

## 43. Towards equality: transformative pathways (an introduction to Part III)

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Inequalities are accelerating across the world, with damaging consequences. Earlier parts of this report have explored how multiple inequalities – economic, social, cultural, spatial, environmental, political and knowledge – interact and often reinforce each other; their diverse configurations in different countries and regions; and their effects and implications – for different groups of people, but ultimately for us all.

Yet ‘inequality is not inevitable’ (Stiglitz, 2015). Current patterns and trends reflect particular social, economic and political structures and institutions. Sometimes deeply embedded and historically entrenched, they are also open to reshaping, choice and agency. There is much that can be done to reduce inequalities and move towards greater equality and social justice. This Part draws together an array of possible responses to different inequalities, in different spheres and contexts, and at local, national and global levels.

‘Transformative pathways’ towards equality are an organizing metaphor for this project. Pathways are particular directions of intervention, change and power relations (Leach et al., 2010, Scoones et al., 2015), while transformation implies deep, lasting change and the restructuring of power relations, rather than quick technical fixes. Power relations are important because although technical policies can be designed, whether they are chosen or implemented depends on political interests and discourses. Many current pathways reinforce inequalities; indeed, these pathways can be seen as the dominant motorways of the existing road system. Yet alternative routes towards greater equality are possible. These often start as small bush paths or even faint footprints, but can strengthen and converge over time, cutting into, redirecting or even replacing the highways. Such pathways towards greater equality may unfold at the local, national or international scale, or across these scales. Multiple inequalities require multi-dimensional responses. Yet, as contributions to this Part illustrate, powerful synergies are also possible in which tackling one sort of inequality enables others to be addressed, leading to broader pathways of change.

Current pathways are unfolding at a particular moment in twenty-first century capitalism. Rising inequalities are linked to the extension of unfettered markets and commodification, destabilizing economies, societies and indeed nature. Yet several influential analysts identify fundamental challenges to capitalism. They see the world as being on the brink of a postcapitalist age ushered in by information technologies (Mason, 2015) or as being gripped by a ‘triple movement’ struggle between actors and forces pushing for neoliberal marketization, social protectionism, and the recognition of identity-based groups (Fraser, 2013).

Contributions to this Part acknowledge these complex politics in a diversity of ways. They are broadly grouped into two chapters. *Chapter 5* (Changing the rules) focuses primarily on changes in policies, regulations and institutional arrangements that can help redress inequalities. *Chapter 6* (Mobilizing for change) shows the significance of social and political action in enabling and pushing for change.

### Changing the rules

An array of policies and regulations can form part of a transformative pathway. Indeed, institutional design makes the critical difference between more and less unequal countries (Rothstein, 59). If economic inequalities stem from the power of moneyed interests to shape the rules of the market, then ‘rewriting’ those rules is essential to move towards equalities, as has been shown for the USA (Reich, 2015; Stiglitz, 2015). Multiple inequalities require different entry points and areas of rule-change, many of which have been rehearsed in international reports (Ortiz and Cummins, 2011). Less well-documented are the synergies and trade-offs between policies aimed at different dimensions of inequality, and the new and propositional ideas about equality now emerging from different country settings.

## Work, decent pay, reduced wage disparity

The most effective and sustainable route out of poverty for the working-age population is a productive, fairly paid job (Berg, 44). Labour market institutions can be designed to support the creation of quality jobs with decent wages and working conditions. In Latin America, labour policies that sought explicitly to redress inherited problems of unemployment, job informalization and falling unskilled and minimum wages were central to the package of measures that reduced economic inequalities in the 2000s (Cornia, 46). In Nigeria, the Industrial Court supported conditions for reduced inequalities by implementing international labour standards that enforced decent labour practices and workers' rights (Nwabueze, 54). Although few countries have yet acted, global advocacy has turned to calls for the regulation of top salaries in the face of extreme inequalities driven by high incomes in the top 1 per cent.

Education is critical. Policies that enable high or universal access to quality education can enable previously unskilled workers to upgrade and access relatively higher-paying jobs, while offering synergies with reduced social and knowledge inequalities (Cornia, 46). However, a more educated workforce will only be effective in tackling economic inequalities if jobs are available. Approaches by which states offer guaranteed public employment have been effective at certain times and places, from the US post-recession 'New Deal' to the Maharashtra public works scheme in India, which guarantees paid work to the poorest and most socially marginalized.

There are many emerging examples around the world of new economic arrangements that link work and livelihoods with values of sharing and equity. These include various forms of 'economic democracy' that give workers shares in business fortunes (Power, Wilkinson and Pickett, 37), social and solidarity economies (Utting, 2015) and citizen-led alternatives (Mathie and Gaventa, 2015; Mathie et al., 64). Many involve synergies between greater economic equality and improvements along other dimensions including the social, cultural, environmental and political. For now, most are small, local and experimental, but they prefigure alternative ways of imagining and enacting economic relations which have the potential to scale up and out into bigger pathways of change.

## Global policies and regulation, trade and aid

Macroeconomic policy and regulation can also play a key role in tackling inequalities. Since the rise of labour-displacing economic activity and technology contributes to economic inequality, industrial, trade and investment policies that affect this mix have a key role in reducing it. The innovation that drives technological change could be directed through regulation, incentives and policy frameworks towards forms that are more inclusive and job-creating.

Globalization, financialization and the associated boom-and-bust character of markets have contributed to instabilities and inequalities (Griffith-Jones and Brett, 49). To curb these negative dynamics requires effective regulation of financial institutions, while wise macroeconomic policies can mitigate the un-equalizing effects of financial crises.

More broadly, global economic interconnectedness means that rule changes cannot be confined to the national level. Reforms to global and regional governance and social policy are important to address globalized drivers of inequality within and between nations, such as those in the financial system, and to ensure that countries have the autonomy to enact inequality-reducing policies. Global policies might focus on more effective redistribution (for instance, via global tax cooperation and global funds), more socially responsible regulation (for example, in regional trade agreements) or strengthened social rights (Deacon, 45). Meanwhile carefully targeted aid packages and favourable trade regulations can have powerful effects on inequalities between and within countries (Olukoshi, 48).

## Wealth and resource redistributive policies

Complementing policy mechanisms that equalize earnings are those geared towards redistribution.

Progressive income tax policies are a fundamental tool for tackling economic inequalities, for both reducing top incomes and enabling redistribution to those with bottom incomes (Sabaini, Martorano and Morán, 47). Higher tax revenues make vital state finance available for social protection programmes, as well as for services like health and education. The so-called fiscal exchange bargain – whereby middle classes accept the need to pay higher taxes in exchange for improved social services – has been central to inequality reduction in many countries, including several in Scandinavia and Latin America.

Piketty (2014) drew attention to the entrenchment of inequalities through asset accumulation across generations – once via land, now more often finance. Wealth taxes appear an attractive solution. But if applied on a national scale, they run the risk that high net worth individuals or corporations will simply move elsewhere. Piketty therefore proposed a global tax on wealth. In the light of political challenges to the implementation of this idea, a pragmatic starting point might be a system of international tax information exchange (Moore, 50).

The redistribution of land, water and other natural resources is critical to redressing both economic and environmental inequalities in many local and national settings. Land reform programmes offer positive effects and opportunities (Lipton, 52), while regulation of international actors, and mechanisms to protect local resource rights, are crucial in the face of a new wave of global 'grabs' for land, water, carbon, minerals and other resources.

### **Social protection and services**

Social protection policies can work hand-in-hand with progressive taxation to reduce economic inequalities. Services such as free and accessible health care, education, affordable housing and cash transfers are means of directly reducing social inequalities. They can also reduce economic inequalities by freeing up income that people would otherwise have spent on these essential forms of provision. Inclusive and accessible social protection schemes can be designed to address multiple dimensions of inequality, and to ensure the inclusion of marginalized groups. Because knowledge, social and political inequalities can restrict access to social protection, these need to be addressed if positive pathways are to unfold (Roelen, Sabates-Wheeler and Devereux, 55).

Some governments are now experimenting boldly with rights to a 'universal basic income' for all citizens (Wright, 56). This idea has a long history, with advocates from all parts of the political spectrum. Today, it implies genuine choice about how to live and work in contemporary contexts, and carries significant potential synergies for the fight for economic, social and cultural equalities.

The importance of access to quality education for reducing inequality across generations has been noted several times in this report. Care services for children and the elderly are critical if poor families are to work and earn income, and to address gender inequalities (Razavi, 14). Universal health coverage has great power as a strategy to tackle social inequalities (Krech, 57). These are entitlements due to all people via state financing, not commodities for sale only to those who can afford them.

However well designed, social policies will only be effective if they are properly financed and effectively implemented. Issues of which agencies take responsibility, their organizational capability, funding and staffing, and their local legitimacy are all critical in enabling implementation, and if they are lacking, they need to be built (Woolcock, 58).

### **Inclusive political and governance frameworks**

Changing the rules towards reduced inequalities is more likely to be feasible if those with an interest in such change are included in rule-setting processes. Such processes may include laws and policies such as quotas to bring women, indigenous people or other politically marginalized groups into formal political arenas. But while their significance for gender equality is great, rules and formal representation are insufficient (Nazneen, 51). Promoting women's rights, and their inclusion in politics and policy-making, also depends on informal institutions and norms.

Meanwhile, the quality of political and government institutions is vitally important. If they are perceived as incompetent, or beset by favouritism or corruption, there will be declining support for rule changes that alleviate inequalities – even among the parts of a population that are politically included or ideologically in favour of such changes (Rothstein, 59).

Multiple inequalities need to be addressed by multiple policies. These in turn need to be designed and implemented in ways that acknowledge potential trade-offs and synergies between them. One size does not fit all; policy configurations can draw on general principles but to work, they must be adapted to real, diverse contexts, and applied with pragmatism.

## Mobilizing for change

While changes in the rules are critical to creating transformative pathways towards greater equality, it is unlikely that they will take place without political pressure. Through what can be termed a 'paradox of power', those with most influence over the rules often have the least interest in changing them. Economic inequalities change the rules of the game, narrowing spaces and opportunities for decision-making. As Solt (2008, p. 48) puts it, 'the wealthy [are able] to shape politics in their own favor against rival arguments that focus on the effects of inequality on citizens' objective interests'.

The other part of the paradox is that those at the bottom of the inequality ladder may have the greatest interest in change, yet the least power and voice to influence it. Citizen participation is key yet it is often constrained by the interaction of economic, political, social and knowledge inequalities (Gaventa and Runciman, 12).

Put so crudely, this paradox invites hopelessness. But this reaction is clearly not justified. There is evidence of change. The paradox should be taken instead to signal the importance of challenges to power relations as an integral part of transformative pathways, and the importance of social and political action in mobilizing for change.

Such action may come from below, initiated by citizens, grass-roots groups and social movements, or from above, through enlightened global governance, political leadership or progressive political parties. Whether and how transformative pathways towards equality emerge depends on how these forces come together in complex alliances, combinations and sequences.

### Social and political action from below

Social and political action against inequalities has long historical roots, but it has also shown dramatic recent increase. Today, three sorts of action can be distinguished: those demanding transparency and accountability from powerful institutions, those pushing for new policies and rights, and those offering the seeds of alternative arrangements and new pathways.

Mobilizations against economic, social and environmental inequalities have accelerated across the world over the past decade.

They have been prompted by grievances relating to economic and social justice, including demands for real democracy, public services, civil rights, and opposition to international financial institutions, corporate rent-seeking and corruption (Vergara-Camus, 60; Ortiz and Burke, 61). Africa has experienced youth uprisings in response to growing economic inequalities under neoliberalism and a crisis of electoral democracy (Branch and Mampilly, 62).

Movements such as Occupy, and 2015's climate marches, have united wide sections of society to protest against unfair, unsustainable economic and political systems. At the same time, we are also seeing particular social groups demanding rights and recognition (Fraser, 2013), based around gender, sexuality, indigeneity, disability or other forms of identity. Campaigns on gender and domestic violence, for instance, have challenged both laws and the discriminatory ideas and assumptions underpinning them (Nyamu Musembi, 53). Although such specific movements can strain and fragment the broader solidarities that are important for challenging economic and political inequalities, alliances between fragmented movements can emerge, such as those between feminist and economically based movements, and provide powerful ways to tackle intersecting inequalities and broader social injustice.

Contemporary movements take varied forms. Marches and protests on the street interact with those in law courts (Nyamu Musembi, 53), through the media and online. The digital era is providing new spaces for social and political action, for assembling transnational networks and alliances, and for citizen engagement and state accountability, as part of 'opening' governance (Ramalingam and Hernandez, 11; Edwards and McGee, 2016). Van Graan (63) highlights the role of the arts in participation and mobilization, drawing on powerful examples from South Africa. Yet as contributors to this volume remind us, these media carry dangers and can work in the political and economic interests of powerful elites, reinforcing and even adding to inequalities. To counter these requires policies and politics that ensure wide, public access to technologies, media and space.

At the extreme, protest can spill over into violence. Violent revolution has its place in the history of attempts to overturn inequality-supporting regimes (Vergara-Camus, 60). Conflict and civil war are not a consequence of inequality but a response to it.

Where people are severely disenfranchised both economically and politically, violent conflict can be their only recourse – something seen in recent violent extremism from the Middle East to North Africa.

Yet there are also positive examples where citizens have been able to marshal economic and political agency to protect their livelihoods and overcome inequalities. These amount to the precursors of a new political economy emerging at the grassroots (Mathie et al., 64). The steps are often small – involving new forms of community economic enterprise, for instance – but growing economic agency can help build wider awareness of rights, and deeper questioning of dominant forms of political and economic power.

### Leadership from above

Transformative politics can also be driven from above. Progressive reforms in global governance and in global social, economic and sustainability policy are critical for tackling inequalities, and require international political alliances. Global agreements around the Sustainable Development Goals (SDGs) and climate change, and recent initiatives by the OECD and G20, show the potential for such initiatives, although complex geopolitics and concerns with national sovereignty often impede them (Deacon, 45).

Nationally, transformative politics towards equality may be driven by ‘policy entrepreneurs’; governments and corporations; by the decisions and actions of enlightened leaders; and by progressive political regimes. It is no coincidence that many countries experiencing rising inequality have done so under conservative governments that have aggressively pursued neoliberal policies. By contrast, regime changes have often been catalytic in inequality reductions, in cases from Bolivia to Iceland.

Party political struggles around inequality have moved beyond simple dichotomies of left and right, as regimes of diverse political shades appreciate and respond to the harms that inequality brings to national economies and social stability. Governments may also pursue strategies that have the effect of reducing inequalities, even if this was not their prime motivation. For instance, many East Asian countries followed full employment regimes from the 1960s to the mid-1990s in the interests of industrial growth, with the spin-off of reducing economic inequalities – although notably not political or environmental ones. Emerging forms of state-supported capitalism

in both democratic and non-democratic regimes are combining market regulation and social provision in diverse ways, with varied effects on different kinds of inequality. Examples include African countries pursuing vigorous state-led development, such as Ethiopia and Rwanda, and to some extent China, where economic inequality, which widened from the 1980s, has more recently declined amid policies to narrow the rural–urban gap and enhance social provision (Li, 15), though stark gender and environmental inequalities persist.

### Alliances and shifting norms

Social and political protest has often helped bring about shifts in political leadership. For political action from below to combine effectively with political support from above, negotiation and alliances are often critical. While poor and marginalized people might appear politically weak, they can make themselves essential to elites, through electoral support or the threat of unrest. Political alliances and bargaining between private, public and civil society actors and interests shape pathways of change and the extent to which they are inequality-reducing or enhancing. Such bargaining is central to the politics of environmental inequalities, while political alliances can work well in favour of progressive tax regimes (Moore, 50).

Middle classes can be key to such alliances, whether in personal or group support to the struggles of the poor, or by eschewing narrow economic self-interest in favour of contributing to broader, collective solidarity and pathways towards equality (Rothstein, 59). The middle classes of today’s rich countries experience declining living standards relative to both top incomes and the rising middle classes of Asia. Discontent and social tension could result (Milanovic, 5), with uncertain and potentially fast-moving political ramifications.

Individual and group action interacts with shifts in wider social and cultural norms. People’s support for change seems to depend less on economic self-interest than on prevailing social attitudes and moral and ethical values. This includes judgements of whether extreme inequality is tolerated, or seen as wrong (Fukuda-Parr, 65). This suggests that building pathways towards equality may require sociocultural values to shift, through processes that will inevitably be complex and context-specific, and which will involve challenges to entrenched habits and perceptions.

## Transformative pathways

In practice and over time, policies and politics interact. If we look at cases where inequalities have declined, it is combinations and sequences of rule changes and actions involving states, markets and citizens, involving top-down leadership and bottom-up action, that have made a difference. While reminding us of the importance of tackling the scourge of extreme economic inequality, Oxfam's work underlines too the importance of addressing power dynamics: citizens must be able to hold decision-makers to account, and governments must protect their rights against commercial and elite interests (Byanyima, 67).

Tracking the histories of countries that have successfully reduced inequalities and discussing their politics, Green (66) reveals important features of transformative pathways towards equality. First, they are non-linear. Pathways are rarely smooth and straight. There can be twists, turns and bumps along the way, with moments of abrupt advance combined with setbacks or periods of more gradual evolution. A specific change can open up possibilities for one group or close them down for another. Crisis can become an opportunity to challenge entrenched structures and provide a foothold for new ones. Multiple inequalities need to be tackled flexibly. The seven types of inequality addressed in this report require bundles of specific and intersecting policies and actions. Those related to particular inequalities will not move together at all times and in all contexts, and there can be tensions and trade-offs between them. Nevertheless some do align, and there is scope for policy and action to seek out and promote such synergies alongside broad forms of multidimensional change.

Small changes can add up to big transformations over space and time. The very idea of 'transformation' can imply the need to steer from above. But if we look back on some of the major transformations towards equality and social justice that have occurred historically – the ending of the slave trade and the granting of votes for women, for instance – it becomes clear that they unfolded through a multiplicity of smaller actions, by a range of dispersed people and groups (Stirling, 2015), scaling up and learning from each other (Speth, 2012). But 'flips' and 'tipping points' might also occur, fuelled by catalytic moments or actions, or as the result of accumulative change in complex systems. Such flips can be rapid.

Small changes in ways of doing things can also kindle new perceptions and imaginations of the possible, enabling pathways that might once have seemed unrealistic to be identified and pursued (Mathie et al., 64).

The dynamics of such transformative pathways are only just beginning to be understood, and this is an area where further research is needed. The future of inequality is unknown and uncertain, but what is clear is that extreme forms of inequality need to be avoided. Understanding how transformative pathways have unfolded in the past cannot dictate future action, but it can offer clues as to strategies that might work in different contexts. And it gives grounds for optimism. Major shifts in norms, policies and politics that add up to transformative pathways have occurred in the past. Today we are seeing rising inequalities, but also an unprecedented explosion of action and experimentation around the world. The broad direction is clear, and there is potential for small pathways to grow and coalesce into major roadways of transformative change towards greater equality for all.

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