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In times of austerity, can we afford to care about global and intergenerational inequality?

Ben Phillips and Rosamund Urwin

To consider different perspectives on the central issue of inequality, two speakers shared the platform. Ben Phillips, discussed global inequalities, followed by Rosamund Urwin, who outlined her views on the impact of intergenerational inequality in the United Kingdom.

Ben Phillips

### **The global perspective**

Why is the issue of inequality so crucial? – and why does the type of capitalism we have matter so much to the poorest people in the world? Ben Phillips, working in the field of international development, confronts the answers to these questions on a daily basis.

First, to put his views in context, Phillips clarifies his position on the political spectrum. “I am a capitalist,” he proclaims. “A lot of what NGOs do is about helping people to make money.”

He cites a group of people he met recently in Nairobi’s biggest slum and home to one million people – who were transforming old bones from butchers into jewellery. “There are amazing stories like that from all over the world, of people trying to make money. And that’s a good thing,” he says. “A lot of market systems have been able to deliver for poor people.”

Much of the progress we have seen since the end of World War 2, and since the independence of many former colonised countries, has been related to economic growth, he says.

“But, what we’ve seen increasingly, especially in the past 20-30 years is a de-coupling of economic growth from social progress, so we now know that economic growth alone is not enough.”

Phillips says his views are in line with the likes of philanthropist George Soros who describe today’s capitalism as ‘market fundamentalism’ and call for a return to a more balanced, more managed form of capitalism.

### **Stark separations**

Phillips draws on personal encounters and experiences around the world to convey the extent and scale of inequality. He shows a photograph of a slum abutting a luxury high-rise apartment block, complete with balcony swimming pools on every storey. “It happens to be Sao Paulo,” he says, “but it could just as easily be Nairobi, or Delhi or Bangkok or Islamabad or Lagos or Jo’burg; they all look as starkly divided as this.”

The rich and poor live cheek by jowl, yet separate. And its not just a money separation, says Phillips, it’s also a physical separation, and a social and cultural separation.

He dips into a long list of statistics, throwing up similar examples of inequality from different continents. In Pakistan, half the population has *no* land, while just 5% of landowners have two

thirds of the land; in the cities the top 20% of the population accounts for 61% of earned income, while the bottom 20% makes do on just 3%.

Angola combines both a staggering current growth rate of around 25% and one of the highest infant mortality rates in the world. Papua New Guinea has the highest growth rate in the world, and yet is the *only* country that has not met a single Millennium Development Goal.

In the US, the richest 10% of the population has captured all of the growth since the recession. In fact, it's worse, says Phillips: "The US rich captured more than all the growth and the other 90% went backwards."

The good news, says Phillips, is that it doesn't have to be like this. And that is why he believes it is important to talk about different forms of capitalism. He looks to Brazil, where he says the poorest 10% have grown their incomes at a faster rate than the richest. The richest have still made more money, but the poor are growing faster. "In Bolivia, even more progress being made, even faster. It *is* possible for things to be different."

## Why fight inequality

Why should we strive for change? Phillips gives three reasons to fight inequality:

**Inequality is bad for growth.** Indeed, there is a growing consensus that redistributing income can lift growth. The IMF research department says this, as does its head, Christine Lagarde: so does the OECD and the World Bank. Even publications with a reputation for economic liberalism, such as the Financial Times and the Economist have made this point.

**Inequality is dangerous because it tears societies apart.** Phillips points to a recent report from a security consultancy which advises countries and companies how to deal with insurrection. "They said they were really worried about rising inequality: not from a moral perspective or a growth perspective, but as a security threat."

**Inequality promotes 'social capture'** which means that "some people have so much money they don't just buy boats, they buy elections. They buy politicians and they become immune from any form of accountability. And that then corrupts the democratic process."

## Putting things right

Delivering greater equality through policy is not rocket science, insists Phillips. "The trouble is not the policy list: that we could do in an afternoon at Murray Edwards College! The hard question is the politics, and the problem is our leaders will not lead us."

While campaigning in India, Phillips grew cynical about the idea that gathering evidence from research leads to policy change. Reports which showed how investing in health and education would have a positive impact on child development and economic growth were repeatedly ignored.

The reason why, says Phillips, is because the politics was wrong. So, he changed tack, and the outcome was different: "We started mobilising around the issue, organising people, and then we actually started to get some significant increases in health and education funding."



## People power

Phillips is convinced that organising people is the key to achieving change. Offering his list of greatest achievements in recent centuries – the end of the colonies, the abolition of legal slavery, votes for women, the end of apartheid – he asks: "How did these things happen? They all happened through public pressure."

The people who organise are the people we have been waiting for, says Phillips. They include single issue organisations which join forces to tackle a greater injustice, and individuals who take part in campaigns such as Drop the Debt, or fight for LGBT rights and freedoms. Yet the real heroes, he says, are those "ordinary people doing extraordinary things": the dispossessed or oppressed who take on those in power.

Drawing again from his bank of experience, Philips singles out profiles in courage of those who fight against the odds: women farmers in the Congo who campaign to be treated as equals; a 14-year-old Muslim school girl on Zanzibar who is organising to stop child marriage; people organising to prevent violence against women; campaigners against land grabs and Aboriginal communities demanding justice from companies which pollute the rivers on which they depend...

## Fighting against the odds

Particularly impressive was an elderly Brazilian woman from the landless Colombolo communities – descendants of run-away slaves: the poorest and most oppressed of all Brazilians. Her livelihood, like others in her community, depends on a tradition granting them access to land to harvest fruit from a coconut tree, which they turned into various products from foods to skin creams.

When land value rose, and the landowners wanted to grow biofuels, they banned this woman and her community from accessing and collecting the coconuts. Faced with resistance, the landowners used dogs and guns to threaten them, but the Colombolo group organised and fought to change the law to ensure access.

Yet, in practice, they were still kept out with electric fences and threats. Against all odds, the woman stood up to authority. She publicly challenged the minister with the power to insist that the law was enforced. Her courage paid off, and she succeeded. "That is power," says Philips, "and that is how inequality will be tackled."

Connecting local determination with global action is also important. Organisations like Action Aid can publicise injustice around the world; and there are times when NGOs can achieve more if they work together, which Philips admits is not always easy.

Not easy, but possible. Philips combines optimism with pragmatism and conviction: **"If inequality is ultimately a problem of power and politics, then the way in which it will be rectified does of course involve policy, laws and government, but the way we will get there is by peoples' organisations."**

Perhaps it is best summed up in a slogan he learned in Brazil: *Organizados somos fortes* (Organised, we are strong).

Rosamund Urwin

## The home front: generational inequality in Britain

“It’s not fair!” That familiar phrase uttered repeatedly by young children to their parents is one that Ros Urwin remembers well. Equally memorable is her parents most common response: “Life’s not fair.”

And yet, Urwin feels strongly that today’s young people have every right to feel injustice stacked against them. “The under 30’s today are expected to be the first in recent history who will stay poorer than their elders throughout their lives, facing the triple whammy of low wages, high housing costs and insecure employment,” she says.

For those puzzled that the rising costs and constraints of bringing up children seem to do little to deter people from becoming parents, Urwin adds another conundrum: the enduring desire of parents to want their children to have a better life than they did. That’s not how it looks to the young people of today.

Urwin maintains that the Baby Boomers have sold out their children. It’s a view that is echoed in a number of recently published books, such as Francis Beckett’s *What did the Baby Boomers ever do for us?* Other titles discuss the plight of the so-called ‘Jilted Generation’, and ‘Generation Rent’. Former Conservative Government Minister of State for Universities and Science, David Willetts added his contribution to the debate with a book called *The Pinch: how the Baby Boomers took their children’s future and why they should give it back*.

MPs have been taking a closer look at the issue, launching a parliamentary enquiry into intergenerational fairness in 2016. Their concern, says Urwin, is that the welfare and pensions system is unfairly favouring pensioners at the expense of younger workers.

### A raw deal for the young?

But aren’t young people just moaning? Isn’t life a lot better today than it was for our parents? Urwin admits there has been much progress: that it is better to be a woman in today’s world in Britain, or trans; and that it’s good to have iPads and a Top Shop on every high street.

None of this, however, disproves a terrible generational legacy. Urwin questions the impact of successive governments on young people, and compares this with what they give to older generations.

Look what the young are getting today, she says. Educational Maintenance Allowance has been ditched; university students now pay “stonking fees” where others once had grants; the young have a lower level of Jobseekers’ Allowance than everyone else, and in the 2015 budget the government scrapped automatic entitlement to housing benefit for 18-21 year olds (except for the vulnerable or special cases).

The last policy is dangerous, says Urwin, because it forces many young people to keep living in precarious situations when they are no longer children.

One small policy particularly serves to illustrate policy discrimination against the young, says Urwin: a recent ruling that there should be no discrimination in car insurance on the basis of gender, while it is still legitimate to discriminate on age. “Nobody thought that was discriminatory,”



And on top of this, she adds: “Young people are being priced out of home ownership and they are drowning in debt – both public and personal.”

All very galling, says Urwin. The Baby Boomers had free university education, pension schemes that the young have been shut out of, and – when they do become pensioners – they still enjoy free bus passes and TV licences, regardless of their wealth.

“Undoubtedly some pensioners live in poverty, but as a group on the whole, their wealth is up while for the rest of us, it has gone down,” she says.

### **A closer look at housing**

For the “most brutal” expression of inter-generational inequalities, Urwin turns to housing. Popular television programmes dedicated to buying the perfect house underscore the obsession with home ownership among the Baby Boomers.

Not such fun viewing for their offspring, says Urwin. “Many young people are priced out of the market, unless they have a donation from the bank of Mum and Dad. And that, of course, perpetuates a very different kind of inequality.”

Some owners of the Baby boomer generation have made a fortune out of their houses, and many have expected their houses to make money in an unprecedented way. In some cases, their homes were making more money than they were earning.

So what can be done? So much has been said about affordable housing, that Urwin feels the idea has lost its meaning. She refers to one candidate in the last London mayoral elections who described a house worth £450,000 as affordable.

The basic measure of affordability is housing costs relative to income. On this basis, Urwin says the UK – as a country – is internationally classified as seriously unaffordable. London prices are notorious, but the problem exists elsewhere. In Cambridge, average house prices are ten times higher than earnings.

Urwin asks why politicians do so little about this. She was unimpressed by the then Prime Minister, David Cameron’s announcement at the 2015 Conservative Party Conference – to offer starter homes aimed to turn renters into owners.

The idea was that developers of low cost properties for the rental market could instead now sell these homes at a discount of 20% to the market, to be reserved for first time buyers, under the age of forty.

Yet according to the housing charity, Shelter, none of the proposed starter homes were in London. To buy a starter home in the capital, Shelter says you need £73,000. So, who is this really going to help, asks Urwin. “A few high earners who would eventually have been able to get on the ladder anyway,” is her view.

### **Voting reform**

It seems there are more questions than answers, and Urwin admits it is unfair to blame just capitalism for this inequality. “There is also a demographic problem. The Baby Boomers are large in numbers and they are electorally powerful. Governments are afraid of upsetting them.”

So can we blame democracy? Surely, if the young don’t turn out to vote in such numbers as the elderly, it’s their look out? Urwin argues that democracy is debased by low voter turnout and advocates an updated form of voting reform to woo the younger electorate, using, for example, an app.

If that might be one answer, another could be to cultivate a broader response to inequality. On the housing issue, Urwin suggests this could be “rejecting the cult of home ownership that is so pervasive.”

Ending with a direct message for her generation, Urwin, says: “I keep thinking that we could be calling for greater change, not simply accepting what is handed down to us. Who knows – that might stop our children resenting us in the way we do our parents.”

## Questions

1. How will the increasing political polarity we are witnessing affect inequality, not just in US and UK, but also globally?

In response, Ben Phillips cited different historic reactions to great economic dislocation. After the Wall Street Crash of the 1930s, US President Roosevelt introduced social security-like systems and created millions of jobs through massive public investment. “Under public pressure he used the role of the state to make the economy work for all.” Meanwhile, in contrast in Europe the extreme right took power.

The big question in such crises is do we stick together or do we start to blame the other? “What I hope,” says Phillips, “is that in this moment of economic dislocation people will find commonality, and argue for a world of value rather than a world of price.”

2. What models exist to show how far peoples’ organisations can go to push the ceiling to tackle inequality?

Admitting the scale of the challenge, Phillips highlighted two examples of significant change in direct response to people organising: India’s 2005 National Rural Employment Guarantee Act, ensuring 100 days of minimum wage manual labour on request, which has had huge impact; South Africa’s development of the world’s largest Anti-Retroviral (ARV) drugs programme to combat AIDS.

A suitable cue for Phillips to remember Lyndon Johnson’s reply to Martin Luther King who told the President that he needed to pass the voting and civil rights acts: “I know,” said Johnson, “but you have to make me do it.”