**The new frontier? Inequality, business and human rights**

It has been an eventful five years since the adoption of the UN Guiding Principles (UNGP) in 2011. We have seen an increasing number of states developing [National Action Plans](http://business-humanrights.org/en/un-guiding-principles/implementation-tools-examples/implementation-by-governments/by-type-of-initiative/national-action-plans) and [businesses adopting new human rights commitments](http://business-humanrights.org/en/company-policy-statements-on-human-rights). There are new [discussions](http://business-humanrights.org/en/blog-series-on-measuring-implementation-of-un-guiding-principles-on-business-human-rights) on the implementation of the UNGPs and the possibility of a [binding treaty](http://business-humanrights.org/en/binding-treaty). This level of traction and progress of the Business and Human Rights field has been promising, no question. But for the Business and Human Rights field to remain relevant, it needs to evolve and adapt to a rapidly changing – *and increasingly unequal* – world. The question is: how?

**Inequality, business and human rights**

Economic inequality is quickly becoming one of the defining issues of our time. Few would question the assertion that inequality, human rights and business are inextricably intertwined. As the [Center for Economic and Social Rights](http://www.cesr.org/article.php?id=1780) has aptly argued, extreme inequality represents both a cause and a consequence of human rights violations. Not only do human rights violations drive inequality (e.g. erosion of labor rights, discrimination, barriers to political participation) but unequal societies are also more likely to pose [challenges to broad-based protection of human rights](https://www.equalitytrust.org.uk/about-inequality/impacts).

The link between business practices and rising inequality is also difficult to deny as corporate tax abuse and prioritization of shareholder interests have served to skew income and wealth away from workers towards the [world’s wealthiest individuals](https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp210-economy-one-percent-tax-havens-180116-en_0.pdf) and largest corporations.

Despite the growing urgency to address inequality, the Business and Human Rights field has remained rather silent on the issue. Yes, there have been [debates](https://www.opendemocracy.net/openglobalrights/economic-inequality-and-human-rights) around the relationship between inequality and human rights, but advocates have yet to articulate a clear case for the role or relevance of Business and Human Rights in the inequality conversation. Similarly, most businesses (even the ones with a human rights commitment) have neglected the issue of inequality to date. While [83 percent of business executives](http://www.eiuperspectives.economist.com/sites/default/files/EIU-URG%20-%20Challenges%20for%20business%20in%20respecting%20human%20rights%20WEB_corrected%20logos%20and%20UNWG%20thx.pdf) reportedly consider human rights a matter for business, [only 5 percent](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKEwiEp5Pf2YzNAhUKcz4KHeo3AiUQFggcMAA&url=https%3A%2F%2Fwww.pwc.com%2Fgx%2Fen%2Fsustainability%2FSDG%2FSDG%2520Research_FINAL.pdf&usg=AFQjCNE1Tei2tPwT22E2WoMfK7mpHn0T4w&sig2=fS9V6f6tHGwqP15XixnZjw&bvm=bv.123664746,d.cWw) consider inequality a key area of concern for their company.

This needs to change if we are serious about carrying forward the spirit of the UNGPs and their emphasis on shared human rights responsibilities. More importantly, by incorporating inequality into the Business and Human Rights agenda, the field (including business) can stay true to the vision that human rights are indivisible and that Business and Human Rights requires equal attention to the progressive realization of economic and social rights.

**An economic system in service of human rights**

If, as [Philip Alston argues](https://www.opendemocracy.net/openglobalrights/philip-alston/extreme-inequality-as-antithesis-of-human-rights), extreme inequality is the antithesis of human rights, then the neoliberal model, which has been driving up inequality levels, is also at significant odds with human rights. There is increasing consensus (including unlikely voices like [the IMF](http://www.imf.org/external/pubs/ft/fandd/2016/06/pdf/ostry.pdf)) that the existing economic paradigm with its emphasis on small government, unregulated markets and maximizing shareholder value has reproduced a dynamic that has led to increased capital accumulation and concentrated market power into the hands of a few.

This dynamic has led to the mobilization and of an increasing number of voices advocating for addressing these skewed distributional patterns. Corporate tax dodging, which is estimated to cost developing countries [$100 billion a year](http://unctad.org/en/PublicationsLibrary/wir2015_en.pdf), has become one of the catalyst issues of advocates, highlighting the expanding nature of [corporate responsibility](https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/dp-getting-to-good-corporate-tax-171115-en.pdf) in the age of extreme inequality. Beyond that, the rise in inequality has also contributed to a slow but steady proliferation of initiatives that aim to transform the dominant economic model in service of a more humane economy. This emerging movement is characterized by two overlapping types of initiatives:

* Initiatives challenging the purpose and governance structures of corporations (e.g. fiduciary duties of corporate board of directors and managers, metrics for investor decision-making, and new accountability mechanisms). Examples include the work of [Frank Bold](http://en.frankbold.org/sites/default/files/pripady/concept_note_purpose_of_the_corporation.pdf), the [Aspen Institute](http://www.aspeninstitute.org/policy-work/business-society/the-purpose-project) or [B Corps](https://www.bcorporation.net/).
* Initiatives experimenting with alternative business models (e.g. social enterprises, employee-owned companies), channeling investment to them, and creating a supportive legislative environment. The [Fourth Sector Initiative](http://www.fourthsector.net/) or [Ashoka](https://www.ashoka.org/)’s long-standing efforts in this area are two examples.

**Identifying synergies**

These examples not only indicate potential directions of economic systems change in the service of human rights but also signify the emergence of a diverse movement against inequality, in which business is not just better regulated (e.g. through tax or labor law) but transformed with regards to purpose, governance and ownership. The fact that this movement and the Business and Human Rights agenda have existed [in parallel](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2650136) to date represents a missed opportunity since a global economic system that enables a more equitable distribution of incomes and wealth goes hand in hand with ensuring greater respect for human rights.

On a hopeful note – there are signs of increasing interaction between the two fields as witnessed at different times over this past year. For instance, the [Lima Declaration on Tax Justice and Human Rights](http://www.cesr.org/downloads/Lima_Declaration_Tax_Justice_Human_Rights.pdf) calls for corporate tax behavior to be no longer treated outside the purview of the corporate responsibility to respect human rights. Similarly, a roundtable hosted by Columbia University in NY a couple of weeks ago brought together Business and Human Rights scholars and practitioners with thought leaders on impact investing, inclusive business, sustainable finance and corporate responsibility to ask the question: *How can we re-engineer business for business to prioritize social purpose*?

These instances have in common the hypothesis that a human rights lens can provide analytical and normative power to the ambition of addressing inequality and challenging the dominant economic paradigm. Equally important, Business and Human Rights can help to ensure that the transformative efforts needed to overcome contemporary inequality trends occur in respect of human rights.

There is more exploration needed on what role Business and Human Rights has in tackling inequality. It’s a discussion worth to be having. The [UN Forum on Business and Human Rights](http://www.ohchr.org/EN/Issues/Business/Forum/Pages/ForumonBusinessandHumanRights.aspx) this November could be an opportune occasion to do just that.