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The G7's Deadly Sins

How the G7 is fuelling the inequality crisis

Background

President Macron has promised to make the fight against inequality a priority at this year's G7 Summit in France. G7 leaders regularly pay lip service to the dangers of extreme inequality, yet they are actively fuelling inequality at home and across the globe. In this briefing, Oxfam sets out the seven key issues the G7 must act on if the Biarritz Summit is to deliver more than just warm words on fighting inequality.

Inequality out of control

French President Emmanuel Macron has promised that this year's Summit of G7 leaders in Biarritz will focus on the fight against inequality. It is not the first time that the G7 have turned their attention towards inequality: in 2017, under the Italian presidency, the G7 adopted the Bari Policy Agenda on Growth and Inequalities.[1] The Agenda provided a range of policy options but it has resulted in no real action, commitments or plans to deliver true change. Meanwhile, the inequality crisis has continued unabated, in G7 countries and globally, making the fight against poverty more difficult.

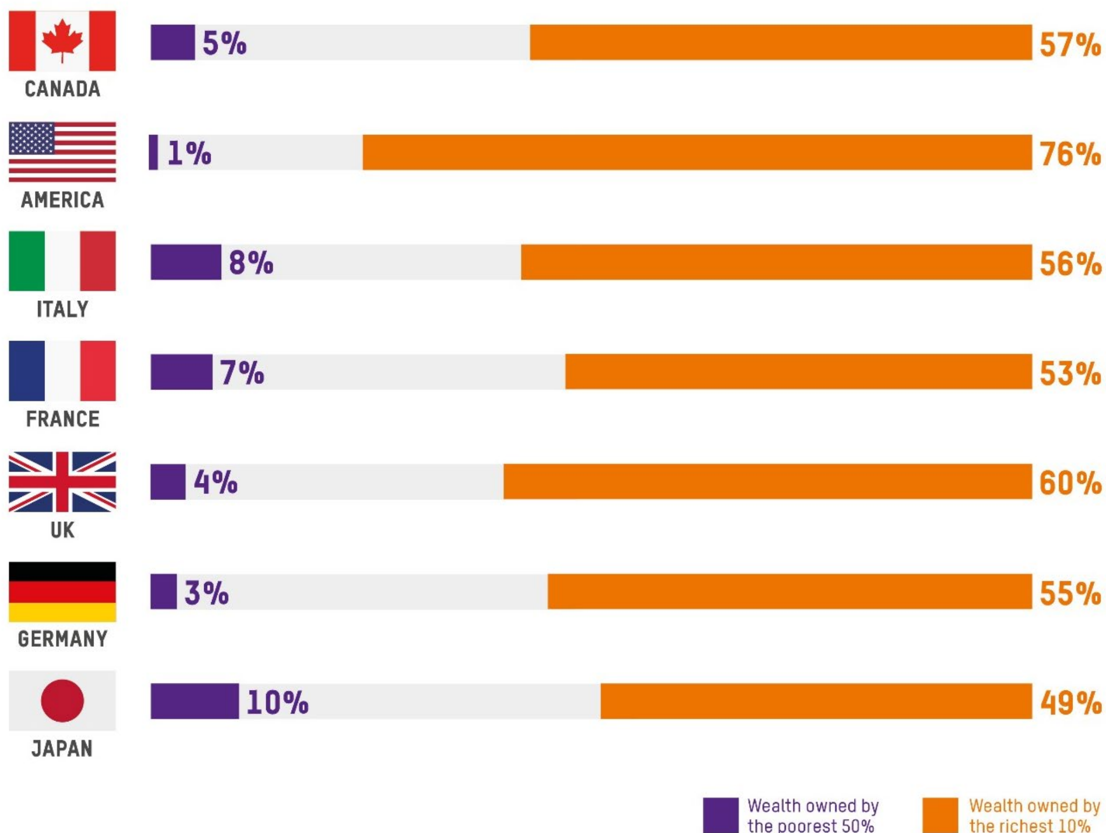
- The World Bank's evidence shows that the rate of poverty reduction has halved since 2013[2] and that more than 6 percent of the global population – around 550 million people – will still be living in extreme poverty in 2030 if current trends in economic growth and inequality remain unchanged.[3]

- Income inequality has been rising in all G7 countries since the 1980s. The poorest 20 percent of the G7 population receives, on average, only 5 percent of all income earned from work, while the richest 20 percent receives about 45 percent. With the exception of Japan and Canada, this gap has increased in all G7 countries since 2004, especially in the UK and Italy.[4]

- Wealth inequality (i.e. inequality in ownership of financial and non-financial assets) is also on the rise. More than half of total global wealth is owned by people living in G7 countries. The richest 10 percent of the population in all G7 countries owns approximately half or more of the country's wealth, while the poorest 50 percent owns 10 percent or less.[5]

- G7 countries also have low intergenerational mobility: in France and Germany it may take six generations – or more than 150 years – for children of poor families to reach the average income in their country; five generations in Italy, the UK and the US; and four in Canada and Japan.[6] High levels of inequality make it more difficult for younger generations to advance on the earning ladder, and they are increasingly aware of it. A recent survey commissioned by Oxfam found that two out of three young Italians aged 18–34 believe they will not be better off than their parents.[7]

Figure 1: Wealth inequality in G7 countries (2018)[8]



All G7 countries have committed to the Sustainable Development Goals, including Goal 10, which is focused on reducing inequality between and within countries. Despite this and their focus on 'fighting inequality' at this year's Summit, the G7 are failing to take meaningful action to close the gap between rich and poor, or to address, as President Macron puts it, the crisis of the 'neoliberal economic model' and of 'the capitalism of wealth accumulation'.[9]

G7 countries contributed to this crisis by embracing the neoliberal policy prescriptions of deregulation and privatization, and shaping the global economy according to this model. Ahead of this year's G7, Oxfam looks at how the G7 continue to implement policies – in seven specific areas – that drive a wedge between rich and poor people and between rich and poor countries.

The G7's 'deadly sins'

1. Captured politics

G7 countries lead the trend of extreme wealth accumulation at the top: 926 billionaires lived in G7 countries in 2018, about 40 percent of the global total and 45 percent more than at the start of the global financial crisis in 2008. G7 billionaires are richer than their counterparts around the world – accounting for over half of billionaire wealth since 2000.[10] These super-rich individuals and the corporations they own often use their power and influence to ensure politics and policy making at a national and international level work in their favour.

Nowhere is power and influence over policy more evident than in the pharmaceutical industry in the US, where drug companies spend more than $200m every year on lobbying, more than any other sector.[11] As a result of their investment, drug companies are able to shape rules on tax, trade, intellectual property rights and health policy, reaping enormous economic benefits at the cost of the poorest people.

For example, four of the biggest pharmaceutical companies in the US (Pfizer, Johnson & Johnson, Abbott and Merck & Co – also known as MSD), appear to have dodged annually an estimated $3.5bn in tax in five of the G7 countries between 2013 and 2015: France, Germany, Italy, the UK and the US. The companies also appear to have avoided an estimated $112m in taxes a year across seven developing countries in the same period: Thailand, India, Ecuador, Colombia, Pakistan, Peru and Chile. These same four companies donated nearly $44m to US congressional candidates between 2010 and 2016,[12] and gained at least $7bn in tax savings in 2018 due to President Trump's 2017 corporate tax overhaul.

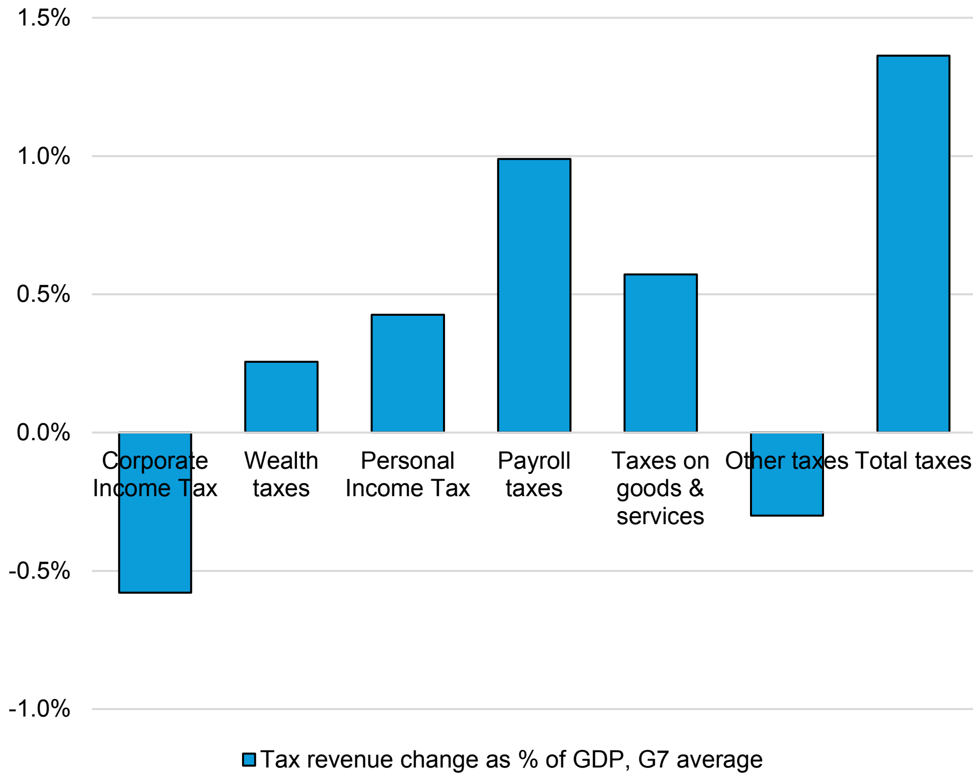
The pharmaceutical industry is not alone in its attempts to capture policy making. For example, the finance industry, largely hosted by G7 countries, spends around $159m a year lobbying European institutions.[13] Corporate lobbying is rife within institutions and governments of the European Union. After it was revealed that Volkswagen had been producing cars that violated emissions standards in 2015, the company successfully lobbied the German government to avoid any real regulatory fallout or any compensation to car owners.[14] Elite corporate lobbies target the European Council with the kind of access that NGOs and trade unions cannot match. For example, the regular meetings of the European Round Table of Industrialists bring together 50 bosses of major European multinational companies with the leaders of France and Germany, and the European Commission President.[15]

2. Tax cuts for the rich

G7 governments are fuelling inequality at home and globally by failing to implement progressive tax systems and by adopting harmful tax practices that favour the richest individuals and corporations, while undermining the ability of developing countries to raise tax revenues to tackle poverty and inequality.

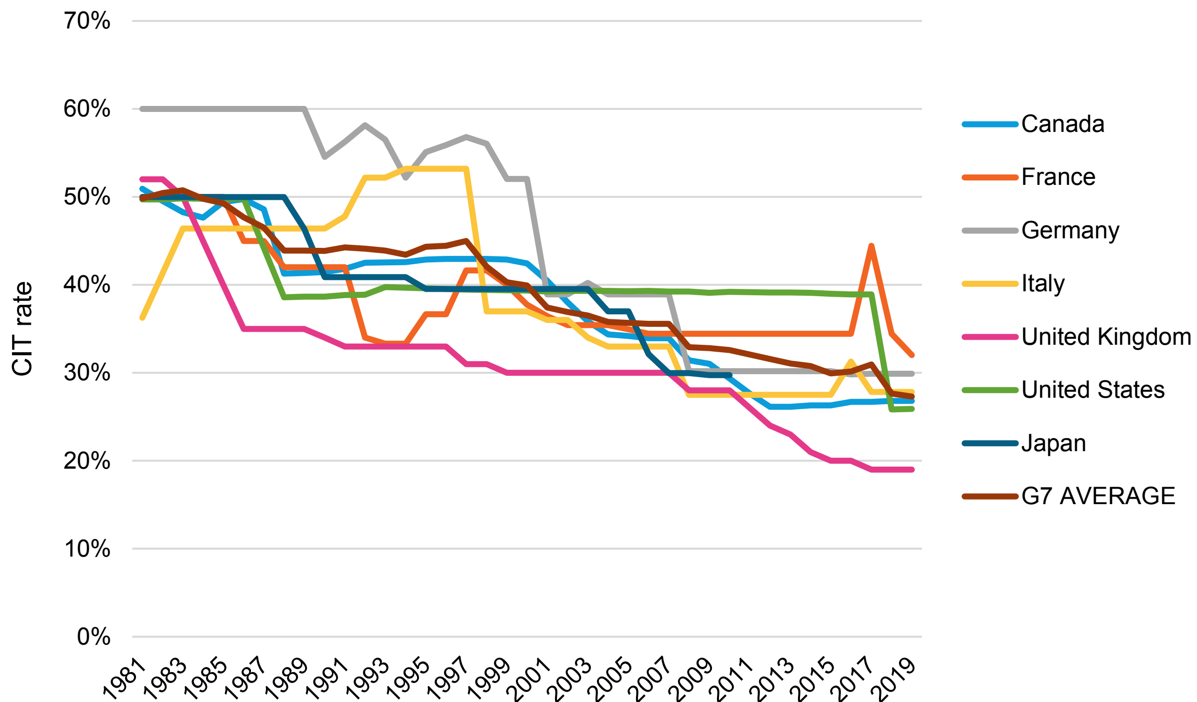
Across the G7, tax systems are increasingly reliant on average families and workers. In the last 10 years, government revenues from taxing corporations have declined by almost 2 percent of total tax revenues, while revenues from taxing workers' income have increased by a similar proportion – or even more in the case of payroll taxes (see Figure 2).[16]

Figure 2: Tax shift from corporation to families in G7 countries, 2007 to 2016



The decline in revenues from corporate taxation reflects a long-term trend of cuts in corporate tax rates, a process that has occurred to some extent across all G7 countries. The average G7 Corporate Income Tax rate has almost halved from 50 percent in 1981 to just 27 percent in 2019.[17]

Figure 3: Trends in Corporate Income Tax rates in G7 countries, 1981 to 2019



Source: Tax Foundation Data and OECD.Stat database. For details see endnote 17.

Many G7 companies are also benefitting from the tax incentives they are able to negotiate with governments in exchange for their investment, which often end up depriving developing countries of valuable tax revenues. This is especially the case in poor African countries. Total tax exemptions in Mali in 2015, for example, reached almost 11 percent of its budget – almost four times the country's education budget. Had these amounts been invested in health, they could have given more than 4 million Malians access to primary healthcare.[18]

Despite hosting the largest concentration of wealth and the largest number of billionaires in the world, wealth in the G7 countries is taxed lightly, which means that only around 3 percent of GDP is raised from wealth taxes. There is significant potential to increase this. To illustrate, getting the richest 1 percent of people in G7 countries to pay just 0.5 percent extra tax on their wealth could raise an additional $272bn a year.[19] This money would be enough to meet the G7 countries' commitment to contribute, with other rich countries, to raising $100bn per year to support climate action in developing countries, while also increasing aid spending so as to meet the target of 0.7% of national income for all G7 countries.[20]

Box 1: How could a UK wealth tax work in practice?

By way of illustration, Oxfam has estimated how much a net wealth tax in the UK could raise by applying the same system used in Spain. This system taxes wealth above a threshold of about £750,000 at a rate starting at 0.2 percent, rising incrementally to 2.5 percent for net wealth of around £12m. Under this system, 90 percent of tax revenues would be raised from the top 1 percent of households. Pensions and an amount equivalent to the average price of a home would not be taxed. Discounting the possible behavioural impacts of such a tax, which we could not estimate, this system could raise around £10bn of extra revenue a year that could be used to fight poverty in the UK and overseas. A progressive tax of this kind would also have a direct impact on the UK's Gini coefficient, reducing inequality by around 1 percent.[21]

President Trump's new US tax law, passed in 2017, is a masterclass in favouring massive corporations and the richest citizens at the expense of poor and working class people. The law rewarded US companies that stashed trillions of dollars offshore by giving them a one-time tax reduction for 'repatriating' the funds, while doing nothing to reduce the incentives for companies to continue to dodge taxes. The Trump law also reduced corporate taxes from 35 percent to 21 percent and created a raft of new loopholes. The economic growth that advocates for the law promised has failed to materialize,[22] not least because many companies have used their extra cash for stock buybacks – which raise share prices and primarily benefit investors and corporate management – but do not increase productivity, create more jobs or raise wages.[23]

Between 2017 and 2018, France's successive tax reforms also resulted in tax cuts for the rich: the disposable income of the richest 1 percent increased by 6 percent, while that of the richest 0.1 percent increased by almost 18 percent. At the same time, disposable income for the poorest 9 percent in France decreased by 1 percent.[24] The government has also recently introduced cuts to taxes on financial wealth that disproportionately favour the richest people.

3. Neglecting social spending

Universal public services like education, healthcare and social protection have unparalleled power to tackle poverty and close the gap between rich and poor people, as well as between women and men. Some G7 countries recognized this long ago, building strong welfare states, with public services such as the National Health Service in the UK. However, in recent years, public services have been under attack, undergoing cuts, reforms and privatization in the name of austerity and debt consolidation, reducing access for the poorest and most vulnerable people, while driving up poverty and inequality. At the same time, the G7 have not done enough to unleash the power of public services in developing countries with their international aid and technical assistance, and are in some cases promoting their privatization.

Despite their importance in the fight against inequality, public investment in education declined as a share of GDP in most G7 countries between 2011 and 2015.[25] For example, in Italy, education spending was cut by almost 10 percent (about €7bn) between 2009–2012.[26] In addition, the costs relating to education, healthcare and housing have outpaced overall inflation in most G7 countries, making it harder for households to pay for these essentials.[27]

Women and children suffer the most from inadequate public spending. Child poverty has increased on average in G7 countries in the past decade,[28] most notably in Italy, where more than a million children lived in absolute poverty in 2018.[29] In the UK, it is estimated that absolute child poverty will have increased by around 4 percentage points between 2015–16 and 2021–22, largely as a result of changes to the tax and social protection systems.[30] A recent report by the UN Special Rapporteur on extreme poverty and human rights highlighted that it was women, ethnic minorities and people with disabilities who were being hardest hit by these cuts.[31]

How public services are paid for and organized matters just as much as what is spent on them. The US has the highest healthcare spending in the world, but its complex, heavily privatized and expensive system has bankrupted millions of Americans – 2 million in 2013 alone.[32] If the changes to the healthcare system being sought by the Trump administration were to go ahead, an estimated 30 million more Americans would lose the health coverage they have now.[33]

When it comes to international aid, some G7 governments are actively promoting and financing a greater role for for-profit actors in the already fragile health and education systems of low- and middle-income countries. The UK and France have all invested in so-called low-fee private schools in the name of development,[34] in some cases in partnership with the World Bank.[35] This is despite growing evidence that public-private partnerships in education do not necessarily deliver better education outcomes than education that is publicly funded, and raise concerns about unequal access, poor quality and low accountability. In fact, low-fee private schools are often found to exclude the poorest students, especially girls, and rely on low-paid, poorly qualified teachers.[36]

In healthcare, G7 aid agencies increasingly push for collaboration with private sector actors, especially with G7-based corporations, despite a lack of evidence on the costs and benefits for poor countries' health systems.[37] For example, the development finance institutions of Germany, France and the UK have together committed $425m to healthcare companies since 2013.[38] In a recent speech, President Macron said that:

> *'What Africa needs is funding to open healthcare structures...For this I will ask the French private investment funds, French insurers... I want French private funds to be used to open high-quality clinics in Abidjan, Dakar and Ouagadougou...'.*[39]

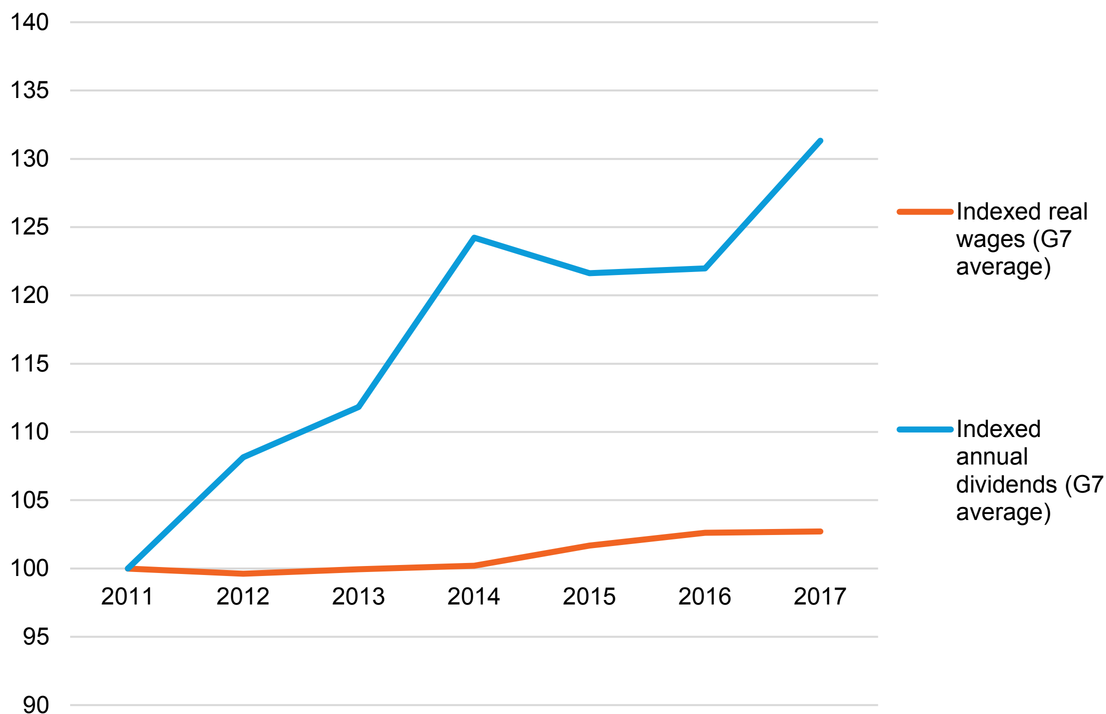
4. Putting shareholders first

The economies of G7 countries can all be characterized, to a varying degree, by a neoliberal model of capitalism which focuses on maximizing profits for shareholders. This model, which G7 countries have exported to the rest of the world, perpetuates inequality at home and globally and makes the fight against poverty more difficult because it drives down the wages and conditions of workers, often leading developing countries into a race to the bottom on labour rights and tax giveaways.

Corporations are fixated on delivering for their shareholders – yet for every dollar that is returned to wealthy shareholders, one less dollar is invested in better wages, secure contracts, training and research and development. While dividends hit new records in 2017[40] and 2018 and are set to do so again in 2019,[41] wages are stagnating in most countries. Between 2011 and 2017, average

wages in G7 countries grew by less than 3 percent, while dividends to wealthy shareholders grew by 31 percent.[42]

Figure 4: Rising returns to wealthy shareholders and stagnant wages in G7 countries, 2011 to 2017[43]



As a result of wage stagnation and decline, the share of employed people in G7 countries at risk of poverty has been increasing in the last decade, reaching 9 percent in Germany, more than 7 percent in France, 12 percent in Italy and almost 9 percent in the UK.[44] In Italy, 75 percent of women surveyed by Oxfam and Terra! working on fruit and vegetable farms in 2017 said they, or a family member, had missed meals in the previous month because they could not afford sufficient food.[45] In France, one million workers live below the French poverty line.[46]

The risk of inequality and poverty caused by excessive rewards to shareholders and the way it affects workers is visible throughout global supply chains. For example, many young women garment workers producing clothes for fashion companies from G7 countries work six or seven days a week for 11 hours a day, earning $4 a day, which is often insufficient to meet their basic needs for food and medicine.[47] Equally, global food markets are dominated by a few large, internationally-owned supermarkets which enjoy handsome profits, while using their huge buying power to exert pressure on their suppliers – often small-scale farmers and poor workers – to cut costs.[48] In South Africa, more than 90 percent of women surveyed by Oxfam working on grape farms supplying supermarkets reported not having had enough to eat in the previous month. Paying a living wage to the 30,000 South African grape pickers would cost 10 percent of cash returned to shareholders on average across UK supermarkets Sainsbury's, Tesco and Morrisons in 2016.[49]

The shareholder-first model also deepens inequality by widening pay disparities between average workers and CEOs. While wages for average workers are stagnating or declining, top executives enjoy increasing rewards. In the UK, average CEO pay among FTSE100 companies in 2017 was 145 times higher than the salary of the average worker, up from just 47 times back in 1998.[50] In Canada, the average salary of a top 100 CEO is 194 times that of an average Canadian.[51] In

France, the CEOs of the CAC (Cotation Assistée en Continu) 40[52] companies earn on average 280 times more than the minimum wage, and 119 times more than the average of their employees.[53] The disparity becomes grotesque when comparing this with the earnings of supply chain workers in developing countries. It would take a woman working in a shrimp processing plant in Thailand more than 4,000 years to make the average annual salary of a top executive at a supermarket in the US.[54]

Finally, this model reinforces inequality because most large companies are owned by the richest in society, whose fortunes are inflated by ever-growing profits. For example, while half of Americans own shares in the US stock market, the richest 4 percent of households own half of all shares.[55]

5. Burning the planet

The climate crisis is inextricably linked to economic inequality: it is driven by the greenhouse gas emissions caused by the unsustainable development model that for more than a century has enriched the 'haves' at the expense of the 'have-nots' and the planet.

G7 countries have a huge responsibility in facilitating the transition to climate-friendly development pathways. Historically, they have been responsible for the largest amount of emissions and their economies are still dependent on ever-growing consumption. With the exception of Italy, six G7 countries are among the top 10 countries most responsible for cumulative carbon emissions.[56]

Approximately half of total global emissions from consumption can be attributed to the richest 10 percent of people.[57] Of these emissions, 77 percent are generated by the richest 10 percent of people living in G7 countries.[58] The poorest half of the world's population is responsible for only 10 percent of global emissions.

Despite contributing least to its causes, it is the poorest people who are most exposed to increasingly erratic and extreme weather events, such as Cyclones Idai and Kenneth, which in March 2019 devastated the lives of more than 2.6 million people in Mozambique, Malawi and Zimbabwe.[59] The climate crisis is also increasing global economic inequality by damaging the economies of developing countries more than those of wealthier nations.[60] For example, it is estimated that Bangladesh's GDP per capita was 12 percent lower than it should have been in the two decades preceding 2010 because of the climate crisis.[61]

G7 countries are also responsible for failing to take action to cut emissions. According to the Climate Action Tracker, none of the G7 countries' current climate action commitments is sufficient to contribute their fair share to achieving the Paris Agreement's goal of keeping warming below 1.5°C.[62] President Trump's administration has declared its intention to pull out of the Paris Agreement altogether. Even Germany, often wrongly perceived as a climate leader, will miss its target to cut emissions by 40 percent by 2020,[63] largely because of inaction in the transport and construction sectors. The country's plan to phase out coal power by 2038 comes eight years too late to ensure its emissions are compatible with the Paris Agreement's goal to keep warming below 1.5°C above pre-industrial levels.[64]

G7 countries are also failing to help poor countries, who bear the burden and the cost of climate change, adapt to the crisis. In particular, it is yet not certain if G7 countries will meet their share of the commitment made by rich countries to increase climate action support for developing countries to $100bn per year by 2020.[65]

6. Fuelling economies that don't work for women

Gender inequality hinders economic equality, and no full parity between men and women can be achieved in an unequal and unjust economic system. While G7 countries have made substantial progress in gender equity through a wide range of policies and interventions, women and girls still face social, cultural, economic and institutional discrimination, which perpetuates gender inequalities in economic participation and opportunities.

For example, in G7 countries, women are more likely than men to go to university,[66] but still less likely to be economically active. In Italy, only 56 percent of women are part of the labour force, one of the lowest rates in the OECD.[67] Women also continue to be employed in jobs that earn less and are less secure. The gender wage gap has decreased since 2000, but women in G7 countries still earned 14 percent less than men on average in 2017.[68] In the UK, almost one-third of all working women earn a wage that is insufficient to guarantee a decent quality of life.[69] In France, women are overrepresented in the poorest paid and least secure jobs, and three-quarters of part-time jobs are filled by women.[70] In Italy, 33 percent of women are in part-time work, compared to just 9 percent of men,[71] and in all G7 countries the rate of involuntary part-time employment is between 1.5 times (the US) and 3.5 times (Japan) higher for women than for men.[72]

These disparities are largely caused by the fact that the responsibility of unpaid care work continues to fall mostly on women. This is especially true in Japan and Italy, where women spend, respectively, almost 5 times and almost 3 times more time on unpaid care work than men – compared to 1.5 times more in Germany and Canada.[73] In Japan, more than 1 million women left their job to dedicate themselves to child care in 2017, compared to 13,000 men.[74] In the United States, a lack of legislation makes it especially difficult for both mothers and fathers to combine childbearing with work: it is one of the very few countries in the world that has no statutory paid parental leave for employees.

7. Failing to deliver on aid promises

Aid can make an important contribution to reducing inequality between rich countries and poor countries, and within poor countries. Although G7 countries represent three-quarters of total Official Development Assistance (ODA) globally, with the exception of the UK the G7 have failed to meet their decades-long commitment to allocate 0.7 percent of national income to ODA. In fact, total G7 aid allocation declined by more than 2 percent last year,[75] and on average 9 percent of it was spent to limit the arrival of refugees, or on hosting refugees within countries' borders.[76] In 2017, Germany spent nearly one-quarter of its aid budget – over $6bn – on in-country refugee costs, making Germany the largest recipient country of German aid that year.[77] While it is rich countries' responsibility and obligation to welcome refugees, these costs should not be counted as development aid because they do not contribute to poverty reduction in developing countries.

Table 1: G7 countries' ODA in 2018 as a share of their national income

Country	Canada	France	Germany	Italy	Japan	UK	US	Average
ODA as a percentage of national income (2018)[78]	0.28	0.43	0.61	0.24	0.28	0.7	0.17	0.39

Source: OECD 2019 Development Cooperation Profiles: http://www.oecd.org/dac/development-cooperation-report/

In addition, G7 countries do not always channel the money they allocate to ODA to countries and sectors where it could have the greatest impact on tackling poverty and inequality. In 2017, only 22

percent of the G7's total ODA went to Least Developed Countries (LDCs).[79] For example, the Sahel region, one of the poorest regions in the world, received only 1 percent of the G7's total ODA.

Donors are also increasingly using aid to promote, attract and subsidize private sector investment in developing countries, channelling their funds through their development finance institutions (DFIs). For instance, the UK's DFI, the CDC Group, received almost $2.3bn in new investments from the UK Department for International Development between 2015 and 2018, with $2.42bn expected in the coming years.[80]

This trend raises concerns, especially given the continuing low levels of aid spent in areas that are critical to fighting inequality and poverty, such as core funding for public health systems, education and social protection. France's aid agency – the Agence Française de Développement (AFD) – has massively increased investment in the private sector at the direct expense of spending in the social sectors: the former increased from 14 to 19 percent between 2016 and 2017, while investment in education and health declined from 7 to 4 percent in the same period.

To maximize the positive impact of their aid on poverty and inequality reduction, G7 donors must do more to help developing countries raise taxes progressively and spend them accountably. Yet, in 2017 G7 donors only allocated a meagre 0.19 percent of their ODA to Domestic Resource Mobilization (DRM),[81] and are not meeting their commitment to double support for DRM by 2020.

G7 aid is also not doing enough to reduce gender inequalities and empower women in developing countries, a precondition for eradicating poverty globally. In 2016–2017, less than 4 percent of G7 aid was primarily focused on gender equality and women's empowerment, and only 0.1 percent went to support women's equality organizations and institutions.[82] However, considerable differences exist among countries. For example, Canada has redesigned its foreign policy on the grounds of feminist principles and 76 percent of its aid spending is designed to contribute to gender equality and women's empowerment, compared to less than a third for French spending, and just 22 percent in the US. [83] The US also has a mixed record of designing aid strategies that address the root causes of gender injustice. This is especially evident in the recent expansion of the so-called Mexico City policy, which blocks federal funding for non-government organizations that provide abortion counselling or referrals, advocate decriminalizing abortion, or seek to expand abortion services.

How the G7 can help reverse the gap between rich and poor people, at home and around the world

Today's extreme levels of inequality are not inevitable – they are the result of political choices. G7 countries have fuelled this inequality by adopting policies that generate and perpetuate the inequality crisis. However, the G7 could be part of the solution if they adopt policies and practices that create a more human economy in the interests of all their citizens – and use their influence to champion similar reforms across the globe, as well as learning from the best practices that already exist.

At the Biarritz Summit this week, G7 leaders have the opportunity to start on this path. They should:

1. Set concrete, time-bound plans to reduce the gap between rich and poor people at home and support developing countries to do the same. Governments must collect regular and timely data on consumption, income and wealth to build a better picture of national inequalities.

They must also establish national poverty and inequality commissions to scrutinize public expenditure and government policies, assessing their impact on reducing inequality. Examples of good practice include Italy, where the Italian government is required to assess its policies and spending against 12 well-being indicators monitored by the Italian National Institute of Statistics, including several related to poverty and inequality,[84] and Scotland, where the government set up the Poverty and Inequality Commission in 2017 as an independent public body which provides advice on tackling poverty and inequality, and monitors government action in these areas.

2. Ensure that the richest people and corporations pay their fair share of tax. Support fundamental reforms to the global tax system which give equal voice in decision making to developing countries, as part of the current process led by the G20 and the OECD, including:

- the introduction of a global minimum effective tax rate set at an ambitious level and applied at a country-by-country basis without exception;
- measures to ensure corporations are taxed where they make their money, rather than the tax haven where they are registered.

G7 countries should also do more to tax the richest, and particularly more to tax wealth, using both existing and new wealth taxes as a tool to fight poverty and inequality, for instance by allocating the additional revenues raised to climate change action and aid for gender equality.

3. Raise investment in universal and free public services, including healthcare, education and social protection such as child benefits and pensions that are designed to meet the needs of all people, particularly women and girls, and support developing countries to do the same. The G7 must stop supporting the privatization of public services and ensure funding for multilateral institutions such as the World Bank's IDA supports quality public education and health provision, rather than for-profit schools and clinics.

An example of good practice is the introduction in 2016 by the Canadian government of the Canada Child Benefit (CCB), a tax-free monthly payment made to eligible families to help them with the cost of raising children. The benefit, which has substantially contributed to reducing child poverty, is more generous for poorer families, providing a maximum benefit of C$6,400 per child under the age of six, and C$5,400 per child until the age of 18 to families with incomes of less than C$30,000.[85]

4. Promote a fairer business model with a more balanced distribution of profits and power between shareholders and workers by requiring companies to publish information on wage inequalities, including the gender pay gap and the CEO-to-worker wage ratios in all countries where they operate, and seek to achieve common standards.

Several cases of best practices already exist across G7 countries: rules that require publicly listed companies to disclose information on the annual compensation of CEOs and employees are already in place in the US, the UK, Germany, Italy and France. Germany, France and the UK also have rules that have similar requirements for the gender pay gap.

G7 countries should also adopt measures to reduce pay ratios between CEO and median pay, eliminate slave labour and poverty pay, ensure that all companies allow workers' representation on boards, and support social enterprises, co-operatives and other more equitable business models.

5. Take concrete steps towards climate justice by committing to deliver more ambitious action under the Paris Climate Agreement, including:

- much more dramatic cuts in emissions, with the aim of achieving net-zero greenhouse gas emissions well before mid-century, as well as roadmaps for phasing out fossil subsidies and fossil fuel use;
- plans to contribute to the mobilization of the promised $100bn a year by 2020 to support climate action in developing countries, and a commitment to provide new and significantly increased funds, especially for adaptation. So far, only Germany has announced that it will double its contribution to the Green Climate Fund; the remaining G7 countries should urgently step up their commitments and double down on their pledges, with firm announcements at or before the formal replenishment conference later this year.

6. Tackle gender and economic inequality together by introducing measures that address the economic, social and political power imbalances and discriminatory social norms that hold women and girls back. The G7 must go beyond piecemeal interventions and adopt comprehensive approaches, including setting a minimum living wage, adopting measures to enhance women's earnings and leadership potential, and addressing women's disproportionate responsibility for unpaid care work by, for example, enhancing investment in quality, affordable childcare.

In recent years, the G7 has pushed the needle forward in support of gender equality. In 2018, Canada mainstreamed gender throughout all themes discussed at the G7 summit; for 2019, the French presidency has revived the Gender Equality Advisory Council created in 2017 under the Canadian presidency and tasked it with compiling a package of best practices from across the globe that advance gender equality. All G7 countries have to some extent sought to bring gender equality considerations into their budgets to influence spending decisions, but none have yet fully and formally adopted gender budgeting as a standard practice,[86] with the exception of Canada, which legislated gender budgeting in 2018.

G7 countries should introduce gender budgeting at all levels and make gender analysis and data collection mandatory throughout their fiscal policy.

7. Incorporate the fight against inequality into aid strategies so that they are more effective at tackling poverty. The French Agency for Development (AFD) has already taken some steps towards a better integrated inequality framework and analysis in all its interventions,[87] but all G7 countries ought to do more, for example by encouraging recipient countries to set clear, targeted plans to reduce the gap between rich and poor people.

At a minimum, G7 donors must increase aid to meet the existing target of 0.7 percent of national income, and they must ensure that aid is designed and delivered in ways that will maximize its impact on inequality and poverty reduction in the poorest countries. Taking inspiration from Canada's feminist international assistance policy adopted in 2017, the G7 should also adopt a declaration at the Biarritz Summit committing to put gender equality and women's empowerment at the core of their aid policies.

Notes

1 G7 2017 Italia, Bari Policy Agenda on Growth and Inequalities. http://www.g8.utoronto.ca/finance/170513-policy-agenda.pdf

2 World Bank. (2018a). *Poverty and Shared Prosperity 2018*. http://www.worldbank.org/en/publication/poverty-and-shared-prosperity.

3 C. Lakner; D.G. Mahler; M. Negre Rossignoli; and E.B. Prydz. (2019). *How Much Does Reducing Inequality Matter for Global Poverty?* Poverty and Equity Global Practice Working Paper Series; no. 205. Washington, D.C. World Bank Group. http://documents.worldbank.org/curated/en/739221559589341838/How-Much-Does-Reducing-Inequality-Matter-for-Global-Poverty

4 Based on the ILO's Labor Income Distribution data from July 2019. https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_712234/lang--en/index.htm

5 Oxfam's calculations based on Credit Suisse data, in: Credit Suisse. (2018). *Global Wealth Report* and *Global Wealth Databook*. https://www.credit-suisse.com/about-us/en/reports-research/global-wealth-report.html

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