020; Myers 2020; Ross 2020).

Political inequality has significant implications for the possibilities for realizing progressive change, with particularly devastating impacts for vulnerable groups. Women and minorities face particular challenges stemming from social norms that place them at the bottom of power hierarchies, as well as institutional barriers and limited access. While women have achieved an expansion of basic capabilities such as voting rights, there has been little improvement in advanced capabilities such as active participation in political decision making (UNDP 2019): only 26 percent of all seats in national parliaments are held by women (IPU n.d.). Further, findings from an UNRISD project on LGBTIQ+ inclusion indicate that most LGBTIQ+ respondents felt that in practice they cannot engage in political processes without the risk of discrimination, and that if they did, their position would not be taken into account as much as that of a cisgender heterosexual citizen (Kaplani and Carter 2020). Progress toward reducing emissions is also often highly curtailed by elite influence, as wealthy individuals and companies are able to wield their resources and power to influence environmental policy and commitments at national and global levels (Oxfam 2020b).
### Key Messages: Intersecting Inequalities and Power

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<td><strong>High levels of economic inequality</strong>, often converted into steep power imbalances, <strong>undermine sustainable development and prevent transformative change</strong>. When intersecting with inequalities related to group identity such as gender or race, they can lead to protracted situations of marginalization and oppression.</td>
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<td><strong>Social inequalities between groups along lines such as gender, race, ethnicity or caste, age, disability, citizenship and other characteristics are based on and reproduce hierarchies by applying discriminatory rules and practices</strong>. These social inequalities often intersect with poverty and a lack of economic resources, negatively impacting people, the economy and equity. Marginalized groups fare less well with regard to social outcomes, with intersecting forms of inequality compounding vulnerability.</td>
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<td><strong>Economic inequalities</strong>, which have spiraled upward during neoliberal globalization, <strong>lie at the heart of power asymmetries and elite domination</strong>. While an overall decrease in global inequality between countries has been driven by a small number of large emerging economies, gaps in terms of income and other development indicators have expanded for many developing countries.</td>
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<td><strong>Political inequalities and power asymmetries drive and are driven by social and economic inequalities</strong>, as elites accumulate influence and power to preserve and perpetuate a system that benefits the few at the expense of the many. This is a more than challenging context for realizing progressive change and has particularly devastating impacts for vulnerable groups and the environment.</td>
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PART III

A New Eco-Social Contract for a More Equal, Just and Sustainable World

Toward a new eco-social contract: Actors, alliances and strategies

In a world of multiple crises, rising inequalities and social injustice, large numbers of people are beginning to question the principles, values and public institutions our societies are founded upon, what philosophers such as Hobbes, Locke and Rousseau have called the social contract (Hobbes 1996 [1651]; Locke 1823 [1690]; Rousseau 1762). In this report we argue that the social contract that has dominated the twentieth century—an implicit bargain between economic imperatives of growth and productivity, and social imperatives of redistribution and social protection—has broken down and cannot sustain the transformative vision of the 2030 Agenda. During the age of neoliberal globalization, increasing inequalities and multiple crises have undermined social contracts in different contexts, producing a political crisis of trust and legitimacy and a crisis of social reproduction, while humanity has not yet found an effective mechanism to secure the protection of nature or the rights of future generations. The UN Secretary General has reinvigorated the call for a new social contract during the pandemic (Guterres 2020) and in his Our Common Agenda Report (UN 2021), as have different voices from business sectors, trade unions and social movements (Kempf et al. 2022).

Visions differ on what an ideal social contract should look like. Indeed, it is important to recognize the variety of normative and real-world social contracts as well as the power asymmetries and structural inequalities shaping them. Real-world social contracts tend to be far removed from a notion of free and equal persons creating a society based upon rules to which all agree (Sen and Durano 2014; Ulriksen and Plagerson 2014). Rather, social contracts reflect existing power structures and inequalities at multiple levels and in varied forms, creating de facto contracts of domination (Mills 2007; Pateman 1988). They often do not grant broad-based political participation to non-elite groups, focusing in the best case on other legitimizing factors such as security or welfare provision (Desai 2022; Loewe et al. 2021). More often than not, they are the result of elite bargains and market power (Therborn 2014).
Social contracts can be found in any society. There is a large diversity of social contracts, each emerging from different contexts and shaped by historical and contextual factors. In Africa, communitarian approaches dedicated to the common good such as Ubuntu—‘I am because we are’—imply that individuals define themselves through their relationship with the community (Chemhuru 2017). Buen Vivir, the Living Well paradigm, a holistic vision inspired by Indigenous knowledge and values that promotes harmonious relationships between humans and nature, is the normative foundation for national development strategies in the constitutions of Bolivia and Ecuador (Barié 2014; Paz Arauco 2020). Another communitarian approach is Ecoswaraj or ecological self-rule or self-reliance (Kothari et al. 2014). It combines the concept of Swaraj, used by Gandhi in India’s independence struggle, with ecology. As with any social contract, communitarian philosophies and imaginaries are not insulated from economic and political interests. They need constant engagement by grassroots movements and others who defend their intrinsic meanings (Desai 2022).

Recent history shows that social contracts are not set in stone but renegotiated when contexts change, or when contracts are losing legitimacy and support. Countries have created new social contracts at critical junctures, in response to regime changes, citizens’ demands and social struggles, embarking on a variety of institutional and policy reforms. For example, in Africa, social contracts were rewritten by independent post-colonial governments concerned with nation building, state legitimacy and social cohesion, contributing to economic and social development (Adesina 2010; Aina 2021; Mkandawire 2009; Noyoo and Boon 2021; Nugent 2010). During the neoliberal era, social contracts associated with welfare capitalism or nation building were increasingly replaced by new types of contracts that emphasized individual responsibilities to the detriment of communal values, redistribution and public provision, leading to increasing inequalities and a weakening of public institutions (Alfers et al. 2022; Meagher 2022; Nugent 2010; Prügl et al. 2021; Sen and Durano 2014). Constitutional reforms associated with democratization processes (see box 3), progressive land reforms, or expansion of social rights during the period of the social turn that brought social policy back onto development agendas in the 1990s and 2000s (Cornia 2021; UNRISD 2016) are different examples of how social contracts have been renegotiated, often with real benefits for vulnerable or previously excluded groups.

**Box 3. Renegotiating the social contract in the aftermath of the Estallido social (social outburst) in Chile**

Protests in Santiago de Chile in October 2019 were triggered by a hike in metro fares but quickly turned into a rally against inequality and high costs of privatized education, health and social security systems. They united around 1.2 million people, including many middle-class citizens, in what was the largest protest march since the country’s return to democracy in 1989. Increasing living costs and constraints on social mobility were associated with the neoliberal economic regime that was imposed under the Pinochet dictatorship since 1981 and which produced disproportionate benefits for wealthy economic and political elites, with few fundamental modifications since the democratic transition. While the country had seen mass protests before, in particular those led by the student movement demanding free education services in 2012 and a march of one million in 2016 calling for a reform of the country’s privatized pension system (Pribble 2017), the 2019/2020 protests reached a new scale, prompting the government to declare a state of emergency in the capital city and resulting in violent clashes with security forces (DW 2019). The protests in Chile not only gained broad media attention across the world but also achieved concrete government responses addressing their claims, the most important one being the election of a constitutional convention tasked with drafting a new Magna Carta, replacing the much criticized constitution dating from the Pinochet era.

Considering the linked economic, social, ecological and political crises faced worldwide, organizations and movements are calling for the creation of a new social contract among people, between citizens and governments, and between people and nature. The United Nations has a strong voice in this process, based on its charter and its comprehensive human rights framework; its different organizations working for peace, security, economic stability and sustainable development; and the emerging climate governance regime. The 2030 Agenda for Sustainable Development represents a high-level
Ordinary people should be front and centre in developing green climate policies. People have a range of resources and creative potential to influence the process: as voters, as wealth owners, as consumers, as citizens and as holders of knowledge.

– Kumi Naidoo
Activist

Global consensus on the key objectives that a new eco-social contract needs to fulfil.

This report posits that the social contract needs a fundamental overhaul if we aim to achieve sustainable development for all; it must become an eco-social contract, incorporating the ecological dimension and creating a new contract for the planet and future generations. This new eco-social contract needs to be grounded in a broad consensus between different stakeholders, embarking on a democratic, inclusive and participatory decision-making process at multiple levels, and feeding evidence-based policy proposals into decision-making forums. The basic idea of a new eco-social contract is to foster a range of deliberative processes at local, national, regional and global levels, in different sectors and with different sets of stakeholders, to arrive at a shared vision, concrete objectives and commitments and accountability mechanisms.

For a new eco-social contract to be sustainable, there has to be a broad societal and global consensus regarding the questions of what the common public goods are (for example, keeping global warming under 1.5°C, providing decent work for all, and maintaining global peace and security in line with the UN Charter), how to arrive there and how to finance them. Achieving such a consensus might not be a smooth process, nor a quick fix, but it should be a democratic, inclusive and transparent process. Bargaining for a new eco-social contract also requires being explicit about normative foundations and values. We need to rethink the current principles and values that guide our societies and economies and that underpin the policies and institutions needed to overcome urgent development challenges. Based on the evidence and analyses presented in this report, we argue that a new eco-social contract should be instrumental in reconfiguring a range of relationships that have become sharply imbalanced—those between state and citizens, between capital and labour, between the global North and the global South, between humans and the natural environment. It should be based on rebalancing hegemonic gender roles and relations rooted in patriarchy, remedying historical injustices and strengthening solidarity at community, national and global levels. New eco-social contracts can be guided by a vision that aims to make social contracts more inclusive, just and sustainable by achieving seven goals: human rights for all, progressive fiscal contracts, transformed economies and societies, a contract for nature, historical injustices addressed, gender justice, and solidarity.
A new development model for social, economic and environmental justice

If we want to harness crisis as an opportunity for change, the time to act is now. A new development model is needed that promotes social, economic and environmental justice, reduces inequality and addresses economic, social, environmental and political crisis drivers. We propose a model that is grounded in an integrated approach consisting of three pillars that are mutually reinforcing (see figure 5): alternative economic approaches that centre environmental and social justice and rebalance state–market–society–nature relations, transformative social policies underpinned by a fair fiscal contract, and reimagined multilateralism and strengthened solidarities.

Alternative economic approaches need to overcome one of the key contradictions laid out in this report: the exploitation of people and planet and growing inequalities that erode the social contract. They also have to provide a counter-narrative to the belief that free markets and the private sector on its own can deliver sustainable growth and development (UNCTAD 2019). And they need to put key relationships on a new footing—those between states and markets, between different market actors and along global value chains, and locally between markets and communities.

Different actors, including governments, trade unions and international organizations, are proposing a Green New Deal, which will require international cooperation and a rethinking of multilateral institutions to ensure the rules work to promote social, economic and environmental justice, while guaranteeing it is also a good deal for the global South (Gallagher and Kozul-Wright 2019; Gough 2021; Pettifor 2019; UNCTAD 2019; Yu 2021). Civil society and climate justice organizations in particular often propose just transition projects and plans that envision fundamentally different futures, are often rooted in solidarity economy thinking and tackle different dimensions of existing injustices and inequalities intersectionally (JTRC 2019). Business actors are increasingly active in seeking ways to incorporate environmental, social and governance concerns into their operations, and new approaches to corporate sustainability reporting as proposed by UNRISD are a step toward measuring progress toward sustainable development.
**Figure 5. A new development model for social, economic and environmental justice**

7 **Principles for building a new eco-social contract**

- Human rights for all
- Progressive fiscal contracts
- Transformed economies and societies
- A contract for nature
- Historical injustices addressed
- Gender justice
- Solidarity

3 **Pillars of a new development model that promotes justice, equality, sustainability and resilience**

1. **Alternative economic approaches**
   - that centre environmental and social justice and rebalance state-market-society-nature relations

2. **Transformative social policy**
   - underpinned by a fair fiscal contract

3. **Reformed and strengthened multilateralism and solidarities**

11 **Policy platforms for reducing inequality**

- Universal social policies
- Food systems sovereignty and nutrition policies
- Labour market and employment policies
- Gender equality policies
- Fiscal policies
- Anti-discrimination policies and affirmative action
- Business and market regulation
- Democratic governance and access to rights
- Socially sustainable environmental policies
- Global governance reforms and global redistribution
- Urban policies
more effectively while providing incentives to apply more transformative approaches (Utting and O’Neill 2020). Overarching economic policy concerns are related to the question of how to best create an economy that is stable, sustainable and dynamic, creates decent and productive employment, and is conducive to innovations and technological progress that help to tackle the big challenges of our times while minimizing incentives for negative behaviours such as greed and corruption. The current economic policy environment tends to favour powerful economic actors such as multinational corporations and big business to the detriment of smaller entities, some of which are operating based on greater environmental sustainability and democratic governance. The state role has often been reduced to fixing so-called market failures and providing an enabling environment for investors (Mazzucato 2013). In the context of globalization this has often meant the liberalization and deregulation of the market, monetary stabilization policies and socializing investment risks of for-profit enterprises, which allows them to rake in huge profits without paying the costs related to their operations (Gabor 2021). To make our economies more inclusive, sustainable and productive, it is imperative to rethink and retrofit the role of the state in economic development (Mazzucato 2021; UNCTAD 2021b). This would involve changing relations between states and markets, better governance of global value chains and new relationships between market actors and communities, embedding economic activities back into social and territorial contexts that are more conducive to inclusiveness, human rights and sustainability.

Social and Solidarity Economy (SSE) is an alternative economic approach that could meet these requirements. By institutionalizing collective action and re-embedding the economy into society and promoting forms of production, exchange and consumption that protect both people and the planet, it aims to realize emancipatory purposes within economic spheres and the wider political economy (UNRISD 2016; Utting 2015; Yi 2017). By facilitating environmentally and socially sustainable production, exchange and consumption, SSE recentres the commons and strikes a new equilibrium between the economy and society to ensure that everyone has what they need to live well, the essence of a new eco-social contract (Gough 2021; Standing 2019; Unmüßig et al. 2012). As this report shows, appropriate legal frameworks and public policies are critical to promote SSE and maximize its potential for making economies and societies more sustainable (see box 4).

Social policy and a fair fiscal contract play a key role in shifting the current development model toward social and climate justice (UNRISD 2010, 2016). They are at the core of a new eco-social contract, benefiting the economy and society, strengthening social cohesion and trust, and providing legitimacy and credibility to governments. Institutionalized, long-term, universal and human rights-based approaches to social protection, which empower all segments of society to play a role in the development of their communities, are key to reducing inequalities and building resilience in the face of future shocks and crises (UN DESA 2020c). Transformative social policies have a particular role to play in redistributing unpaid care work in society and supporting social reproduction, tying together the spheres that have been separated and which led us into the current crisis scenario. Social policy is also highly important for stabilizing the economy through so-called automatic stabilizers (when the

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**SEWA’s experience of organizing informal sector women workers for over five decades in India has shown that, to address the multiple challenges these workers are facing, there is a need to strengthen their collective agency, bargaining power and leadership to help them fight against unjust working conditions and bring them voice, visibility and validity as workers.**

– Reema Nanavarty
Executive Director, Self-Employed Women’s Association
economy contracts in a downturn, tax receipts decrease and transfer payments increase, and vice versa during booms), for production through investing in a healthy and educated workforce, and in terms of redistributing market income to increase equality, with positive impacts on growth and poverty reduction (Mkandawire 2004). Social insurance and assistance programmes protect people against lifecycle and market risks and are key instruments to cushion the impacts of crises, shocks and humanitarian emergencies (UNRISD 2010, 2016).

There is a need to reinvent ideas around care and care ethics and how care work and care services are valued in market and non-market spheres (Fraser 2016; Ulriksen and Plagerson 2014). Care needs to be at the centre of a new economic and social model. Global trends such as ageing and the Covid-19 pandemic have demonstrated that we are at a tipping point of a care crisis. To curb this development, we need publicly funded (universal) care services including health care, and we need to improve the working conditions of care workers, including domestic workers, while creating a supportive context for unpaid caregivers through policies that increase access to social services and social protection and facilitate the combination of paid and unpaid work, for example, through labour market regulation and parental leave policies (ILO 2018a; UNRISD 2016, 2018a, 2018b, 2018c). Reforming the care economy and our approach to care is an essential step toward a new gender contract grounded in justice.

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**Box 4. Promoting SSE through public policies: Guidelines for local governments—Dakar**

In Senegal, the economy has been growing at an average annual growth rate of more than 6 percent between 2016 and 2019. Recent growth has been driven mainly by domestic demand, fueled by public spending and household income growth, including remittances from Senegalese workers abroad. Despite economic growth, unemployment and underemployment rates still reached 16.9 percent and 27.7 percent respectively in 2019. The rates are higher in rural areas and for women. In 2019, the unemployment rates for women and men were 27.6 percent and 8.6 percent respectively. The majority of Senegalese citizens do not think they share the benefits of economic growth, and poverty is entrenched.

Two notable SSE responses to this situation of growth without broader social development gains have been housing cooperatives and health mutuals. In the context of rising costs of housing, the cooperative option has become an alternative for people who want to own a house. In the Dakar region, more than 600 housing cooperatives have been established. In addition, more than 100 health mutuals have been set up since 2012. They provide health insurance, filling the large gap in public health provision, and contribute to the improvement of health conditions of people in Senegal in both urban and rural areas.

Responding to the growth of the SSE sector and its benefits, the Senegalese government established SSE as a priority sector within the framework of the Emerging Senegal Plan, placing it as the second most important among five major initiatives. The government decided to promote and develop the SSE sector since the productive and redistributive function of SSE can help disadvantaged and marginalized people share in the benefits of economic growth and consequently strengthen democratic society.

In June 2021, the Senegalese national parliament passed the SSE Framework Law, which introduced the official definitions of the terms used in the SSE sector, special taxes for the SSE sector, and the creation of a National SSE Council which will be the key national institution to promote SSE. RACTES (Réseau des Acteurs et Collectivités de l’ESS—Network of SSE Actors and Communities) played a significant role in providing inputs to the lawmakers and lobbying to pass the SSE Framework Law. In particular, its recommendations on policies to promote SSE, drawn from UNRISD’s research on “Public Policies for Social and Solidarity Economy: The Experience of the City of Dakar”, Senegal (Diop and Samb 2021) and “Guidelines for Local Governments on Policies for Social and Solidarity Economy” (Jenkins et al. 2021), have been adopted as Chapter IV. Mésures d’accompagnement et de promotion de l’ESS (SSE support and promotion measures) of the SSE Framework Law.

Sources: Diop and Samb 2021; RTES 2021
Transformative social policies, as opposed to residual or targeted social policies, are based on institutionalized rights and provide universal coverage for all and across the lifecycle, for example, universal child benefits and social pensions (Hujo 2014; Hujo and Carter 2019b; Hujo and Cook 2012), social inclusion policies (Koehler and Namala 2020), extension of coverage of social protection toward informal and self-employed workers (Abramo et al. 2019; ILO 2018b), basic income guarantees (UN Women 2021) and minimum wage policies (Francis and Valodia 2021). They include essential social services such as health and education as well as labour market policies promoting productive employment and decent work, while also expanding workers’ capabilities to flourish in their professional life and foster their capacities to adapt to changing economic environments (UNRISD 2016). If well designed and implemented, they can address intersectional inequalities, social exclusion and stratification, while creating a stronger sense of citizenship and solidarity (Ulriksen and Plagerson 2014). Supporting marginalized and vulnerable groups can be achieved through affirmative action, awareness raising and education, and measures to minimize discrimination and bias in policy implementation (Pires 2022). Integrated approaches with a potential for creating synergies between social policies and service delivery, for example, integrated care systems (Esquivel and Kaufmann 2017), and between social and environmental goals, for example, eco-social policies (UNRISD 2016), are of particular importance.

Social policies need to be financed through a fair fiscal contract (UNRISD 2016), guaranteeing both the sustainability of financing and the reduction of inequalities and negative social impacts (Hujo 2020; UNRISD 2021b). Taxation has the highest potential to contribute to demand growth, economic stability and greater equality when it targets high incomes, excessive windfall profits and related wealth accumulation and speculative activities (Oxfam 2022b; UNCTAD 2019) while providing incentives for sustainable production and consumption (see UN 2022b). Successful fiscal bargains at the national level require bringing economic elites back into the social contract. Reforms at the global level should foster global redistribution and sustainable access to finance, reduce external debt in the global South and curb financialization, tax competition and evasion and capital flight (UN 2022b; UNCTAD 2021b).

In a deeply integrated world where transnational issues are becoming more and more important, national policy reforms will only take us so far. The third pillar of a new development model for social and climate justice is a reformed global governance system, grounded in reimagined multilateralism and strengthened solidarities, recognizing the interdependencies of all people and between humans and nature (UNDP 2022). This global regime should create an enabling environment for security, peace, human rights and sustainable development, and seek to overcome the fractures and inequalities that are dividing us. Reining in neoliberal hyperglobalization and addressing global power asymmetries requires strengthening rules and regulations that would re-embed the global economy into social and ecological norms, increasing the weight of the global South in international relations and the global economy, empowering civil society’s voice and impact in multilateralism, and fostering solidarity and new values. This new development model must be underpinned by a transformative policy platform that aims to reduce inequalities (Hujo and Carter 2019a; see figure 5).

In sum, creating an economy and society that cares and thrives requires us to rethink priorities, move away from an exclusive focus on growth and profits, and change institutions, policies and behaviours that negatively impact our economy, environment and social relations, at national and global levels.

The key question is then how to arrive at the political support and financial means to put these suggestions into practice. Alliance building is essential to effectively harness the power of the many to rein in the influence of the few and to rebalance existing power structures. Such alliances take a very different form today than they did in the past, adapting and changing in the face of evolving economic systems, shifting identities, new forms of politics, new conceptions of class, a transformed world of work, and reimagined notions of family and community. For example, forms of collective resistance are emerging among digital workers, who are making use of social media to organize strikes and protests and establish unions or alliances, as well as mobilizing legal mechanisms to lobby for their rights (Meagher 2022). New forms of collaboration are emerging among marginalized groups as they apply various strategies to adapt to rapidly changing environments while stabilizing their livelihoods.
They develop innovative strategies to increase their capital base for investments, such as in the case of fishers in Tamil Nadu (Rao and Manimohan 2020), or co-produce social services as a way to change their relations with state and market providers, for example, in the case of informal workers in India and Thailand (Alfers 2022). They build networks of different types of actors, such as between domestic workers and housewives in Uruguay, to mobilize for labour rights and gender equality (Rojas Scheffer 2022). Alliances between trade unions and other workers’ associations have increased minimum wages, improved occupational safety and health, and made advances in other forms of labour legislation through the use of social dialogue mechanisms and the constructive contribution of experts (Francis and Valodia 2021; Torres-Tovar 2019).

UNRISD research has shown that a combination of progressive leadership inspired by the common good and public interest and grassroots pressure from below, by progressive social movements and civil society organizations, supported by multilateral organizations and frameworks, can go a long way toward more sustainable and inclusive development approaches (UNRISD 2016). Learning from successful past experiences in fighting inequality and which policies and political strategies have worked provides lessons for future struggles (DFI and Oxfam 2020; Pathfinders for Peaceful, Just and Inclusive Societies 2021; Phillips 2020). It is only through this form of collective learning and acting that we will be able to both identify the strategies and summon the strength needed to support the necessary eco-social turn, and build a new eco-social contract based on a new sustainable development model that is not only more resilient toward crises, but also much more inclusive, egalitarian and in harmony with our planet than previous ones.
KEY MESSAGES: A NEW DEVELOPMENT MODEL

ONE

We need a new development model for social and climate justice. Implementing the vision of a new eco-social contract will require an integrated approach consisting of three pillars that are mutually reinforcing: alternative economic approaches that centre environmental and social justice and rebalance relations between the state, society, markets and nature; transformative social policies financed by a fair fiscal contract; and strengthened multilateralism and solidarities.

TWO

Alternative economic approaches—such as Social and Solidarity Economy, progressive proposals for a Green New Deal and just transition strategies—hold the promise to make our economies more sustainable and equitable. To achieve this transformation, states need to play an active developmental role and expand their policy space, particularly in the global South.

THREE

Transformative social policies are key tenets of a new eco-social contract. They include universal social protection and social services, integrated care systems and labour market policies fostering decent work and productive employment. They need to be based on a fair fiscal compact where rich people pay relatively more than poor people while promoting innovative financing instruments that support the transition to sustainability.

FOUR

Progress toward transformation at regional, national and local levels can be strengthened through a reimagined multilateral system and strengthened solidarities. International reform and regulation to support transformative change is needed in multiple areas: curbing tax competition and evasion; improving social and environmental standards along global value chains; reversing the concentration of economic and political power of the global business elite; and strengthening global redistribution and cooperation. Power asymmetries in multilateralism need to be rebalanced by empowering the global South and civil society actors.

FIVE

Transformative change can be supported by a new narrative, one that abandons the myths of self-correcting markets, endlessly renewable natural resources and “trickle-down” development. Such an approach must address structural crisis drivers, entrenched inequalities and internal contradictions associated with neoliberal hyperglobalization. Progressive leaders, active citizens and social movements need to join forces to achieve a truly inclusive vision of climate and social justice.
Endnotes

19. IPU (Inter-Parliamentary Union). n.d. Proportion of seats held by women in national parliaments (%). Geneva: IPU.
References


The United Nations Research Institute for Social Development (UNRISD) is an autonomous research institute within the United Nations system that undertakes interdisciplinary research and policy analysis on the social dimensions of contemporary development issues. Through our work, we aim to ensure that social equity, inclusion and justice are central to development thinking, policy and practice.

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Shifting Power for a New Eco-Social Contract

There is perhaps no stronger evidence of the pressing need to redesign our global system than the fact that a global health crisis doubled the wealth of the 10 richest men in the world while sending upwards of 120 million people into extreme poverty. This UNRISD Flagship Report shows how inequalities and crises reinforce and compound each other, leading to extreme disparity, vulnerability and unsustainability. It argues that this is not the result of a broken system but one in which inequality and injustice are built in by design. The social contract has unravelled to the great detriment of people and planet.

The report associates the multiple crises and increasing inequalities we are facing with policy choices promoted during the age of neoliberal hyperglobalization. It unpacks the implications for sustainable development and for disadvantaged social groups through the lens of intersectionality and power.

To address inequality, break the cycle of multiple and interlocking crises, and work towards a more equal, just and sustainable future, the report proposes the creation of a new eco-social contract and a policy approach based on alternative economies, transformative social policies, and reimagined multilateralism and strengthened solidarities.