

## **Tackling the Inequality Pandemic: A New Social Contract for a New Era**

*by António Guterres*

From the exercise of global power to racism, gender discrimination and income disparities, inequality threatens our wellbeing and our future. We desperately need new thinking to halt and reverse it.

We often hear that a rising tide of economic growth lifts all boats. But in reality, a rising tide of inequality sinks all boats. High levels of inequality have helped to create the global fragility that is being exposed and exploited by COVID-19.

The virus is shining a spotlight on inequalities of all kinds. It poses the highest risk to the health of the most vulnerable, and its social and economic impact is concentrated on those who are least able to cope. Unless we act now, 100 million more people could be pushed into extreme poverty and we could see famines of historic proportions.

Even before COVID-19, people everywhere were raising their voices against inequality. Between 1980 and 2016, the world's richest 1 per cent captured 27 per cent of the total cumulative growth in income. But income is not the only measure of inequality. People's chances in life depend on their gender, family and ethnic background, race, whether or not they have a disability, and other factors. Multiple inequalities intersect and reinforce each other across the generations, defining the lives and expectations of millions of people before they are even born.

Just one example: more than 50 per cent of 20-year-olds in countries with very high human development are in higher education. In low human development countries, that figure is 3 per cent. Even more shocking, some 17 per cent of the children born twenty years ago in those countries have already died.

The anger fueling recent social movements, from the anti-racism campaign that has spread around the world in the aftermath of George Floyd's killing to the chorus of brave women calling out the powerful men who have abused them, is yet another sign of utter disillusionment with the status quo. And the two seismic shifts of our age – the digital revolution and the climate crisis – threaten to entrench inequality and injustice even more deeply.

COVID-19 is a human tragedy. But it has also created a generational opportunity to build a more equal and sustainable world, based on two central ideas: a New Social Contract, and a New Global Deal.

A New Social Contract will join Governments, their people, civil society, business and others in common cause.

Education and digital technology must be two great enablers and equalizers, by providing lifelong opportunities to learn how to learn, to adapt and take on new skills for the knowledge economy.

We need fair taxation on income and wealth, and a new generation of social protection policies, with safety nets including Universal Health Coverage and the possibility of a Universal Basic Income extended to everyone.

To make the New Social Contract possible, we need a New Global Deal to ensure that power, wealth and opportunities are shared more broadly and fairly at the international level.

A New Global Deal must be based on a fair globalization, on the rights and dignity of every human being, on living in balance with nature, on respect for the rights of future generations, and on success measured in human rather than economic terms.

We need global governance that is based on full, inclusive and equal participation in global institutions. Developing countries must have a stronger voice, from the United Nations Security Council to the Boards of the International Monetary Fund and the World Bank and beyond.

We need a more inclusive and balanced multilateral trading system that enables developing countries to move up global value chains.

Reform of the debt architecture and access to affordable credit must create fiscal space to generate investment in the green, equitable economy.

The New Global Deal and the New Social Contract will put the world back on track to realise the promise of the Paris Agreement on Climate Change and achieve the Sustainable Development Goals – our globally-agreed vision of peace and prosperity on a healthy planet by 2030.

Our world is at breaking point. But by tackling inequality, based on a New Social Contract and a New Global Deal, we can find our way to better days ahead.

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António Guterres is the Secretary-General of the United Nations  
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