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

To give a dual perspective on the central issue of inequality, two speakers shared the platform in the fourth event of the Murray Edwards lecture series exploring Capitalism on the Edge.

Ben Philips, Director of Policy, Research, Advocacy and Campaigns at the international NGO, ActionAid, discussed global inequalities; campaigning journalist, Rosamund Urwin, followed on to focus on the impact of intergenerational inequality in the United Kingdom.

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 Philips, working in the field of international development, confronts the answers to these questions on a daily basis.

First, to put his views in context, Philips clarifies his position on capitalism. “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 Kibera – the biggest slum in Nairobi, and home to one million people – who were transforming old bones from butchers shops 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.”

Philips 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. “So that’s where I stand in the discussion,” he says. “I think capitalism right now is very much on the edge.”

Stark separations

Through his work, Philips has amassed a collection of encounters and images from around the world which 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 divided as this.”

The rich and poor live cheek by jowl, yet separate. And it’s not just a money separation, says Philips, 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 has had a staggering growth rate of around 25% and one of the highest infant mortality rates in the world. Papua New Guinea has had 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 Philips; "the rich captured more than all the growth and the other 90% went backwards."

The good news, says Philips, is that it doesn't have to be like this.

And that is why Philips 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 is inequality bad?

So why should we strive for change? Philips highlights three reasons to fight inequality:

First, 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.

Secondly, inequality is dangerous because it tears societies apart. Philips 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."

Thirdly, inequality promotes what academics have dubbed "social capture." What this means, says Philips is 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." He borrows the words of Louis Brandeis, US Supreme Court judge in the early decades of the 20th century, who said: "we can have extreme inequality or we can have democracy; we can't have both".

Putting things right

In more recent times, Philips points to the Lula government in Brazil as an example of changing policy for a fairer society: redistributing land to the poorest people, increasing incomes for the poorest people, organising the economy around jobs, investing in social protection for kids and the elderly, and so on…

Delivering greater equality through policy is not rocket science, insists Philips. "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."

The idea that producing research papers which prove something will result in changes in policy is false, says Philips. He learned that lesson when campaigning in India. 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 Philips, 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

Indeed, Philips is convinced that organising people is the key to achieving change. He cites the greatest achievements of recent centuries: the end of the colonies, the abolition of legal slavery, votes for women, the end of apartheid…"How did these things happen?" he asks. "They all happened through public pressure."

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

Again, Philips draws from his bank of experience to highlight examples of remarkable achievement against the odds: women farmers in the Congo who want to be treated as equal partners; a 14-year-old Muslim school girl on Zanzibar who is organising to stop child marriage; people organising in Central America to prevent violence against women; campaigners against land grabs in Tanzania; and Australian Aboriginal communities demanding justice from companies that pollute the rivers on which they depend…

Among the most impressive was an elderly Brazilian lady from the landless Colombolo communities who are the descendants of run-away slaves; the poorest and most oppressed of all Brazilians. Her livelihood, like others in her community, depend on a tradition which granted them access to land to harvest fruit from a coconut tree, which they turned into various products from foods to skin creams.

When land values rose, and the landowners wanted to grow biofuels, they banned this woman and her like from access, and from collecting the coconuts. When they resisted, the landowners used dogs and guns to threaten them; but they 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 and 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 from women's groups in Brazil: *Organizadas somos fortes* (organised, we are strong).

A local perspective; 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; 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 childrens' 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's 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 that there is a terrible generational legacy. Urwin questions what successive governments have been doing that impacts on young people, and comparing this with what they give to the older generations.

Look at 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 job seekers allowance than everyone else, and in 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 very 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," she says.

"On top of this, 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, 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 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: “Many young people are priced out of the market, unless they have a donation from the bank of Mum and Dad,” says Urwin, “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. To illustrate her point, she refers to one candidate in the last London mayoral elections who described a house worth £450,000 as affordable.

Of course, 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 is found elsewhere. In Cambridge, (average) house prices are ten times higher than earnings.

Urwin questions why politicians do so little about this. She is unimpressed by Prime Minister Cameron’s offer - announced at the 2015 Conservative Party Conference - to offer starter homes aimed to turn renters into owners.

The idea is that developers who would previously have offered low cost properties for the rental market could instead now sell homes at a discount of 20% to the market, which would be reserved for first time buyers, under the age of forty.

However, the housing charity, Shelter, produced a map to show where these starter homes would be available, and none were in London. According to Shelter, you need £73,000 to buy a starter home in the capital.

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 it would be unfair, says Urwin, to blame just capitalism for this inequality. “There’s also a demographic problem.” she says. The Baby Boomers are large in numbers and they are electorally powerful. Governments are afraid of upsetting them.”

Does that mean we can blame democracy? If the young don’t turn out to vote in such numbers as the elderly, isn’t that their look out? Urwin argues that democracy is more seriously 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, says Urwin, could be to cultivate a broader response to inequality. On the housing issue, this could be “rejecting the cult of home ownership that is so pervasive.”

Ending with a direct message for her generation, Urwin, suggests: “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

To pick out a couple of the questions raised, MEC student Olwen Wilson asked how the increasing political polarity we are witnessing will affect inequality, not just in US and UK, but also globally?

In response, Ben Philips referred to historic reactions to great economic dislocation. After the Wall Street Crash of the 1930s in the US Roosevelt created millions of jobs, introduced social security systems, massive public investment, and made the economy work for all. Meanwhile, in Europe the extreme right took power.

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

“The danger,” he warned, “is that fascism is what happens when economic dislocation leads to social collapse.”

Another question asked what models exist to show how far peoples’ organisations can go to push the ceiling to tackle inequality. Ben Philips acknowledged this was a challenge. In India, however, the previous government had been successfully pushed by civil society to to pass a national rural employment guarantee act, ensuring 100 days of minimum wage work on request, which had had a huge impact. Similarly, he cites South Africa’s government moving from denying AIDS to instituting the largest ARV drugs programme to combat AIDS,s in the world, thanks to people power.

Philips reminded the audience of US President Johnson’s reply to Martin Luther King telling him he needed to pass the voting rights and civil rights acts: “I know,” said Johnson, “But you have to make me do it.”

Ends