POLICY NOTE

FROM COMMITMENTS TO ACTION: MAKING INEQUALITY A CORE PRIORITY OF G20 ECONOMIC GOVERNANCE

Adriana Abdenur,
Global Fund for a New Economy

WORKSTREAM 5
SUSTAINING AND STREGTHENING GLOBAL COORDINATION ON SOCIOECONOMIC DEVELOPMENT AND PEACEBUILDING

T20 U.S.
An informal engagement of global think tanks

2026

From Commitments to Action: Making Inequality a Core Priority of G20 Economic Governance

Adriana Abdenur, Co-President of the Global Fund for a New Economy (GFNE)

Abstract

Inequality has become a defining challenge for the global economy. The concentration of wealth and economic power undermines economic opportunity, not only for individuals and households, but for entire economies. It can also erode social cohesion and democratic governance. At the present juncture in the global economy, inequality is shaping countries' ability to respond to technological change, including AI, climate disruption, and geopolitical instability. Yet inequality remains insufficiently integrated into economic policymaking, both nationally and internationally.

Recent G20 presidencies have set important precedents and, together, have created a political opening. Under the leadership of President Lula, Brazil's 2024 presidency elevated inequality as a cross-cutting priority. South Africa's 2025 presidency established the Extraordinary Committee of Independent Experts on Global Inequality, whose report – commissioned by President Cyril Ramaphosa – called for the establishment of an International Panel on Inequality (IPI). In September 2026, during the United Nations General Assembly, governments and experts launched the initiative before a packed room in New York. These developments reflect growing recognition that inequality is not simply a domestic social concern, but a structural feature of the international economy, with implications for both people and planet.

The challenge now is the implementation of this agenda at the international level. This note proposes three complementary priorities for the G20. First, to support the establishment of an independent IPI to identify the structural drivers of inequality and assess its trends in ways that can inform national and international policy decisions. Second, to encourage voluntary national inequality-reduction plans that set measurable targets and coordinate policies across government. And third, support for efforts to address the international constraints on national action in areas like debt, unequal access to finance, tax competition, and asymmetries in trade and technology governance – all of which can undermine domestic efforts to reduce inequality.

The United Kingdom's 2027 G20 presidency, South Korea's 2028 presidency, and the UK's 2028 G7 presidency provide opportunities to advance this agenda across successive summit cycles over the next two years. The objective should be a durable connection between independent assessment, national policy innovation and international economic reform.

DISCLAIMER: This policy note is independently authored and peer-reviewed. The views expressed are those of the authors and do not necessarily reflect the position of their institutions or the informal T20 summit secretariat.

Inequality as a structural problem

The global economy has generated enormous wealth over recent decades, but its gains have been distributed profoundly unequally. According to the G20 Extraordinary Committee of Independent Experts on Global Inequality, the richest 1% of the world's population captured 41% of new global wealth between 2000 and 2024, while the bottom half received just 1%.[1]

These figures reflect more than disparities in earnings. Wealth concentration allows economic advantages to accumulate across generations, shaping access to education, housing, productive assets, and political influence. Inequalities also intersect with other dimensions – such as gender, race, ethnicity, and geography – reinforcing patterns of exclusion that are difficult to reverse.

Inequality is not simply a problem of insufficient redistribution. It is shaped by how economies are organized. This is about who owns productive assets, how workers are compensated, which sectors receive public support, how taxes are collected, and how economic risks are distributed. Social protection and public services are indispensable, but they cannot compensate indefinitely for economic arrangements that systematically concentrate wealth and power.

New developments and compounded challenges are intensifying these challenges. Artificial intelligence (AI) could generate substantial productivity gains, but its economic benefits may accrue disproportionately to firms and countries that control computing infrastructure, data, and intellectual property, rather than to the workers whose labour contributes to creating that value. The energy transition offers opportunities for investment and industrial development, with its implications for inequality shaped by choices concerning employment, labour rights, ownership, technology, and access to affordable energy.

Meanwhile, high debt burdens and fiscal constraints limit the capacity of many developing countries to invest in productive transformation and public services. Meanwhile, high debt burdens and fiscal constraints limit the capacity of many developing countries to invest in productive transformation and public services. Trade and intellectual property (IP) rules, financial markets, tax systems, and technological dependencies further constrain their policy options. Major economies can subsidize domestic industries on a scale that poorer countries cannot match, while the international monetary and financial system gives richer countries far greater room to maneuver than developing others. These asymmetries constrain national efforts to reduce inequality, including by limiting governments' ability to pursue redistributive policies and shape the broader economic conditions that determine how income and wealth are generated and distributed.

For decades, influential strands of mainstream economic thinking treated inequality as a necessary price of economic growth, arguing that unequal rewards encouraged investment and

innovation. Research by researchers like Jayati Ghosh, Imraan Valodia, Joseph Stiglitz, and Thomas Piketty – reflected in the findings of the G20 Extraordinary Committee of Independent Experts on Global Inequality – has challenged this assumption. High inequality is not a prerequisite for growth and can itself undermine economic performance by restricting opportunities and limiting the productive potential of large parts of the population. Its consequences also extend to democratic governance: high inequality can erode trust in institutions and allow concentrated economic interests to exert disproportionate influence over public decisions.

The G20 Opening

The G20 is particularly relevant to the topic of inequality because its members shape both domestic economic policies and the international institutions governing finance, trade, taxation, and development. It also brings together advanced and emerging economies, whose experiences and policy priorities differ considerably and bring different perspectives to the table.

Recent G20 presidencies have elevated inequality within this forum. Brazil's 2024 presidency treated inequality, hunger, and poverty as interconnected challenges, including through the launch of the Global Alliance against Hunger and Poverty. South Africa's 2025 presidency went further by establishing the Extraordinary Committee of Independent Experts on Global Inequality, led by Joseph Stiglitz and Jayati Ghosh.

The Committee's report offered a comprehensive assessment of inequality and its structural drivers. It also proposed the creation of an International Panel on Inequality, drawing on the experience of international scientific assessment bodies. The proposal gained further momentum in September 2026, when Brazil, South Africa, Spain, and Norway, together with experts of the IPI Founding Committee and other supporters, advanced the initiative during the United Nations General Assembly's High-Level Week.

These developments mark important progress, but G20 initiatives often lose momentum as presidencies change. Inequality also risks being treated as a separate social issue, rather than a concern that should inform decisions on fiscal policy, debt, investment, trade, and technological development.

A second challenge is the lack of coherence across government policies. Most countries have measures to reduce inequality, but these often sit alongside economic policies that work in the opposite direction. Fiscal consolidation can disproportionately affect lower-income households, while industrial policies may channel public resources toward firms without ensuring broader benefits for workers. Infrastructure and climate policies, too, can deepen existing inequalities if their distributional effects are not addressed. The result is that governments may seek to reduce

inequality through social spending while reinforcing it through other areas of economic policy.

Addressing this fragmentation requires institutions capable of connecting evidence, political priorities, and implementation. Two instruments could help close this gap: an independent international assessment mechanism and national inequality-reduction plans. Together, they could provide a stronger foundation for sustained action.

Recommendations

1. Establish the International Panel on Inequality (IPI) and connect its work to economic policymaking

The G20 should support the establishment and long-term independence of the International Panel on Inequality (IPI). The IPI would address a gap in global economic governance. International institutions regularly assess growth, inflation, debt, and financial stability, but inequality remains fragmented across statistical systems, research initiatives, and policy processes. Existing organizations produce valuable evidence, yet there is no standing international assessment mechanism dedicated to synthesizing knowledge on inequality, examining its structural drivers and making this analysis systematically available to policymakers.

The IPI would not duplicate existing institutions. Instead, its contribution would be to bring together evidence across disciplines and regions and assess inequality within and between countries. This international mandate matters because dynamics like wealth concentration, the distribution of gains from AI, international tax competition, and unequal access to finance cannot be adequately understood through national statistics alone – they require analysis of the economic structures and cross-border relationships that shape distributional outcomes.

The panel's independence will be essential, as will inputs from civil society. Its governance should ensure scientific autonomy, meaningful representation from developing countries, and expertise extending beyond conventional economic analysis. It should also engage with civil society, labor organizations, and other actors whose knowledge can strengthen the assessment of inequality and its consequences.

The G20 could contribute through three practical steps:

a) Interested member states should provide political and financial support for the IPI's establishment, while safeguarding its academic independence.
b) The G20 should create regular opportunities for the panel's findings to inform discussions across the Finance and Sherpa tracks, including on fiscal policy, debt, employment, technological change, and sustainable development.

c) The G20 should encourage cooperation between the IPI and existing international institutions, including the bodies that make up the United Nations system, international financial institutions, regional organizations, and relevant statistical bodies.

2. Make inequality reduction a core objective of national economic planning

The G20 should encourage members to adopt or strengthen national inequality-reduction plans, with clear targets, institutional responsibilities, governance structures, and financing strategies. Inequality is not produced in one ministry and cannot be tackled by another acting alone. Governments routinely implement social policies to reduce inequality while adopting fiscal, industrial, or regulatory measures that reinforce it. National plans can help identify these contradictions and align economic policies around shared distributional objectives.

These instruments should go beyond poverty reduction. Raising the incomes of the poorest is essential, but it does not necessarily reduce the concentration of wealth and economic power at the top. National plans should address inequality across the distribution, including through policies that influence wages, ownership, access to productive assets, taxation, and public services.

Rather than prescribe a uniform model, the G20 should promote five elements that countries can adapt to their circumstances:

a) Plans should set targets to reduce income and wealth inequality, including disparities linked to gender, race, ethnicity, territory, and generation. They should also strengthen statistical capacities, particularly where information on wealth concentration remains limited.
b) Responsibility should be assigned at the highest levels of government, with clear roles for finance, planning, labor, industry, and other ministries. Plans should be connected to national budgets and investment priorities.
c) Major fiscal, industrial, technological, infrastructure, and climate policies should be assessed for their likely effects on inequality. This includes examining who benefits from subsidies, tax expenditures, infrastructure investments and regulatory changes.
d) Civil society, trade unions, researchers, and subnational governments should participate in setting priorities and monitoring implementation, with regular public reporting to strengthen accountability.
e) Plans should clearly identify funding sources, timelines, accountability mechanisms, and responsible institutions to avoid the risk of becoming another layer of commitments without consequences.

In Brazil, a proposal for a National Plan against Inequalities offers one example. Building on the National Pact against Inequalities, a civil society coalition of organizations working on different dimensions of inequality, the proposal – currently under consideration by the government Council for Sustainable Economic and Social Development – seeks to connect political commitments with coordinated government action. The debates underway illustrate the potential of combining interministerial coordination, participatory institutions, and measurable objectives.

Other G20 members have relevant experiences in national development planning and distributional assessments. The G20 should facilitate exchanges among these approaches rather than promote a single institutional template.

National plans, however, cannot succeed in isolation from the international economic environment. Many developing countries face high borrowing costs, heavy debt-service burdens, limited fiscal space and constraints on their ability to pursue industrial and technological development. The G20 should therefore connect national inequality plans to its work on sovereign debt, international taxation, development finance, trade and industrial policy. The IPI could help identify where international arrangements reinforce inequality and assess the distributional implications of alternative policies. This would also help bridge the G20's Finance and Sherpa tracks. Inequality cannot remain a social-policy concern discussed separately from the economic decisions that shape it.

Next Steps: Build Continuity Across G20 Presidencies

The United Kingdom's 2027 G20 presidency offers an opportunity to turn recent commitments into practical cooperation.

Two steps would be particularly useful. First, the G20 could agree on voluntary principles for national inequality-reduction plans and invite interested governments to exchange experiences on targets, institutional design, financing, and implementation. Second, it could establish regular opportunities for the IPI's independent assessments to inform G20 discussions.

South Korea's 2028 G20 presidency could build on these steps by focusing on implementation, including the distributional effects of major economic policies and the international constraints faced by developing countries. The United Kingdom's 2028 G7 presidency would provide a complementary opportunity to engage advanced economies on financing, taxation and international economic reform.

The objective should be continuity without institutional proliferation. The G20 does not need another set of broad declarations on inequality. It needs mechanisms that connect evidence,

political commitments, and economic decisions, nationally and internationally. The G20 has helped bring inequality to the center of international economic debate. The task now is to make reducing it a sustained priority of economic governance, rather than an aspiration renewed at each summit.

References

G20 Extraordinary Committee of Independent Experts on Global Inequality. *Addressing the Global Inequality Crisis.* November 2025.