What are the lessons we have learnt so far about inequality? Unlike Poverty where a lot of theoretical, cross country and country specific empirical evidence shows that by and large rapid growth does result in poverty reduction the literature and evidence about the relationship between growth and income inequality has remained inconclusive. We can find countries such as Brazil which started with high Gini coefficients and was considered after albert Fishlow's classic paper as an epitome of high inequality have reduced inequality under Cardoso and Lula regimes but we also find fairly egalitarian societies such as China and India recording rapid growth but accompanied by higher inequalities. Both these countries have been successful, China more so, in lifting hundreds of million of poor people out of poverty but at the same time rising trends of dollar billionaires and millionaires whose cumulative incomes exceed the total income of bottom 20 percent of the population. I am also surprised that the most dynamic region in the world i.e. Asia and Pacific has seen the largest increase in the average Gini coefficient in the last twenty five years.

In my view the SDGs should have taken up Inequality as an overarching theme for 2030 like the MDGs had successfully taken up Poverty reduction as the central theme. All other subsidiary goals that made highest contribution towards mitigating inequality should have been given priority in resource allocation and policy reforms. But the flexibility provided to individual countries in the implementation of these goals should still permit focused attention on attaining this particular objective.

Although initial conditions, country’s resource endowments and policy and institutional arrangements would affect the choices of instruments and types of interventions we can draw some broad lessons from the experience of those countries which have had significant success in providing equality of opportunity to its citizens to improve their living standards. The major burden still lies on national strategies for combatting this menace. Those countries who have linked up the production structure and the social welfare system have had witnessed better outcomes. Production, Distribution and Exchange remains driven by market forces and competition to produce most efficient allocation of resources. But as markets only favor those who possess assets—land, capital and skills—and leave others behind, a strong and effective state redistributes some of these incomes among the poor and less well endowed segments of the population through a combination of Progressive taxation, arresting evasion of taxes, limiting tax incentives, social sector spending and social transfers. One of the contributory factors to reduction in inequality in Brazil was the increased expenditure on social sectors as well as conditional cash transfer to those living below the poverty line. Intergenerational inequality can be tackled if the children from the poor families are provided the same opportunities for education and skill acquisition as those from the rich families. Stipends, Scholarships, Interest free loans, Voucher schemes have proved to do the trick in many circumstances. As entrepreneurial energies are unleashed by competitive forces higher per capita incomes and therefore tax revenues allow the scope to boost social spending and afford social protection.

These national policies have to be accompanied by international economic cooperation derived through bilateral and multilateral agencies. Looking forward we find ourselves engulfed by disruptive technologies and the restructuring of the world of work which are creating more informality in the labour markets and thus stifling the impact of national policies. Occupational restructuring and joblessness in the wake of high growth poses a serious challenge for social protection and its financing.