



# How to Achieve Inclusive Growth

HUMAN CAPITAL PROJECT KNOWLEDGE  
EXCHANGE

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The views expressed are those of the presenter and do not necessarily represent those of the IMF or IMF policy.

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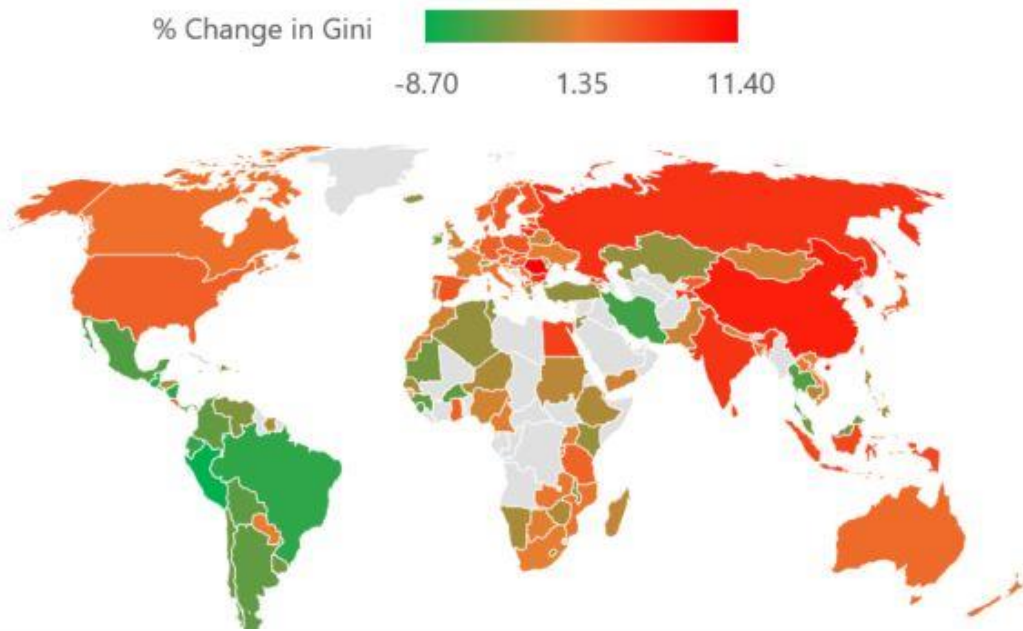
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## How to Achieve INCLUSIVE GROWTH

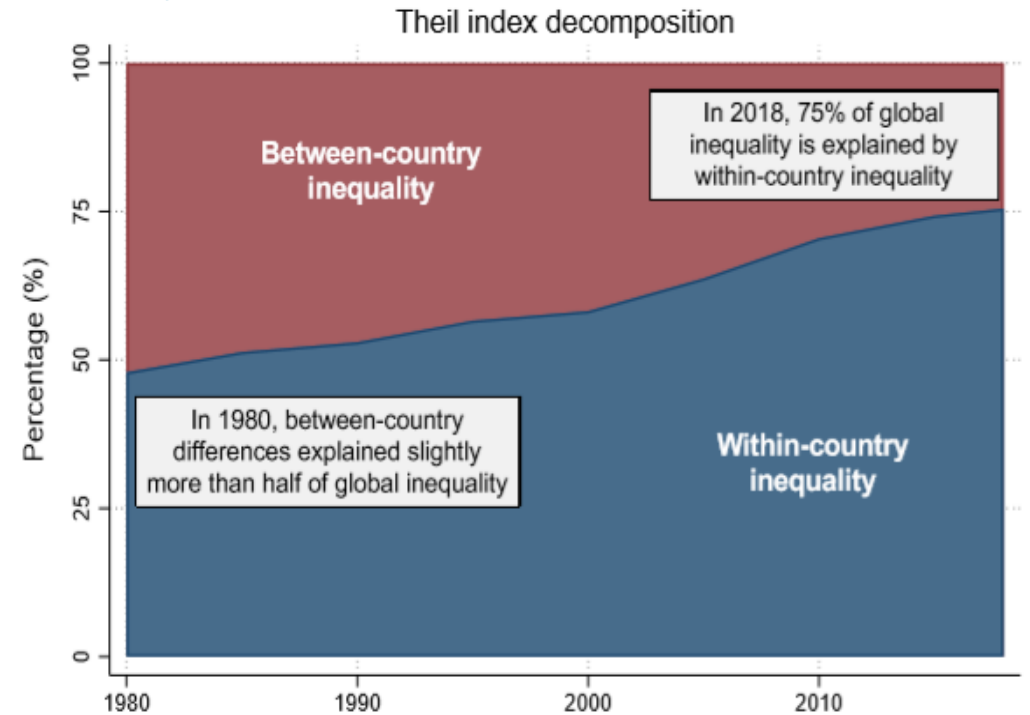


# Rising Inequality Within Countries

## Change in Net Gini, 1990s - 2010s



## Global Income Inequality: Between vs. Within Country, 1980-2018

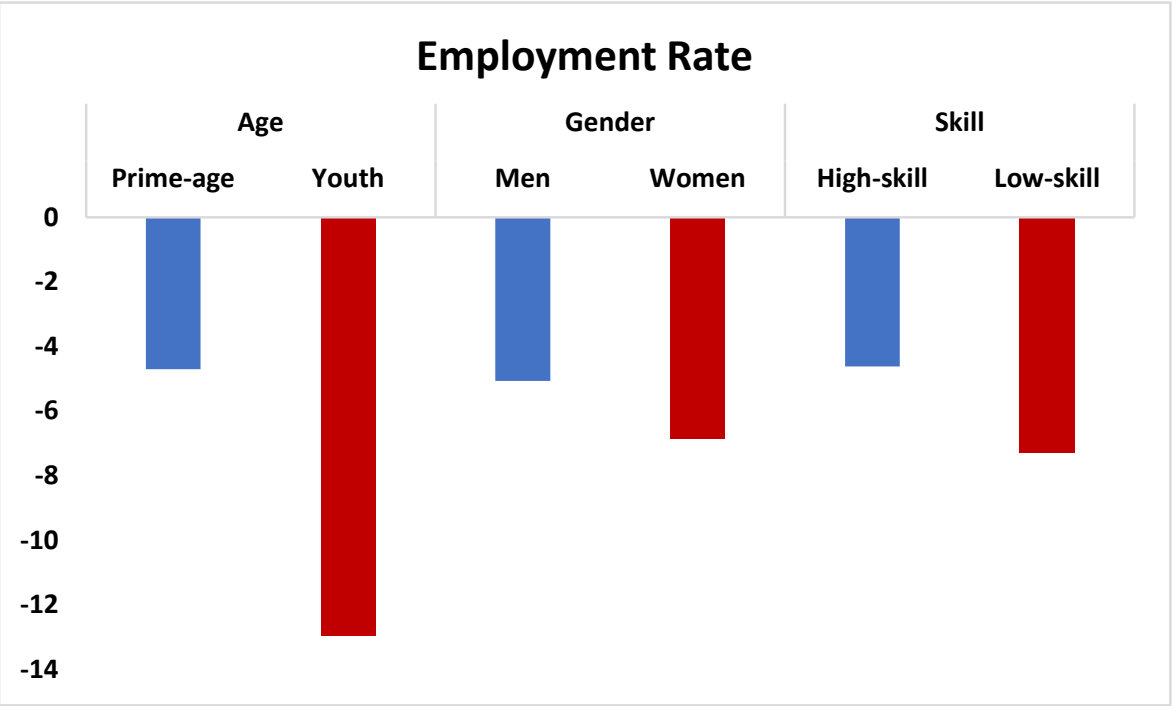


Sources: Cerra, Chapter 1 of *How to Achieve Inclusive Growth*; SWIID; and Chancel, in *World Inequality Report 2018*. Note: LH chart: Gray stands for no data. RH chart: Distribution of per adult pretax income measured at PPP.

# Pandemic Widens Employment and Educational Gaps

## Labor Markets in EMDEs

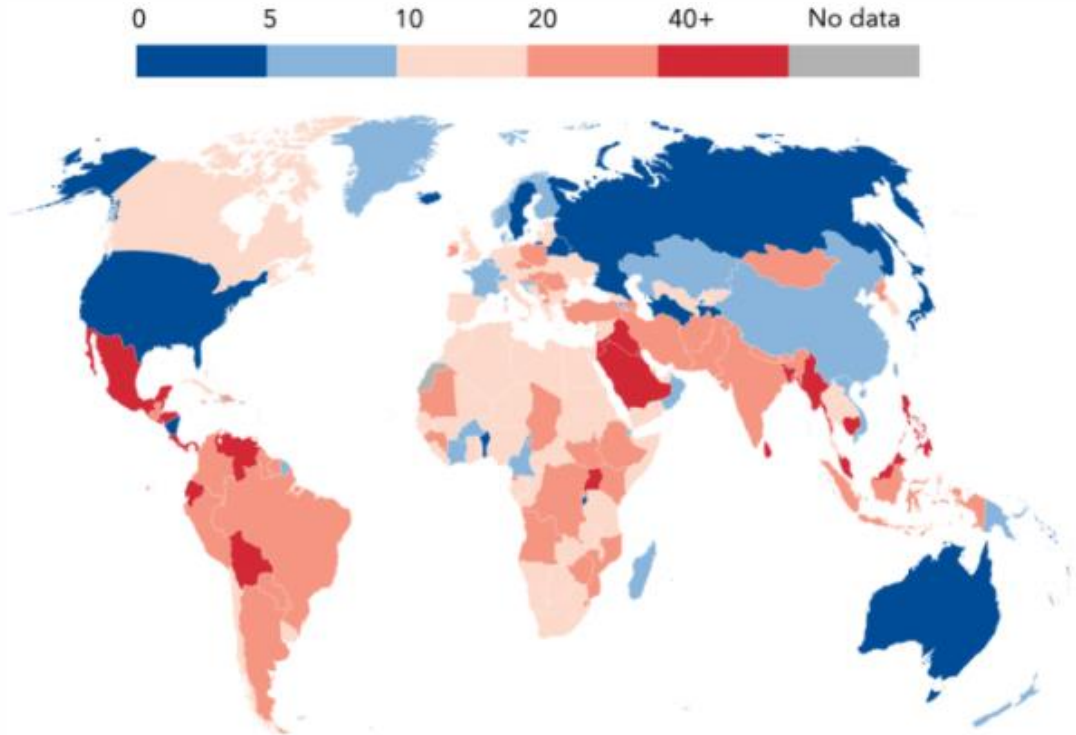
(Average percent difference from 2019:Q4 to 2021:Q1)



Sources: IMF World Economic Outlook, October 2021; International Labor Organization; and IMF staff estimates.

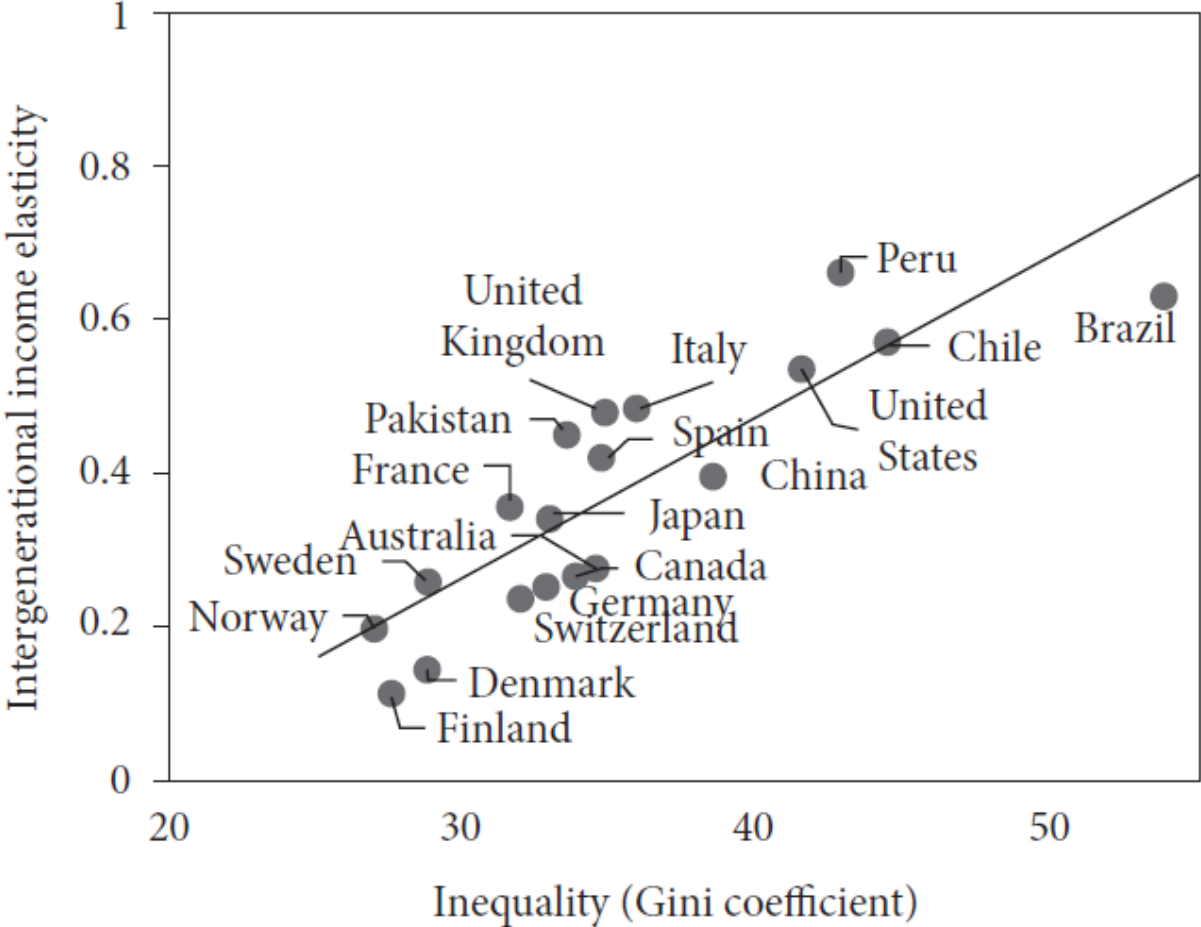
## School Closures

(Total duration of full school closures in weeks, 3/2020-10/2021)

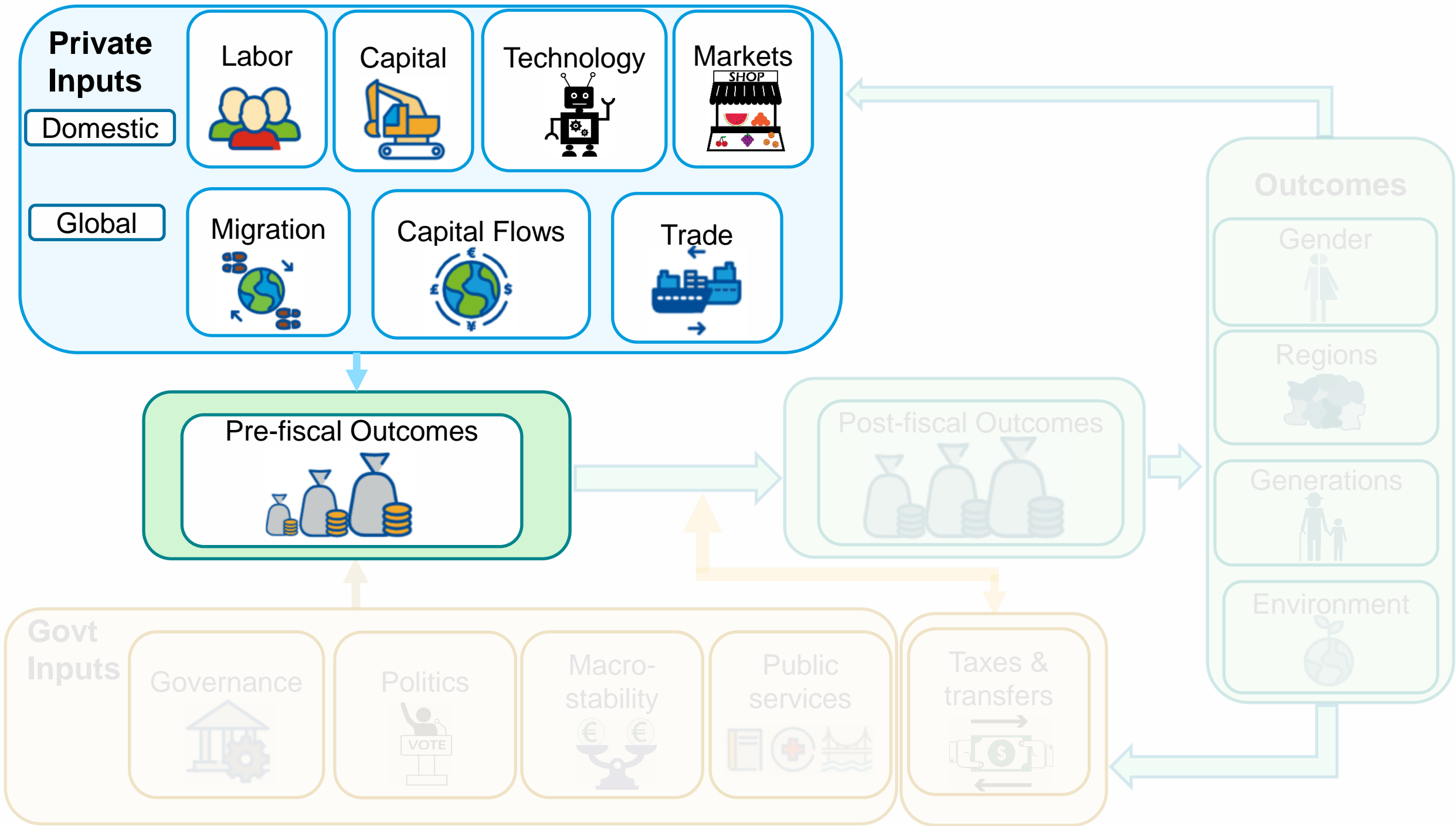


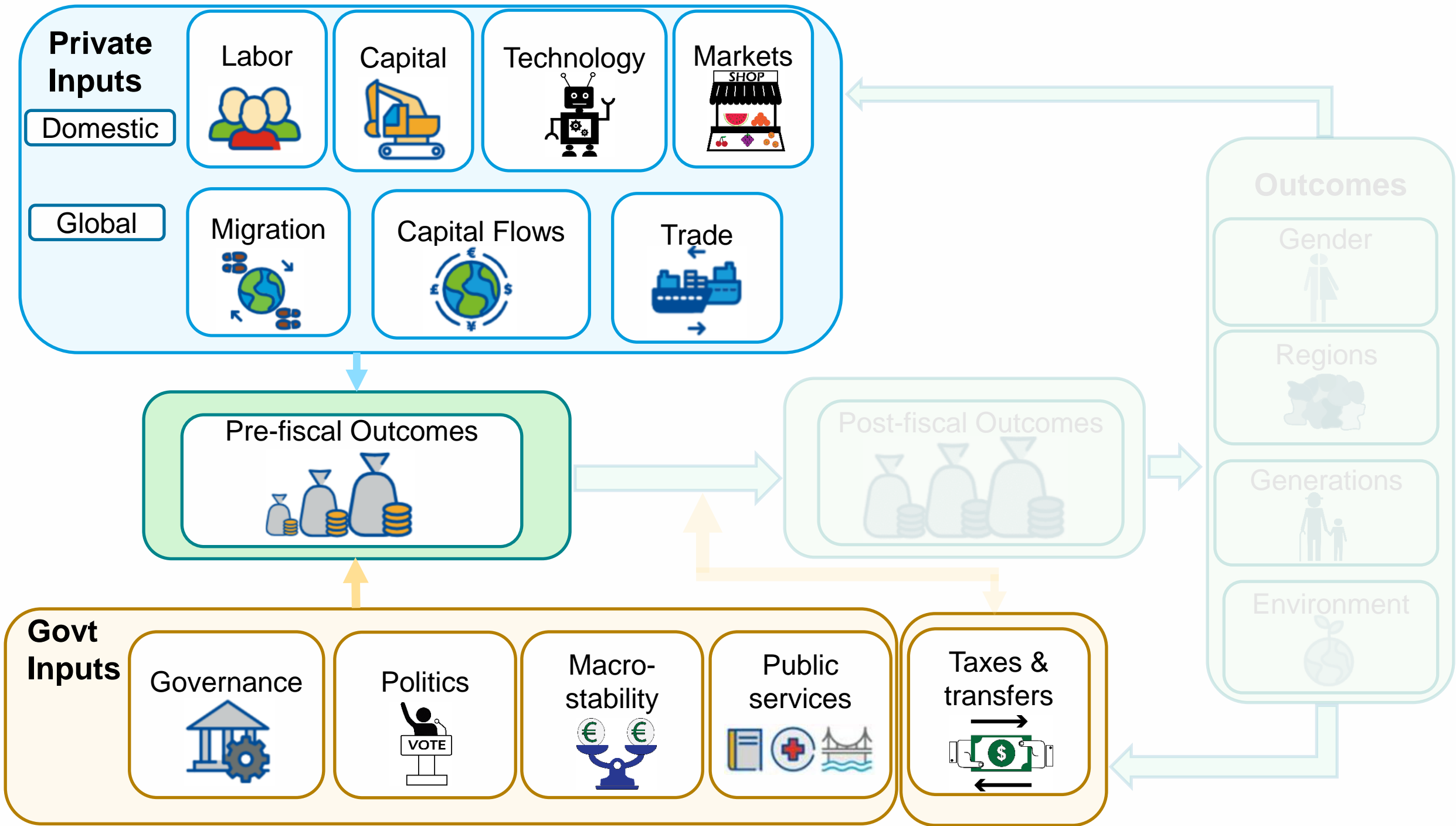
Sources: Ruchir Agarwal, IMF blog Feb 3, 2022; UNESCO global dataset; and IMF staff estimates.

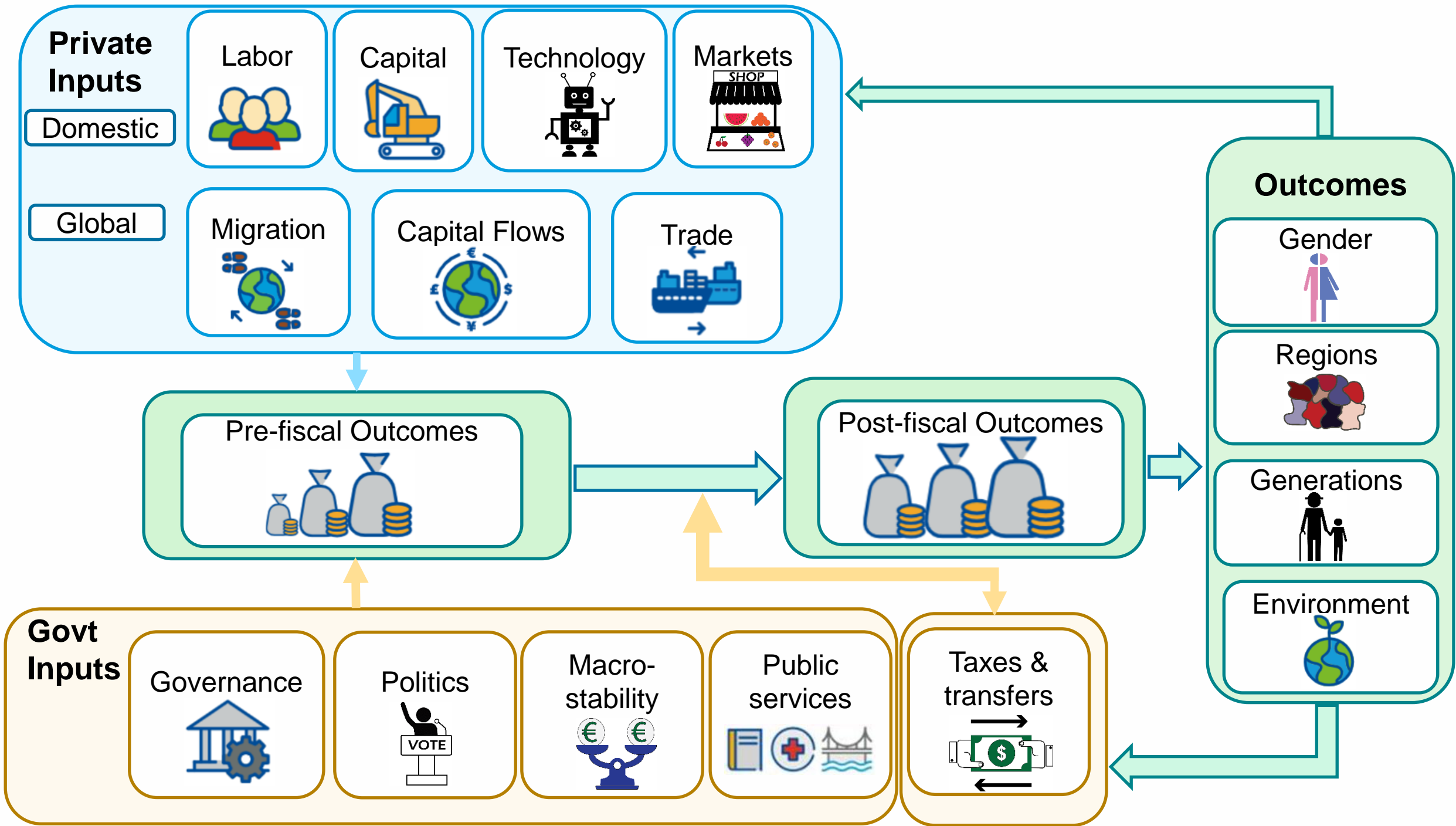
# Inequality Exacerbates Poverty Traps and Social Immobility



Source: Baduel, Isakova, and Ter-Martirosyan, Chapter 18 of *How to Achieve Inclusive Growth*; World Bank, WDI and GDIM databases.

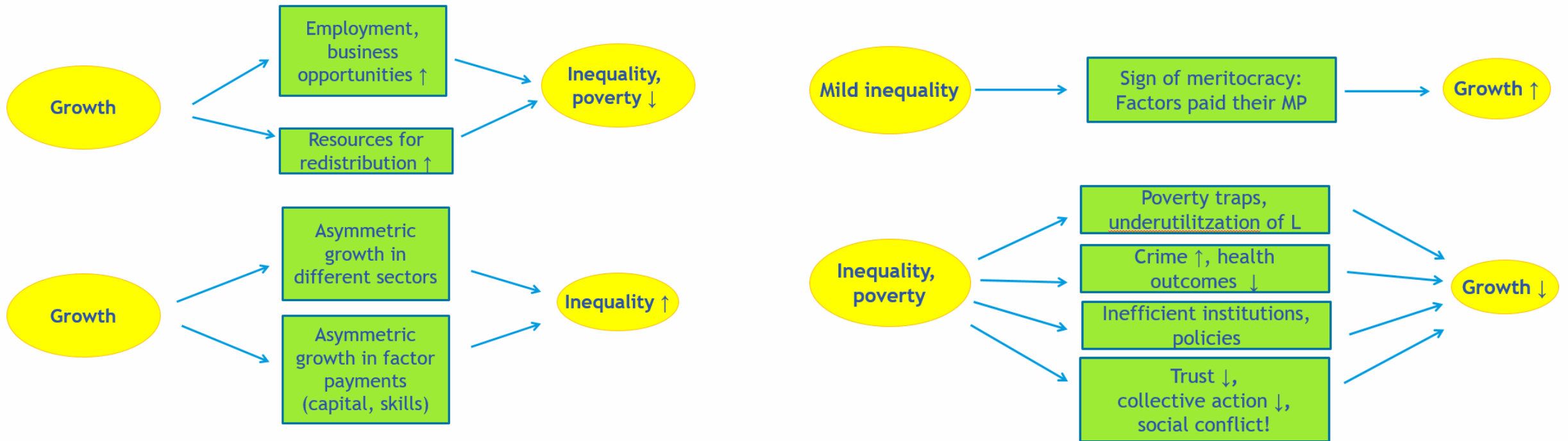






# Tradeoffs?

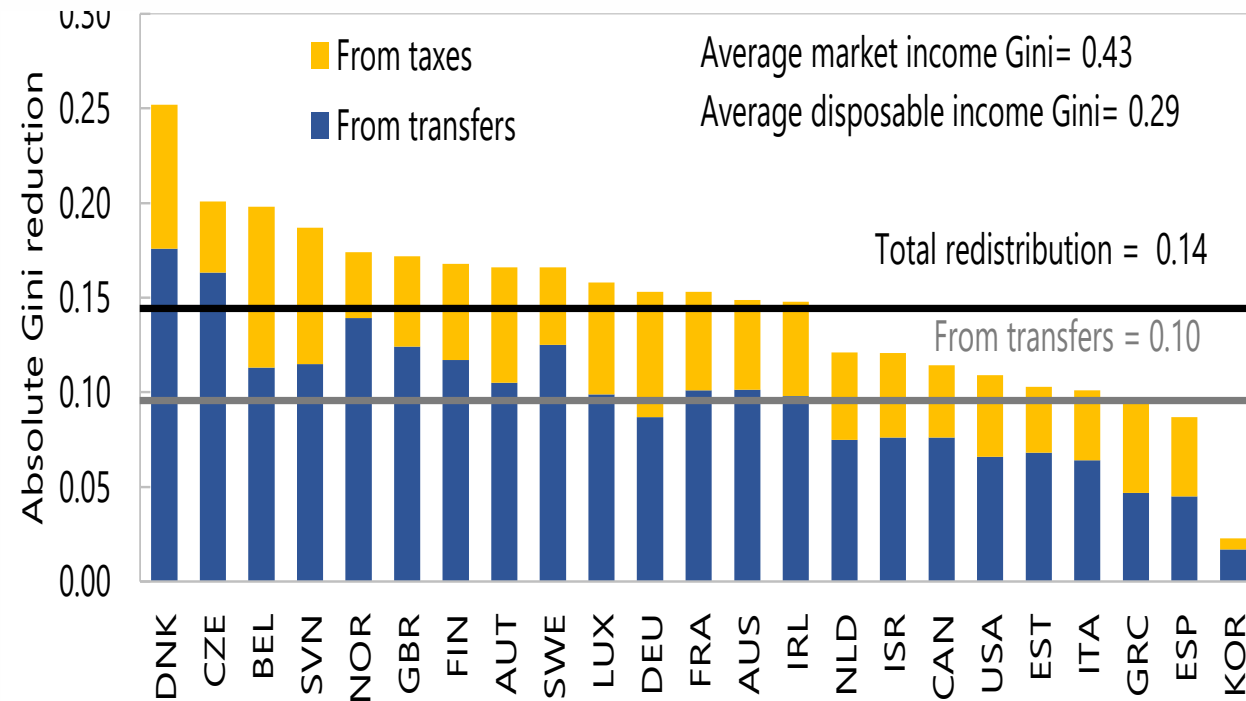
## Growth $\leftrightarrow$ Poverty and inequality



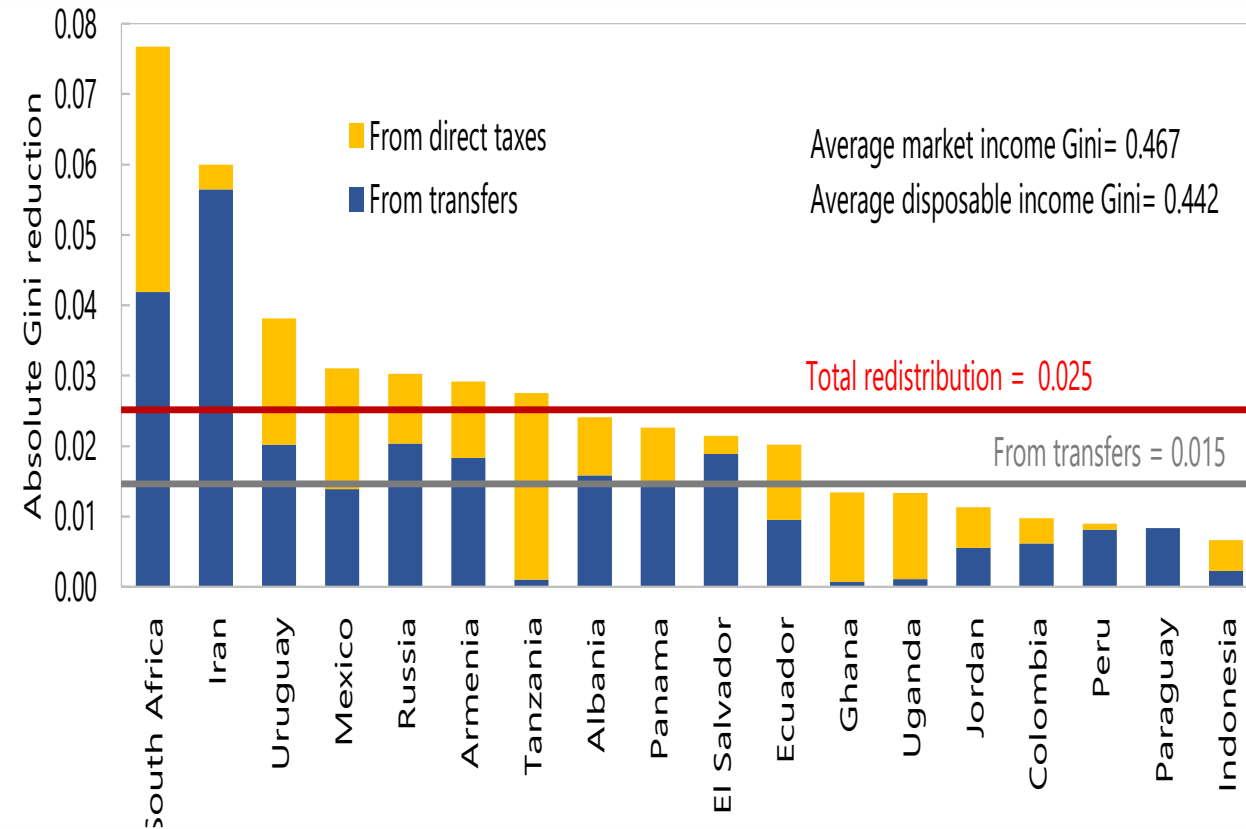


# Redistributive Impact of Fiscal Policy

## Advanced economies



## Developing countries

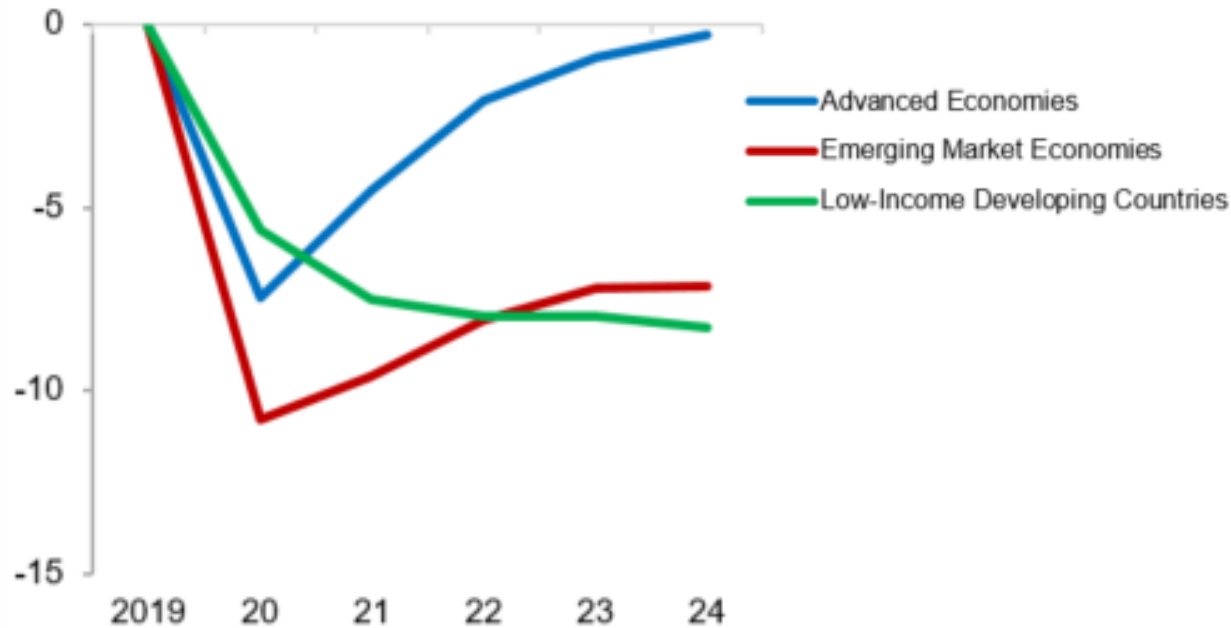


Source: Youhar, Jellema, Lustig, and Trabelsi, Chapter 13 of *How to Achieve Inclusive Growth*; and IMF Fiscal Monitor.

# Post COVID-19: Lower GDP and Higher Public Debt

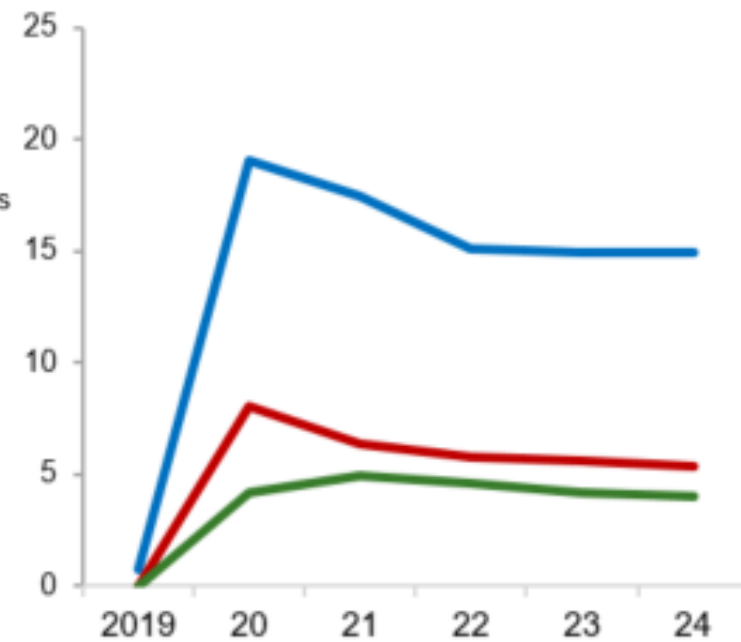
## Real GDP

(Deviation from projection as a percent of 2019 GDP, simple average)



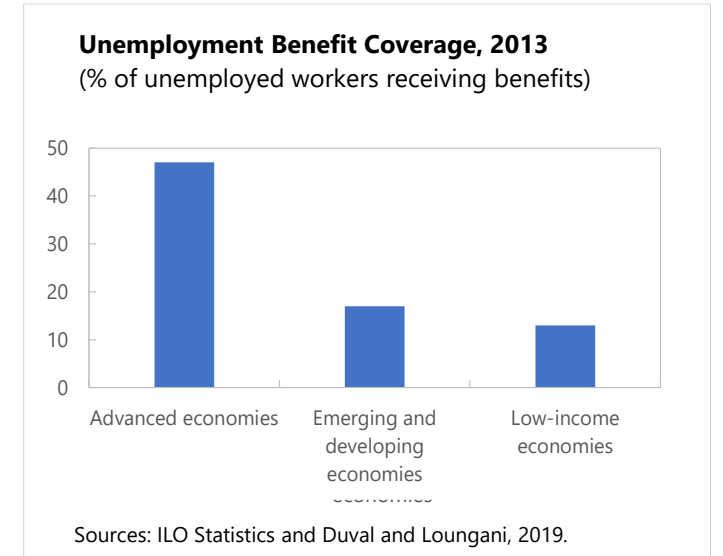
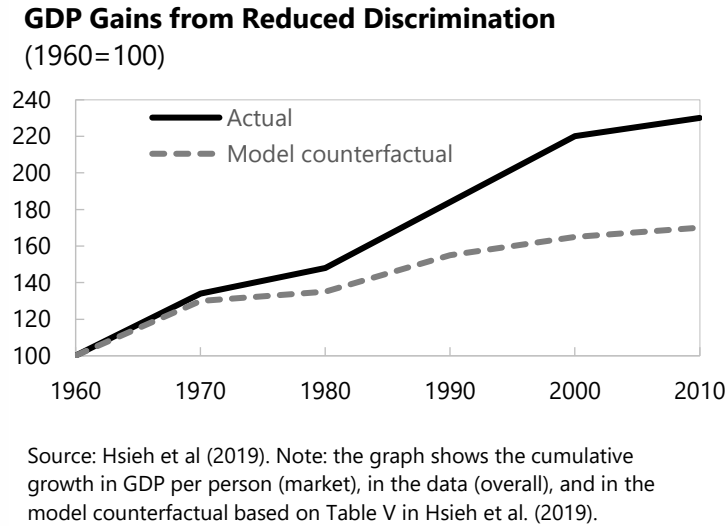
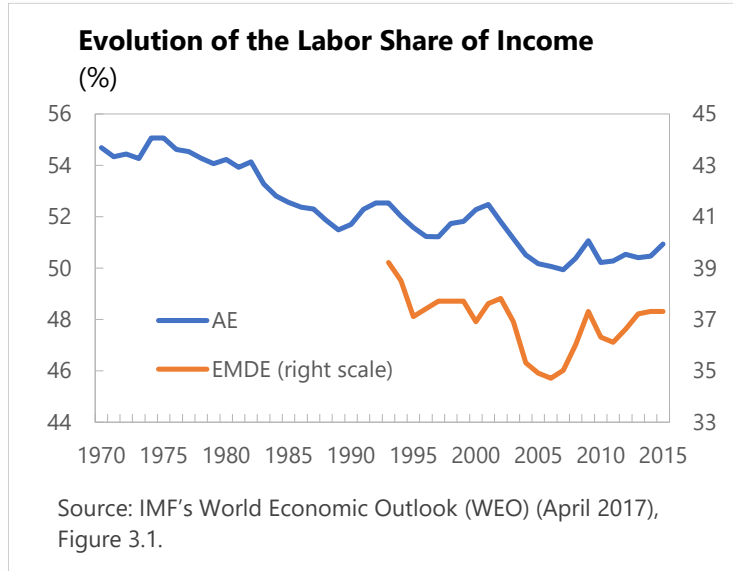
## General Government Gross Debt

(Change relative to pre-pandemic projections, percent of GDP)



Sources: Fiscal Monitor and IMF World Economic Outlook database, October 2021; and staff estimates.

# Lack of Labor Market Inclusiveness Has Many Dimensions



# Gender

## Legal Framework

- Eliminate discriminatory laws
- Civil rights (domestic violence, child marriage)
- Property rights (disjoint ownership and equal inheritance rights)
- Access to education
- Design laws to define digital worker's rights

## Fiscal

- Review and amend tax code
- Eliminate discriminatory taxes
- Introduce Gender budgeting
- Set up gender-response expenditures
- Invest in child and elder care
- Incentives for women in STEM
- Invest in digital infrastructure accessibility for tele-work

## Labor Market

- Subscribe to ILO conventions
- Organize Active LP
- Retraining programs, especially after childbirth
- Financial and digital literacy
- Provide “long” paid and no transferable parental leave to fathers/male partners

## Education campaign

- Introduce quotas (political and corporate)
- Anti-discriminatory education: information campaigns against stereotypes. TV programs with educational and entertaining content against stereotypes
- Provide access to contraception and educate to its use

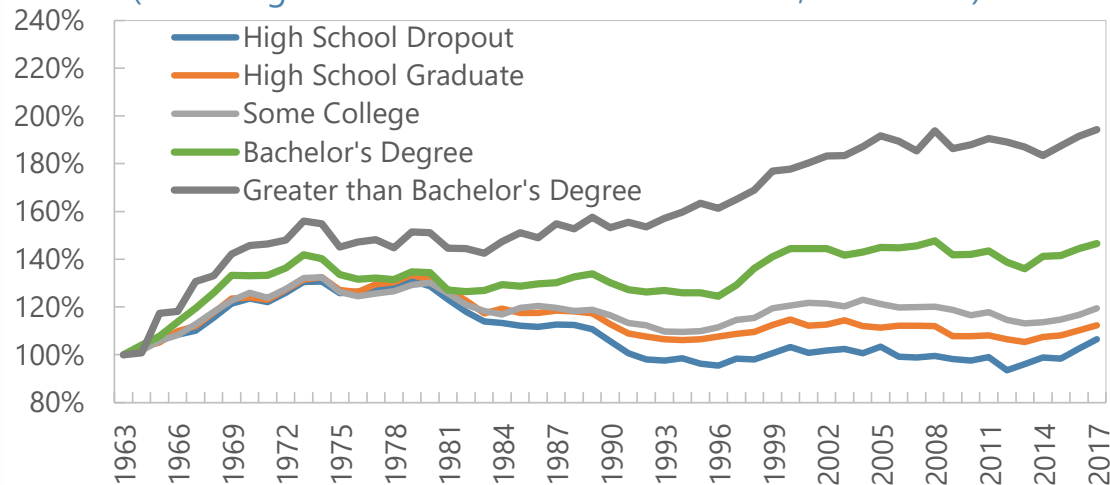
## Financial

- Provide incentives to banks to promote financial access for women
- Develop wireless payment systems

# Advances in Technology Have Benefits and Risks for Inclusion

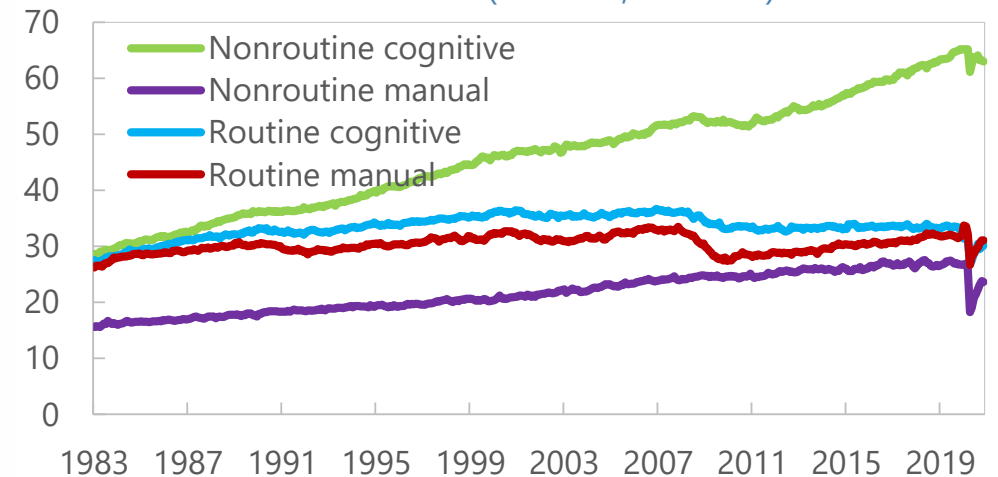
## Rising Wage-Skill Premia in the U.S.

(Real Wages of Full Time U.S. Male Workers, 1963=100)



Source: Autor, David H., Work of the Past, Work of the Future (February 2019).  
NBER Working Paper No. w25588

## Employment Trends in Routine vs. Non-Routine Jobs (Persons, Millions)



Source: Current Population Survey and Federal Reserve Bank of St. Louis.

# Broad Policy Package to Enable a Green Transition

Eliminate fossil-fuel subsidies, price carbon

Provide information and nudges to steer norms and behavior

Incentivize sustainable use of natural resources

Smooth the impact of climate shocks, ensure just transition

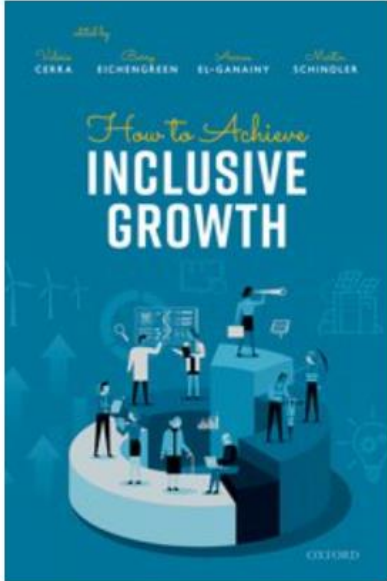
Accelerate investment in sustainable and resilient infrastructure

General enabling policies



- ✓ Possible to grow prosperity and protect nature at the same time
  - ✓ Large overlap between mitigation and adaptation policies
  - ✓ Large scope to boost both inclusion and sustainability

# References



## How to Achieve Inclusive Growth

Edited by **Valerie Cerra**, **Barry Eichengreen**, **Asmaa El-Ganainy**, and **Martin Schindler**

- Analyses the paramount economic, social, and environmental policy challenges of our day
- Lays out a comprehensive and integrated framework for designing policies to combat economic disparities for current and future generations across the globe
- Draws on the expertise of top economists from around the world and on the policy experience of experts from leading international institutions

<https://global.oup.com/academic/product/how-to-achieve-inclusive-growth-9780192846938?q=cerra&lang=en&cc=gb>



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## Inclusive Growth

Learn how to achieve strong, sustainable, green, and inclusive growth.

<https://www.edx.org/course/inclusive-growth>



**Thank you!**





# Appendix

# Editors and Authors

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# IG book chapter topics

## Introduction

- An inclusive growth framework
- Links between growth, inequality, and poverty

## Factor and product markets

- Labor markets
- Financial inclusion
- AI and technology
- Competitive markets

## Globalization

- Trade
- Financial integration
- Migration

## Government policies

- Governance
- Macro stability and debt
- Taxation
- Public spending and transfers
- Education and health
- Political reform

## Disparities of outcomes

- Gender equity
- Regional disparities
- Generational equity
- Sharing natural resource wealth
- Climate change

## Putting it together

- Country case studies
- Recap and next steps