



## Resolution 2158 (2017)<sup>1</sup>

# Fighting income inequality: a means of fostering social cohesion and economic development

Parliamentary Assembly

1. Over the past few decades, income inequality has continually increased across Europe and throughout the world, with an ever-greater gap between the top earners and those at the bottom of the income scale. The richest 1% has now accumulated more wealth than the rest of the world put together. In Europe, the economic recovery observed since 2010 has not yet delivered inclusive growth or reversed the trend of increasing income inequality, which remains at its highest level since the mid-1980s.
2. The Parliamentary Assembly is very concerned about the current level of income inequality and its effects, not only on social cohesion but also on economic performance, development and sustainability and the functioning of democratic institutions and processes. While it has always been widely recognised in European societies that a certain level of inequality may be needed to stimulate individual ambitions and overall growth, levels of inequality in Europe have now gone far beyond what is seen as healthy competition. These concerns are shared by international economic organisations, such as the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF) and the International Labour Organization (ILO).
3. Member States and economic stakeholders at all levels need to recognise that increases in income inequality lead to other forms of inequality and related challenges, such as high levels of youth unemployment and precarious employment, the appearance of a new class of “working poor” and persistently high gender pay gaps in many European countries. Such inequalities are, in the long term, harmful to democracy. Member States should address these challenges urgently and include relevant targets in socio-economic policies at all levels, ranging from the new European Pillar of Social Rights at the European Union level to social policies at the local level. They should promote an inclusive social dialogue aimed at reaching a new social consensus with regard to levels of individual security and employment flexibility to be achieved in each national context.
4. In the light of the above, the Assembly invites member States to:
  - 4.1. make the fight against income inequality a political priority and develop comprehensive and effective national strategies, including setting or promoting measurable targets in terms of reducing overall levels of inequality, gender pay gaps and ratios between the lowest and highest salaries;
  - 4.2. as regards employment and wage-setting policies:
    - 4.2.1. encourage the reduction of current levels of precarious employment and provide employees with more stable professional prospects and positions in accordance with their qualifications;
    - 4.2.2. invest in training programmes and continuous training for all workers throughout their life, in order to improve the general skills of the workforce, including the use of information and communication technologies;

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1. *Assembly debate* on 25 April 2017 (13th Sitting) (see [Doc. 14287](#), report of the Committee on Social Affairs, Health and Sustainable Development, rapporteur: Mr Andrej Hunko). *Text adopted by the Assembly* on 25 April 2017 (13th Sitting).



- 4.2.3. increase the participation levels of women in the labour market in accordance with their qualifications, thus consolidating household incomes and facilitating families' equal access to health care, childcare and education;
- 4.2.4. introduce a sufficiently high minimum wage (living wage), ensure equitable wage levels for all categories of workers, including vulnerable groups in the labour market (women, young people, migrants, etc.), and consolidate relevant income support schemes;
- 4.2.5. take concrete measures to promote youth employment and vocational training;
- 4.2.6. promote the fight against the gender pay gap, and ensure equal pay for work of equal value to all women and men, including through relevant legislation and complaint mechanisms;
- 4.2.7. strengthen social services in order to allow families, including single parents, to achieve an acceptable work–life balance between decent employment and domestic care duties for children or elderly people;
- 4.2.8. encourage the limitation of excessive wages and rewards to top earners, by ensuring transparency of their income and by promoting maximum ratios between the highest and lowest wages within specific sectors or companies (for example through stakeholder controls, public tender rules and, in particular, via public procurement policies);
- 4.2.9. encourage better access for small and medium-sized enterprises to public procurement;
- 4.3. as regards tax policies and systems:
  - 4.3.1. make taxation systems more progressive, in particular by increasing the tax rates for higher incomes and significantly lowering pressure on “at risk of poverty” groups, such as large families or single parents (for example, lower income tax rates, tax breaks and tax credits, and shifting away from consumption taxes on basic and essential goods);
  - 4.3.2. review taxation on wealth, capital gains and inheritance, with a view to reducing tax incentives and increasing the transparency surrounding any tax incentives;
  - 4.3.3. step up international co-operation and design effective measures to fight tax havens and tax evasion, as specified in Assembly [Resolution 1881 \(2012\)](#) on promoting an appropriate policy on tax havens and [Resolution 2130 \(2016\)](#) on lessons from the “Panama Papers” to ensure fiscal and social justice, and promote co-operation to avoid tax competition between countries which leads to the displacement of companies and individuals;
- 4.4. as regards labour market institutions:
  - 4.4.1. reverse negative trends which have weakened collective bargaining institutions and coverage in the past;
  - 4.4.2. strengthen social dialogue as a means of fighting income inequalities and designing modern labour market policies, in line with Assembly [Resolution 2146 \(2017\)](#) on reinforcing social dialogue as an instrument for stability and decreasing social and economic inequalities;
  - 4.4.3. build systems of “good governance” and transparent decision making by setting up public registries of lobbyists and stricter rules on conflicts of interest, with a view to limiting, if not eliminating, the influence of groups with vested interests in all relevant policy areas (including employment, wages and taxes).
5. The Assembly also calls on member States to:
  - 5.1. contribute to the development of a new paradigm of social justice for their societies, in which income inequality is treated as a major challenge for entire economies and societies;
  - 5.2. comply with their commitments with regard to the universal Sustainable Development Goals, adopted in September 2015 at the United Nations, and effectively protect social rights as guaranteed by the European Social Charter treaty system of the Council of Europe, not least by ratifying the European Social Charter (revised) (ETS No. 163) if they have not yet done so.