

*Fostering inclusive growth and reducing  
inequality among G20 nations*

*“G20”*

*“Al Jawharah Aljohani and Emad Harun”*

## *Table of contents*

<i>Introduction to chairs:</i>	<i>3</i>
<i>Introduction</i>	<i>6</i>
<i>Background information:</i>	<i>9</i>
<i>Major Countries Involved:</i>	<i>10</i>
<i>Solutions:</i>	<i>11</i>
<i>Conclusion</i>	<i>12</i>
<i>Useful links:</i>	<i>13</i>

### ***Introduction to chairs:***

*Esteemed delegates, I would love to welcome you to this year's edition of PSUMUN. We are certain you'll have loads of fun and learn a lot from the topic and your fellow delegates and I hope you're as excited as my co-chair and myself are. A little about me is that I'm a senior Industrial Engineer at Prince Sultan University, the previous Secretary General of PSUMUN and a seasoned international delegate and chair.*

*- Emad Harun*

*Hello delegates, welcome to PSU MUNN! I'm Aljawharah Aljohani, 18 years old, studying at Princess Noura University with a major in languages and translation. I've been joining MUNs ever since the 11th grade. I'm really looking forward to this MUN!*

*- Aljawharah Aljohani*

## ***WELCOME ADDRESS TO PSUMUN 2023***

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*Dear Delegates,*

*We are very happy to have you all with us at PSUMUN'23. This year we have the largest event we have had at PSUMUN since its beginning and we are honored that you are a part of it.*

*This year we have a large number of committees and a plethora of delegates from all around the Kingdom and beyond. We hope you use this opportunity to research the topics that will help you learn more about the past, present, and future of our world. We would also like you to learn from the other delegates that may come from completely different backgrounds.*

*Model UN conferences are very fun and entertaining, but we hope that PSUMUN becomes more than that to you. We hope that you leave our conference taking a step into the right direction of your future. Everything we learn in life is one step further on the ladder of success and PSUMUN aims to help you with that.*

*We strive to help educate our delegates to learn more about world issues and learn all the amazing skills that come with joining Model UN conferences. We wish you all the best in the conference and in all your future endeavors.*

*With that, we hope you have fruitful and constructive debates. The SG yields the floor to you.*

*Good luck!*

*Best regards,  
Hend Moughrabiah, Secretary - General*

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## **COMMITTEE OVERVIEW:**

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*The G20 group of 19 countries and the EU was established in 1999 as a platform for Finance Ministers and Central Bank Governors to discuss international economic and financial issues. Together, the G20 countries account for almost two-thirds of the global population, 75% of global trade, and 85% of the world's GDP. In the wake of the global financial and economic crisis of 2007, the G20 was elevated to the level of Heads of State/Government and was named the "premier forum for international economic cooperation."*

*It works to address major issues related to the global economy, such as international financial stability, climate change mitigation and sustainable development.*

*The G20 has two main tracks of engagement: the Finance Track for finance ministers and central bank governors and the Sherpa Track. The G20's proceedings are led by the Sherpas, who are appointed as personal envoys of the leaders of member nations. These Sherpas are responsible for overseeing the negotiations that occur throughout the year, deliberating on the agenda for the summit and coordinating the substantive work of the G20. Both tracks have working groups to address specific themes with representatives from relevant parties*

### Topic

# *Fostering inclusive growth and reducing inequality among G20 nations*

### Topic overview

*Fostering inclusive growth and reducing inequality among G20 nations represents a collective effort by major advanced and emerging economies to ensure that economic prosperity benefits all members of society. Inclusive growth means that the benefits of economic development are shared more equitably, rather than concentrated among a select few. This goal is motivated by the understanding that extreme income and wealth disparities can lead to social unrest and economic instability. To achieve this, G20 nations employ a variety of policies and initiatives, including progressive taxation, social safety nets, investments in education and skills training, and measures to promote gender equality. These efforts align with global sustainability goals, such as the United Nations' Sustainable Development Goals. Nevertheless, challenges in implementing such policies remain, and there is ongoing debate over the most effective strategies to address inequality while sustaining economic growth and stability.*

*Fostering inclusive growth and reducing inequality are important goals for the G20 nations. These objectives are crucial for achieving sustainable economic development and social stability. Here are some key aspects of fostering inclusive growth and reducing inequality among G20 nations:*

### *1. Definition and Importance:*

*- Inclusive Growth: Inclusive growth refers to economic growth that benefits all segments of society, ensuring that the benefits of increased prosperity are shared more equitably.*

*- Reducing Inequality: This involves narrowing the income and wealth gaps among individuals and communities within a country.*

### *2. Challenges:*

*- Income Inequality: Many G20 nations face significant income inequality, where a small portion of the population holds a disproportionately large share of wealth and income.*

*- Structural Barriers: Structural barriers, such as lack of access to quality education, healthcare, and job opportunities, can perpetuate inequality.*

*- Regional Disparities: Inequality can also manifest as disparities between urban and rural areas, with rural populations often having less access to resources and opportunities.*

*3. Gender Inequality: Addressing gender inequality is a critical aspect of reducing overall inequality. Promoting women's participation in the workforce, ensuring equal pay for equal work, and eliminating gender-based discrimination are essential.*

*4. Sustainable Development Goals (SDGs): Many G20 nations are committed to achieving the United Nations Sustainable Development Goals, which include goals related to reducing inequality (SDG 10) and promoting inclusive economic growth (SDG 8).*

*5. Data and Monitoring: Regularly monitoring and analyzing data on inequality and economic growth is essential to track progress and make informed policy decisions.*

*6. Global Cooperation: Given the interconnectedness of the global economy, G20 nations often cooperate on international efforts to address inequality and promote inclusive growth. This can involve actions related to trade, development assistance, and global financial stability.*

*7. Challenges and Criticisms: Implementing these policies can face political and economic challenges. Critics argue that austerity measures, deregulation, and market-oriented policies can exacerbate inequality.*

*Fostering inclusive growth and reducing inequality is not only a moral imperative but also contributes to social cohesion and political stability. G20 nations continue to work towards these goals to ensure that the benefits of economic growth are more equitably distributed among their populations.*



## *History of the Topic*

*The inclusiveness of growth, and the related issues of growing inequality and declining labor income shares, have taken center stage in policy debates both within the G20 and beyond. An ever-growing body of research documents that inequality has risen across the globe, including in most G20 countries in some cases to historic highs. The middle class has been squeezed in many advanced and some emerging economies, with incomes stagnating or even declining. The share of national income going to labor has declined in almost all G20 countries, with productivity rising much faster than real wages in a number of advanced G20 economies.<sup>4</sup> Within the labor share, the highest earners have captured an increasingly large portion, while those at the bottom have seen their shares decline significantly. <sup>5</sup> Many emerging G20 economies have managed to bring millions of people out of absolute poverty over the past two decades, but at the same time several have seen sharp increases in income inequality. Rising inequality raises concerns because it can have a corrosive effect on social and political cohesion.<sup>7</sup> Further, a growing body of research also demonstrates that high inequality may lead to slower as well as less sustained economic growth.<sup>8</sup> This negative impact on growth occurs through various channels, including lowering consumption, under-investment by firms in the face of slack demand, less government revenue and less investment by low-income households in education and skills.*

## **MAJOR COUNTRIES INVOLVED:**

*“List major countries involved and their involvement”*

*Amongst the emerging economies of the G20, inequality has been increasing in some—e.g. Indonesia and China—while falling in others—e.g. Brazil and Argentina.*

*Income inequality has fallen in Argentina, Brazil, Mexico and Turkey since the mid-2000s (or earlier for some countries), although in Mexico the decline was modest and in Argentina, Brazil and Turkey inequality remains relatively high. In other emerging G20 economies, notably China, India, Indonesia and the Russian Federation, income inequality (notably as measured by disposable income Gini) increased over the same period, albeit at a somewhat slower pace than in advanced G20 economies.*

## **SOLUTIONS:**

### *ATTEMPTED SOLUTIONS IN THE PAST:*

*“List attempted solutions if there are any”*

*In many G20 countries tax systems have become more regressive. Restoring progressivity to tax systems is essential to reduce inequality while raising government revenue for needed public investment. And let's remember that those investments—in infrastructure, education, research and development and other public goods—make an indispensable contribution not only to the quality of societies but to the proper functioning of the private sector and firms.*

*Increased revenues can also be used to extend and upgrade social protection systems. There is some good news here: many G20 emerging economies have expanded social protection systems significantly over recent years, although benefits still remain low and more progress is needed.*

*At a time of historically low interest rates and large infrastructure deficits in both advanced and emerging G20 this is a win-win proposition, as it creates needed jobs in the short term and increases output and productivity in the medium and long term. This benefits workers, households and firms and has been shown to have high multiplier effects in terms of the impact on demand and economic activity.*

### *POSSIBLE SOLUTIONS:*

- Enhancing access to opportunities for youth.*
- Enhancing access to opportunities for women through good-quality employment.*
- Enhancing access to opportunities for SMEs and entrepreneurs and tackling informality to ensure good-quality job opportunities. Helping workers make best use of their skills in a changing world of work.*
- Possibility of introducing Progressive taxation; Individuals with higher incomes pay more taxes than those with mid to low incomes*
- Improving access to education and development programs*

## Conclusion

*In conclusion, fostering inclusive growth and reducing inequality stand as paramount objectives for the G20 nations and the global community at large. These goals are rooted in the principle of ensuring that the benefits of economic prosperity are accessible to all members of society, preventing the concentration of wealth among a select few. Income and wealth disparities have expanded in many G20 countries, contributing to a squeezed middle class and a decline in labor income shares. These trends, if left unaddressed, can undermine social cohesion and economic stability.*

*Addressing inequality through progressive tax policies, social safety nets, investments in education and skills development, and the promotion of gender equality is not only a moral imperative but also supports long-term economic growth. Furthermore, there is a growing body of evidence indicating that high inequality can hamper economic performance.*

*To achieve inclusive growth and reduce inequality, G20 nations must commit to a multi-pronged approach, taking into account their unique economic and social contexts. The restoration of progressive taxation, expansion of social protection systems, and strategic investments in infrastructure and education are among the key measures required. By pursuing these strategies, the G20 nations can work towards more equitable and sustainable economic development, enhancing the well-being of their citizens and the stability of their economies.*

***Useful links:***

[https://www.ilo.org/global/about-the-ilo/newsroom/statements-and-speeches/WCMS\\_320000/lang--en/index.htm#:~:text=Address%20inequality%20through%20tax%20policy.revenue%20for%20needed%20public%20investment.](https://www.ilo.org/global/about-the-ilo/newsroom/statements-and-speeches/WCMS_320000/lang--en/index.htm#:~:text=Address%20inequality%20through%20tax%20policy.revenue%20for%20needed%20public%20investment.)

<https://www.imf.org/external/np/g20/pdf/2017/062617.pdf>

<https://www.oecd.org/economy/Enhancing-equal-access-to-opportunities-OECD-background-note-for-G20-Framework-Working-Group-july-2020.pdf>