

How to Fight Inequality: (and Why That Fight Needs You) with Ben Phillips

This is a written transcription of Ben Phillips' Global Development Institute webinar. You can find a video or audio of the lecture below.

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Wonderful. Thank you so much to Shamel and thank you to GDI. It's wonderful to be with you and it's wonderful to have this conversation. I'm just going to share you know some things about the book just to give enough of a kind of basis for a discussion. I'm really keen to hear from you about your experiences, your perspectives, your takes, how you might build on some of the ideas that I set out. So I'm really looking forward to the discussion most of all, so we'll try and make sure we leave enough space for that. This is the book 'How to fight inequality and why that fight needs you'. So the best thing to do is to ask your local bookshop to get it. You can also find it on the polity website. If you look at my twitter account @benphillips76 there's also a link in it. to that it is also available from some monstrous monopoly internet based companies who make their workers piss in bottles and deny them trade union rights whilst making 70 billion dollars during the Covid-19 pandemic I won't name which one but you can guess. But I'd rather if you didn't buy it from them but found it from someone. Help local bookstores and find a way to read it that way.

3.7 trillion. 3.7 trillion is the amount that the ILO says workers have lost in the Covid-19 pandemic 3.9 trillion that's the amount that Forbes magazine says that billionaires have gained in the Covid-19 pandemic? so there has been a transfer at a time when we're all locked either in our apartments or our mansions there's been a transfer from ordinary people to the super rich of four trillion dollars or thereabout

During this economic crisis which is the first economic crisis to hit every country in the world. Even the 1929 Wall Street crash didn't hit every country in the world. we've shifted from the prior situation which was that seven in ten people were living in countries where inequality has been increasing over the past decades with Covid-19 we are probably now in a situation where 10 out of 10 people live in a country where inequality is increasing but this not what this talk is about.

You can plot on a graph how unequal a country is and on one axis and on the other axis the proportion of people who work as private security guards what that shows as a kind of proxy. Is that unequal societies are more violent, less trusting, and less functional. So something about the human condition that when we stretch and stretch and stretch that elastic of inequality we break. There's a wonderful metaphor that Polly Toynbee used of a caravan not in the sense of a white camper van stuck on the back of a car but in the traditional sense of a caravan that was moving through the desert. A group of folks on camels moving through the desert. if the folks at the front get so far

ahead of the rest of the group then really it ceases to be a group, ceases to be a community and that's the situation that we've reached with inequality. Unequal societies have much higher murder rates, they have much higher teen pregnancy rates, much higher obesity rates, much higher stress rates. They also have less sustainable and less strong economic development. So even if someone was to say okay well we're going to accept a more violent, more brutal society that spits people out at the end. We know for example that when we look at maternal mortality rates, the US which is the only industrialized country has chosen not to collectively handle the risk of health catastrophe has a maternal mortality rate that's double everyone else's. So inequality at its most extreme forms means letting moms die as they give birth. Some people would say okay well we'll buy that, we'll accept that because we're going to get stronger economic growth or because we are going to get a meritocracy where all can rise. But even the IMF and the Financial Times and the Economist magazine now point out that levels of inequality are also harmful to economic development and in terms of that notion of meritocracy the notion of the American dream it's now more true in Copenhagen than it is in New York. And the World Economic Forum says that entrepreneurship is also higher in Scandinavia than in the states. That's unsurprising because entrepreneurs are people who take risks. Now if you ask someone to take a risk as in they run a company the company might go bankrupt that would be embarrassing. They'd have to start again. That's one type of risk but if you ask someone to take a risk that says if you get sick you could face your personal devastation or death that's not the type of risk people want to make. So more functional more equal societies actually enable more effective risk taking and entrepreneurship but that's also not what this talk is about because those ideas that inequality is rising and the inequality is harmful are now very mainstream.

So there was a time when I would say that and people, the polite ones in power would use words like communist or unrealistic or don't get it or don't understand economics things like that, the polite ones. The less polite ones you know wanted to put friends of mine behind bars for saying similar but then something really strange happened, they started to say we agree. If you look at the IMF research department they now produce fantastic research that says pretty much the same points that I've been making today. The UN's Sustainable Development Goals pledge in number 10 that inequality should be reduced within and between countries. It's really hard to get an international agreement it's really hard to get an international agreement that everyone signs there are very few. If you take something like child rights, people haven't managed to persuade America for example, that child rights is a thing. So the fact that the sustainable development goals including this commitment to reduce inequality were agreed it was a remarkable turnaround from the previous situation that we'd had with the millennium development goals where inequality was a blind spot. In fact it was even a turnaround from a period just a year or so before the sustainable development goals were signed which is when what was called the high-level panel, that was a group of three leaders that included a man called David Cameron who you might remember from the distant past, they put forward a plan and it didn't include a goal on inequality. I and various others spoke up about this and got slapped down. My boss, I was then at Oxfam, my boss got a call saying 'who is Ben Phillips and how can you stop him speaking'. It was we were also then told by friends on the inside that the first draft is always better than the final draft. That if in any process, if the high level panel haven't put something in it's not going in. What you should really be trying to do, they told us, was trying to keep everything that's there in. Not trying to get new things in. But we ignored them, thankfully. And thanks to the efforts of civil society organizations, also thanks to the efforts of some great people inside the UN and some governments the French for example and a lot of developing country governments, Sustainable Development Goal number 10 was in the end included. So we have that commitment that's kind of amazing to have got that but anyway this isn't

about that either because I was really excited when that happened it was actually beyond what was there in the NGO's advocacy goals. We didn't have it in our goals because we thought it was too much of a stretch to say that we could achieve that and we achieved it and then very little happened and it was a huge disappointment. That the kind of celebratory night was followed by this deeply sober dawn that we realized that this transformation, that the thing that we had been forbidden to say, the stone that had been thrown away became the cornerstone the heresy became the gospel and nothing happened. You could try to list every country that had pledged to reduce inequality and it was impossible to do so without taking a breath and yet if you tried to count on your fingers the countries that were taking action to reduce inequality you'd have fingers to spare even if you only used one hand.

So it's that paradox and that prompt of failure that prompted me to want to look into well, how do you reduce inequality if it's not by winning the intellectual argument, if it's not by getting decision makers to formally agree, if it's not by changing the notional high level consensus what is it? I went back to look at history and I looked at 150 years or so of history across the world and I tried to look at times when things had gone right. I don't want to be a commentator on failure I want to be an analyst of success and then hopefully help people replicate success. So I wanted to look at when it gone well and I found really two periods, two clumps if you like, when in the past 150 years or so there has been success in tackling inequality. Now success doesn't mean getting to zero difference between those at the top and everyone else. That's never happened. Some people believe that that was the case in hunter gatherer societies. We don't know that's not being proven, but in all recorded histories of settled civilizations we haven't found one where there is zero difference between people at the top and everybody else. So success was really about whether a country had managed for a 5, or 10, or 15 year period. So a sustained medium term length of time to substantially reduce the gap between those at the top and the rest that was my kind of working definition of success. Now that meant that in a way if you're reducing inequality you're winning because it's process but also in those periods the culture tended to become more democratic. The ideal of how a society should be becomes more egalitarian as it becomes materially more equal. So what are those two periods? There's one in the 21st century and there's one in the 20th. The one in the 21st century is great because it's recent and we can look at it and we can think that's just how we are. The downside with it is it only really is about one region of the world, it's Latin America from about the year 2000 to about the year 2010, 2012, 2015 something like that. that's when you see in around about eight to 11 countries in Latin America sustaining quite remarkable reductions in inequality and interestingly though I focused on the economic gap between those at the very top and the rest, in all those cases where inequality reduction was pursued in Latin America it also reduced other inequalities. So for example, in Brazil in that period inequality reduces between the rich and everyone else, inequality also reduces between whites and indigenous between whites and afro-descendant Brazilians, between men and women, between rural and urban, so inequality reduces intersectionality. As it reduces on that vertical axis we can look at the policies, and I did look at the policies, and the thing is that there's not one policy but it's not that mysterious either. So what's some of the mix that they did in Latin America? One that people focus on a lot is giving people cash so the idea of a basic income grant has become very attractive and fashionable and kind of Silicon Valley trendy which should always worry you a bit. When you think about what else Silicon Valley is up to. but what's interesting when we look at the cash element, and it was important so I would say if people ask me do you support a basic income grant, yes, if people ask me do you support child benefit, which is really a benefit for parents at the time what in the life cycle when people get poorer because they're having to look after kids, yes, do you support pensions so that people can go old in dignity, yes, all

those things are good, do you support unemployment insurance, yes, all of those things are good. Along with a basic in the grant they could all be positive but that when I looked at the Latin America cases of cash had only been one part. So the World Bank will talk about Brazil in terms of Bossa Familia or Mexico the time in terms of opportunities but if they had only done that they wouldn't have reduced inequality. So it wasn't just that. What else was it increasing the wages of workers was a really important one. A really important addition to that cash element. Now you can increase the wages of workers in a number of ways and across Latin America the range of ways was pursued. So minimum wages is a very obvious one, strengthening enforcement and labour relations boards and things like that was also. Labour inspectors was also a really important aspect of it. Strengthening trade union rights was also a really important aspect of it. I want to come back to trade unions later on because they're so key in terms of reducing inequality. But that wages and rights at work aspect is important too. Redistributing land is a very important part of reducing inequality, especially in contexts where you have a large rural presence or you have a colonial style or aristocratic model of land tenure and you're trying to break away from that. That becomes a really important part too. Tackling different forms of discrimination both by prohibiting the most egregious and obvious forms of discrimination against women, against black people, against indigenous people and other people of colour but also affirmative action policies that work to. Correct the historical discrimination that's taken place. That is also part of the mix. Public services, universal public services really key in all sorts of ways. So when you expand free education or free healthcare or free public transport you do a number of things at the same time. So one, and again this is the one that people focused on but it's actually not the only one or even necessarily the most important, is you strengthen the human development capability of people. So better healthcare means people live longer and a healthier. Better education means they're better able to get fairer returns in the marketplace at work etcetera. But that's not the only part you're also effectively removing a cost because if you weren't providing it then people would be paying for it which is a kind of almost a regressive tax. So you're actually lowering, taking away an outlay that poor people, working class middle class people, would otherwise be paying. So that's a really important part as well. there's another part to universal public services which almost approaches the spiritual but certainly it's the cultural and I think it's really important too which is that when people start to use services together. You create the physical conditions in which they do function as part of a shared community. When people are going to the same public parks, not parks they pay for but public parks that are free, so ordinary people enter them but equality. So that better off people will enter them if you do the same for schools, if you do the same for healthcare, you create those collective experiences which otherwise you don't have. there's a beautiful article by Amartya Sen where he talks about the power of free school meals and he says it's not just that you by reducing hunger you strengthen learning outcomes he said we're getting kids of different castes to eat together they're starting to commune together. I lived in Nairobi, I now live in Rome, when we lived in Nairobi there's very little that the rich and the poor do together. They don't go to school together, they don't go to a hospital together, they don't use transport together and they don't go to public places together. So the sense in which they're a nation is really stretched. Outside of sporting events there are very few occasions at which people come together as one. so that that those the role of public services is really key and there's this paradox or what seems to be a paradox although it's really in a way not too hard to explain, which is that the way to make public services reduce inequality is not to make them for the poor it's to make them so that they're universal. So that everybody is using the same services. So that's very important too. Redistributed taxation also plays a key part, many countries actually don't have a higher rate of income tax that the wealthier would pay, wealth taxes have been reduced across the world but they can also play a really important part. so progressive taxation and then taking taxation away from

VAT, away from consumption taxes, especially on things like food, fuel, books, clothes etc. so that's some of the mix.

Now if you do that mix you can reduce inequality but again, this talk isn't really about that either because that mix is not very mysterious. I think what's interesting is how hard it is to make that mix happen politically. How rare it is to happen. How for example in our century, in the 21st century, I can only find this Latin America case to refer to.

Now what's the other case? The other case is much broader and much richer in a way and much longer. We know when it ends it starts at different points it ends really in the 70s. it ends either in the oil crisis so mid 70s or at a push you could say it ends around 1980 with structural adjustment neoliberalism Reagan etc. Pinochet that's kind of the end. The end point of what was known as the golden age. Now some people say I'm romantic talking about the golden age because there were many problems with it, but boy what we've had since should make us yearn for some of that. There were problems with it. We can talk about those too. But what's really interesting about the golden age period is how broad it is. Now in terms of the policy mix interestingly it's some of the same policy mix that I just talked about from Latin America for the 21st century. So again it's not that mysterious.

So when does it start for newly independent African and Asian countries. So for example for Sri Lanka or for a Ghana or a Zambia it starts with independence. So that really depends on when you get independent so for Ghanaians it's from the 50s but for others it comes much later. The bulk of African independence from the Anglophone Empire is in the 60s or even later. so that really depends on kind of when you get your freedom but almost all of the anti-colonial struggles had a core to them a core driver in them that wasn't just about replacing foreign leaders with local ones but was a different vision of society in which everybody would prosper the sense of national destiny and an idea of greater equality, were absolutely wrapped up in that meaning and in that practice as they first took steps into independence they did pursue bold policies that reduced inequality. in Ghana for example, thanks to the cocoa workers who were in and cocoa picking workers who were an enormous amount of the independence struggle that when you get the shift from the ownership of cocoa from a few at the top that's benefiting foreigners, the white elite and a few in the African elite, and it starts to benefit the whole of society. Initially the cocoa workers through the cocoa marketing board get free education for all of their kids. Later on the cocoa marketing board is bringing in such amazing resources that it funds free education for every single child. So we see real transformation there. So that's in the newly independent countries.

In Europe in a lot of central Europe it's after 45. So it comes with the end of Second World War which leads some people to say, and I think this is incorrect, that war leads to reductions in inequality. I think that's an incorrect assumption. war doesn't necessarily lead to reductions in inequality but also you don't need war what how do we know we don't need war because we can look at some other places Scandinavia. Scandinavian reductions in inequality start in around the 30s or even earlier as do the us reductions in inequality, they start in the 30s too. so it goes much. It doesn't need the Second World War in order to happen. Now England's a really interesting case in

this. England has been having year on year or decade on decade reductions in inequality from about 1870 to about 1970. So England's the longest of the golden age period. You have almost a hundred years from 1870 to 1970. So that's you're the golden age.

Now as I mentioned the policy mix some of it's relatively familiar from the other things they talked about what I was interested in both those cases. In the Latin America case and in that 20th century long mid-20th century golden age much broader, much more global story I was interested in how it happened. So the happened is not so complicated but how did it happen now here's the interesting thing that those are such different examples aren't there. So you know the Lula government in Brazil in the 2000s say and Sweden in the early 20th century seemed like totally different examples such that the explanation as to how they reduced inequality it must surely be totally different because every culture is different, every time period is different and yet they're not. They're remarkably similar. So you get this common strands in how it happened in no case was inequality self-corrected by the market. It was always government it was always politics and policy but in no case does it simply depend on a great person happening to be in government, in no case is it given even when the government is good even when the government is Lula. There's a wonderful story Linden B Johnson saying to Martin Luther King 'I know what I have to do but you have to make me do it'. when I went back and I looked for example at the US that what was it that led to the government taking steps that would reduce inequality, a story that's often told in terms of the boldness of FDR or the idealism of JFK, that when you look at the story underneath that story you see a Venn diagram of trade unions activists and black organizations and in the centre of that Venn diagram you see people like a Philip Randolph who was a black trade unionist of the ticket collectors and an activist. he threatened a general strike to both FDR and the Kennedy/Johnson governments without that type of pressure those presidents would not be known as the reforming presidents that they're known as now and an interesting aspect too is that in that period in that golden age period some of this policy mix of redistributive taxation, of expanding the welfare role of the state, of improving people's wages happens under republican as well as democrat governments in the US and yet when you get to the 1990s and beyond it happens under neither republican nor democrat governments. In other words one could say that the centre left of the 1990s is to the right economically of the centre right of the 1950s and 60s. Why here's one of the reasons, absolutely crucial, trade union density. Which is just a fancy word for how many people belong to a trade union. When the US, and we find this across countries too when they were reducing inequality, trade union density was high. When trade union density starts to go down that's when inequality starts to go up and the reason is this working class people and middle class people cannot be powerful on their own. Cannot be powerful on their own, they are only ever powerful in concert. All the union is a group of people coming together, that's all it is, and so when they're not doing that their exploitation goes up and that happens not just at a company level it happens at the level of country. That's why for example, the Reverend William Barber of the poor people's campaign now in the state says that it's a fusion coalition that creates the potential for inequality reduction in America. That's why when I now look at what's happening in the states I think if there is to be a reduction in inequality it won't be because Biden and Harris's personal biography lead to it but neither do we need to assume that their personal biography leads to the fact that they won't do it. FDR for example, was an aristocrat who was related to another president another Roosevelt, he didn't know what it was like to be poor. If the pressure is there you get the change. So the consistent story is about this pressure trade union is forming a part, but forming a part usually of wider and broader movements.

Now I mentioned for example, how in the Latin America case we have this story of change. I saw some of this myself when I met the coconut pickers the babassu workers they are from a community called the cocobolo community. their ancestors ran away from slavery and went to live in the forest in order to be free and when they ran away to the forest at that time the forest was not seen as worth very much and so it was tolerated that they were there but then the value of the fruits of the forest started to go up and the old aristocratic landlords started to believe that they should be in charge of it, started to use dogs and violence and things against the babassu pickers. I met a wonderful woman called Donna Deja, who told me about how she taught herself to read, who told me about how they'd formed this group and that group secured a change. there's now a law in Brazil that says that those women there's Colombolo women who live in the forest, they have the right to the fruit of the trees there and that right cuts through the ownership right of the person who owns the forest and so they've changed the concept of property, they've had it enshrined in law because of their action, because they worked together and they told me about how it was only when they got together in this sisterhood that they were able to achieve this breakthrough and how they did it by working with the Catholic church. who interestingly in Latin America often play a progressive role on social and economic interest, another form of organized power like trade unions, churches are a great place for organizing people, getting them to meet defining morality, defining a common spirit, organizing together and that was how they did it.

Now I told you how this common story appears because Scandinavia some people think well what Scandinavia's got their exceptionally equal society is because Scandi's are just these decent soft kind gentle people. Now but when I went back and looked at the history I found that that wasn't the case. there's a lot of people in the states who were descended from Scandi's, descended from Swedes Norwegians and others and when you hear the story as to why they left their ancestors left it's quite similar to the Irish migration story. They're fleeing starvation from brutal landlords so why is it that at the end of the 19th century beginning of the 20th century people from egalitarian society would be fleeing starvation because it wasn't an egalitarian society because it was a brutally feudal society. Finland which then was still part of the Russian empire still had serfdom. Now Sweden and Norway didn't have serfdom but they did have a brutal aristocracy and when workers and small farmers started to organize and to challenge, the power of the aristocracy of Scandinavia, they organized strike breakers, the Norwegian government organized a militia. So this is people who are not in the pay of the state but who are armed by the state and they killed strike breakers. So those images that you saw recently in the states, for example of this guy Kyle Rittenhouse who took it upon himself to attack the BLM protest. so that was happening in Norway in the 1920s and 30s, that's what they were doing, they were organizing militia to kill strikers and it's because workers and small farmers held together in their power that they broke through that threat. So the equality the egalitarianism that we see now as fundamentally almost essentially Scandinavian isn't. It is not a story of culture it's a story of organizing. It was a triumph over a culture by people who organized. This is wonderfully optimistic because it means that if they could do it anybody could do it. There isn't anything special about them, I know that they like Abba and have blonde hair, but that's not why they're an equal society. Their equal society because their ancestors organized and in every case when I looked through in history that was the story two or three lessons seem to stand out. The first is you need to be willing to be a troublemaker. Sometimes people will say now well these activists they alienate people, they upset people why can't Black Lives Matter be more like Martin Luther King. Well in 1966 63% of Americans said that Martin Luther King was divisive. John Lewis the great civil rights campaigner who then became a congressman talked about getting into good trouble. every single successful movement that I look back on in history whether that's the suffragettes or indigenous

people in Bolivia, wherever it is they were always at the beginning seen as troublemakers. Those who are now put on the stamps were then stamped upon. The formula seems to go like this if you are never criticized by those in power as a troublemaker then statistically by on the basis of correlation your chances of being part of the movement that brings a more equal society seem to be zero. So that's the first be willing to be a troublemaker beyond deferential. Second build power together. build power collectively that's where the importance of trade unions comes in but it's also where the importance of going beyond trade unions comes in, also to embrace women's groups to embrace progressive faith movements to increase neighbourhood associations and all different forms of people coming together in groups and groups of groups. And the third lesson seems to be that one needs to go beyond policy and craft a story, craft a narrative. I found it fascinating looking back at the history about how for example, the phrase 'welfare state' in England doesn't come from a think tank, doesn't come from a politician it comes from the archbishop of Canterbury William Temple, who was defining a moral conception.

There's a beautiful movie I hope you've all seen it called Roma. A Mexican movie beautiful it's about a domestic servant and I really hope you go see it if you haven't seen it already. It's a really stunning movie. Something amazing happened with that movie, legislation to strengthen the rights of domestic workers which had never been passed in Mexico got over the line, in part enabled by that movie and yet that movie makes zero policy recommendations. But what it did was it changed the narrative, was it changed the story and all the great movements of old all had that. When we think for example about the music track that came along with the civil rights movement for example, we see how vital culture and art and creativity have been to movements. The great organizer Joey Hill said this 'a pamphlet however brilliant will be read once and then put away on the shelf but a song will be learned by heart and sung over and over again'.

So those three lessons: be willing to be a troublemaker, build power together and be a storyteller, seem to be essential for success. Now is this a recipe that if you apply this formula you win? No it's not.

There's a beautiful chant in Latin America that says 'the people united will never be defeated the people united will never be defeated'. Now sadly that's not true. The people united are often defeated but what is true is this the people disunited are always defeated. So their resistance doesn't always work acceptance always doesn't work. So this isn't a formula that guarantees success but it does seem to be a distillation of the lessons of all those who did succeed in sustainably making their societies more equal. So it isn't guaranteed to work but the alternatives seem guaranteed to fail.

One last thing which is about crises it is true that crises have been handmaidens of radical change and so for example the brilliant book by Scheidel, that is terrifying, that talks about, you know, you need to have this absolute catastrophe if you're going to have a more equal society. He talks for example, about the Black Death when so many farm workers were killed in England, that those farmworkers who remained could advocate for themselves to get higher wages it's a deeply depressing but very powerfully argued book and there's truth in it, to that notion that crises can be

handmaidens of change but it misses something. The first is that you don't have to have a crisis in order to win action on inequality, though it can help, but the second which is more worrying is this there's no assurance that the transformational change that you get from a crisis will lead to progressive change. So although it seems impossible to write the story of the FDR government the best and most progressive government America's ever had without the Wall Street Crash, it's also impossible to write the story of fascism in central Europe without that same Wall Street Crash. The 1970s oil crisis is what births or enables the birth of neoliberalism. The 2008 crash which seemed to demonstrate the failure of neoliberalism didn't lead to the punishment of neoliberals, it led to the rise of fascists. So there is no guarantee that this crisis, this coveted crisis, will lead to a more equal society. One can think of it a bit like the heat. The heat in a furnace of the glass blower or the blacksmith. That social structures that are hard and difficult to manipulate in normal times in these times of crisis when they're under heat suddenly become more malleable but in which direction will they build, will they move well? That entirely depends on in which direction they are pushed. with more force so this crisis moment, this covert crisis moment, is an opportunity a once-in-a-lifetime opportunity but it's not just an opportunity for us, for those of us who want a more equal society, it is also an opportunity for the terrifying and increasingly strong and close coalition of neoliberals and fascists for their opportunity to remake society in their image too. So one reason to organize is so that we can make things better but another reason to organize is to stop those who would make things even worse. what will happen next i don't know and the reason i don't know is because though those who say history is made by abstract arbitrary forces the movements of economics are wrong but so too are those who say history is made only by a few great men they're wrong too. history is made by thousands and thousands of leaders so the decisions that will be made, that will determine whether or not our society becomes a more equal one, will be made by people like us. Will be made by people on this webinar. So this isn't something in which you're a spectator it's something in which you're on the pitch. There are no spectators we're all in play. Thanks.