

*Seminar on “Inequalities between and within worlds”
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AHEAD IN OUR COLLECTIVE ACTION TO FIGHT INEQUALITIES

Seizing the moment

Inequalities among people and territories within countries are strongly widening in Italy and in the whole western world. New kinds of active citizenship and new practices of participatory public administration are addressing this issue, but they have not yet produced a systemic change. The perception of widespread and rising social injustice has fuelled indignation, is manifesting itself in several elections and is raising concerns in the elites. However, no collective design of social advancement is emerging. On the contrary, the political forces empowered by people’s reactions often envisage or implement actions which please the poor by setting them against the poorest or by limiting freedom and liberty.

This is why the moment needs to be seized by translating the increased awareness of inequalities into a bottom-up collective action promoting concrete policy solutions. With this aim in mind, and within the framework provided by the UN 2030 Agenda for sustainable development, the Seminar, combining experts and representatives of active citizens organisations (<https://www.forumdisuguaglianzediversita.org/le-disuguaglianze-tra-i-mondi-e-nei-mondi-conclusioni/>), has pinpointed some principles for collective action and established a policy agenda to be developed in the next few months.

Four principles

Inequalities are depriving many people of their future. Private wealth inequalities are rising sharply and influence all other forms of inequality. Unjust inequalities are also affecting all domains of people’s life: income inequality, inequality in labour conditions, inequality in access to services and public goods, inequalities of recognition (of one’s values, norms and role), democratic and participatory inequalities. They all have a relevant gender and age component and a very strong territorial dimension: significant territorial divides have been widening between rural and urban areas or between peripheral and central areas of cities, or between cities.

In building an alliance strong enough to fight inequalities and to open up a new phase of social advancement, agreement must be reached on why inequalities should be reduced and how. A convergence on four principles emerged during the seminar:

1. Fighting inequalities of opportunity and reducing inequalities of results (target 10.3 of the UN Agenda 2030) is necessary because they threaten social cohesion and the democratic legitimacy of governments. But **the primary reason for addressing inequalities is that they violate social justice**, *i.e.* the chance for any human being to develop fully (art. 3, Italian Constitution). Therefore, diversity should in no way provide an alibi for accepting inequalities. On the contrary, diversity calls for fighting inequalities: everyone should be

given the opportunity to choose his or her life project and his or her future. At the same time, no one should be allowed to fall under a socially acceptable minimum social condition: there should never be such a thing as “human waste”.

2. **The aforementioned principle is true for both “us” and the “others”.** The reduction of world inequalities due to the “come back” of Asia – as presented at the Seminar by Branko Milanovic - is a step forward for humanity; as much as it is a burden for humanity that large masses still live in unbearable poverty or lack of liberty. Therefore, the reduction of “our” inequalities should by no means be pursued at the cost of increasing the inequalities of “others”, while claiming that there is no alternative. Our inequalities are not the unavoidable effect of global trends; they are rather the effect of inadequate or wrong policies with which we addressed those trends. Therefore, we must correct wrong policies, turning the reduction of world inequalities into an opportunity.
3. **Redistribution is necessary** and the State should redistribute increasingly efficiently: redistributing is a public function and should not be entrusted to the however generous philanthropic activities of the owners of ever-increasing wealth. **But reducing inequalities is not a job for redistribution only, it should be entrusted to policies that intervene in the market place, where wealth is created.** Pre-distributive public policies are needed which address technological progress, corporate governance, market rules, consumers power and the access to common goods and services. For this U-turn in public policies to take place, a major investment is needed in human resources of public administration and in its methods.
4. **Collective action of citizens and workers is necessary both at local, national and EU-wide level for these policy changes to take place.** This is how major social advancements took place in the past, and there is no reason to believe that it cannot happen now. Actually, the new forms of organizations of citizens open up new venues for direct deliberative democracy: they can both put public policies under pressure in order to make them more aware of the needs and knowledge of people in places, and design and fight for new policies.

So, what?

Based on these four principles, members of active citizens organizations and experts put forward a set of policy hypotheses on four dimensions of inequality.

Wealth inequality. Three complementary lines of public action were explored, referring to three different stages of wealth formation: technological change; corporate governance and labour; consumption and saving.

Concerning technological change, the State (both at national and EU-wide level) should make the most of being the main financier – the main venture capitalist – of research. Rather than dealing *ex-post* with the social and environmental impact of technological change, it should take care *ex-ante* of this impact, by promoting any change that is more likely to produce positive rather than negative effects: improved working conditions; job creation; improvements in the quality of goods and service that can benefit all people and that do not restrict people’s choices. (Example of the last criteria is: improved medicines or health prevention, or treatment accessible to all, not only to those who can afford it). In designing such “new industrial policy” several instruments should be considered. Among them we discussed:

- The strategic use of public procurement.
- A strengthening of anti-trust regulation and policies addressing monopolies over immaterial capital.

- A revived role for state-owned enterprises, with a corporate governance that discourages short-term political pressure.
- Measures to enhance the opportunities for SMEs to invest and develop adaptive innovations.

A contribution to the implementation of some of these instruments can come from a reduction in tax evasion, with particular reference to the increasing share of wealth which today escapes any public radar and measurement.

Wealth distribution is also influenced by decisions made at company level. Here a rebalancing of the balance of power between capital – the entrepreneurs who control it – and labour is the way forward. It can also have positive effects on efficiency, by penalizing rentiers and strengthening commitment to labour. First, a greater role of labour in the strategic decision process of firms should be promoted, as has been experimented in several successful experiences all over Europe. Second, the remuneration and assessment of managers can be made dependent on the social and environmental impact of their actions. Third, appropriate mechanisms can be designed to increase the opportunity for intergenerational transfers of firms' control to be strongly influenced by the capacity, skill and animal spirits of would-be entrepreneurs available to run that firm.

Finally, an increasing role in orienting the process of wealth creation can be played by acting on the consumption side, i.e. counting on the power of consumers to collectively vote with their feet. Civic organisations can mobilise in order to sanction or praise products according to social or environmental criteria. And the same can be done for the choices of citizens in investing their savings. Furthermore, international or internal competition based on exploiting low labour costs, the environment and widening inequalities can be discouraged by setting consumption taxes linked to respecting environmental and social impact. New forms of international labour solidarity and regulation can also be sought out.

Inequality in access to fundamental services and to common goods. Two requisites should be satisfied in order to address these inequalities, which have a strong territorial dimension. First, the “one size fits all approach” that has characterised most reforms of education and health services – the two main basic services addressed by the Seminar – should be abandoned, since they are largely responsible for making the quality of services depend on where people live and thus increasing territorial divides: these services should be tailor-made by taking into account citizens' social conditions and specific needs and aspirations, and by implementing a participatory process. The Italian Agenda for Inner (rural) Areas provides a blueprint on how to move ahead in this direction.

Second, the commitment of national government to ensure equal access and quality of fundamental services should be strengthened. In addressing this second issue with reference to health, the Seminar pointed to a paradox in the Italian system: while being internationally considered one of the best in the world in terms of average effectiveness, its inequalities in terms of waiting time and quality of services between different Regions – responsible for delivery – and between rural areas and cities are very high. A change in the Italian Constitution empowering the State to remedy these gaps was discussed. As for education, the need was discussed to focus on fighting the “education poverty of minors”, moving from a new programme recently launched. Finally, it was stressed how income and wealth inequalities interact in a vicious circle with inequalities in the environment and in the care that people pay in dealing with it: a system of transfers and taxes should be specifically aimed at increasing the environment-friendly behaviour of the less well-off.

Insufficient income for a decent life. Since 2017, developing some preliminary measures introduced in the years 2014-15, the Italian government has finally established an “Inclusion Income”, a tool to fight poverty. It is a monthly income (EUR 210 for 18 months) aimed at families below some thresholds (2.5 million families, out of the 5 million families living in absolute poverty) and conditional to participation in a personalised project aimed at social and job inclusion. The “Alliance against poverty”, a group of civic organizations and unions which has worked and campaigned towards the introduction of a comprehensive measure against poverty, considers this measure a first step towards a tool extended to all people living in poverty and corrected in some of its features. One of the two parties now in government, the Five Stars Movement, has proposed a wider measure: the Alliance is recommending not to build it anew, *de facto* bringing to a halt the “Inclusion income”, but to build it up gradually, based on a learning curve regarding implementation of the current device.

Inequality of recognition and of democratic participation. Inequalities of recognition (of one’s values, merit, aspiration and identity) concerns people falling outside the dominant vision of what the future will look like: workers in industries undergoing intense automation; women whose contribution to families or on the job is mortified; people living in rural areas; people perceiving a cosmopolitan threat to their norms, etc. In the past, inequalities of recognition have blended with social class inequalities in creating the critical mass needed to change the status quo through the political activity of parties. In the last decades, political parties have failed to offer the ground for this blending. At the same time, though, new forms of direct participation through active citizens organizations have arisen which can offer a space to shape and influence public policies. These organizations bear today the responsibility for making sure that the most vulnerable people play an active part in designing actions and policies and to recombine recognition and class inequalities.

A very clear example of the need for an approach of this kind is represented by the inequalities affecting women. Gender inequality should not focus only on eradicating the negative gap in women’s rate of employment, but it should also deal with the deep social inequalities within the world of women: a higher unemployment rate of women between 25 and 34 years old; wide disparities due to education level; huge territorial disparities.

These four lines of actions discussed during the Seminar will to be investigated and further discussed in the next few months and turned into operational proposals.