

URBAN PROPOSALS TO COMBAT INEQUALITIES

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METROPOLIS – FUNDACIÓ CATALUNYA EUROPA

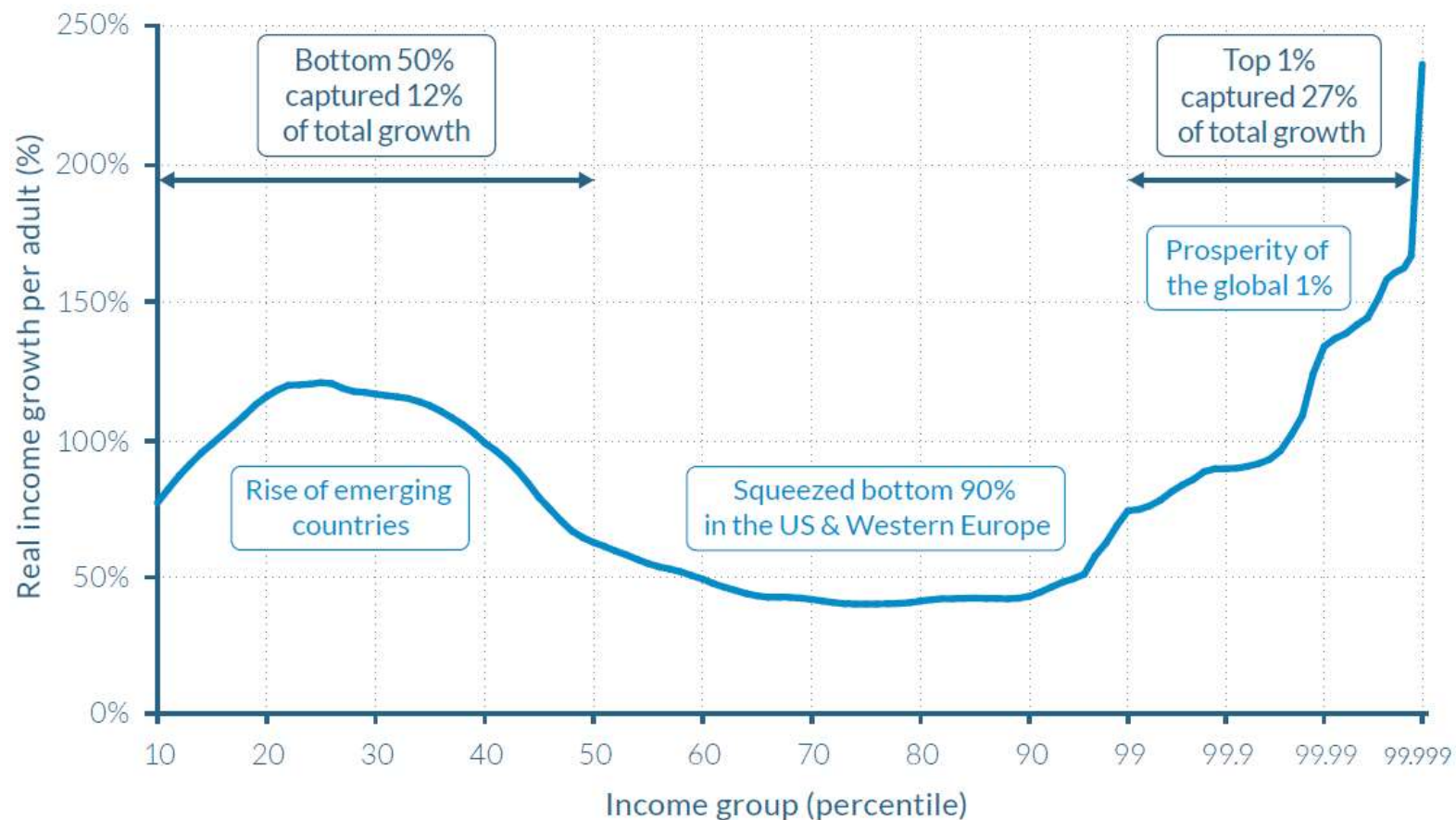
Why do we have to fight inequalities?

Economic inequality is a widespread fact and, to a certain point, inevitable.

But increasing inequalities and its effects entail social, politic, ecological and economic catastrophes that could lead to the collapse of our societies.

Evolution of income growth capture by world regions

Total income growth by percentile across all world regions, 1980-2016

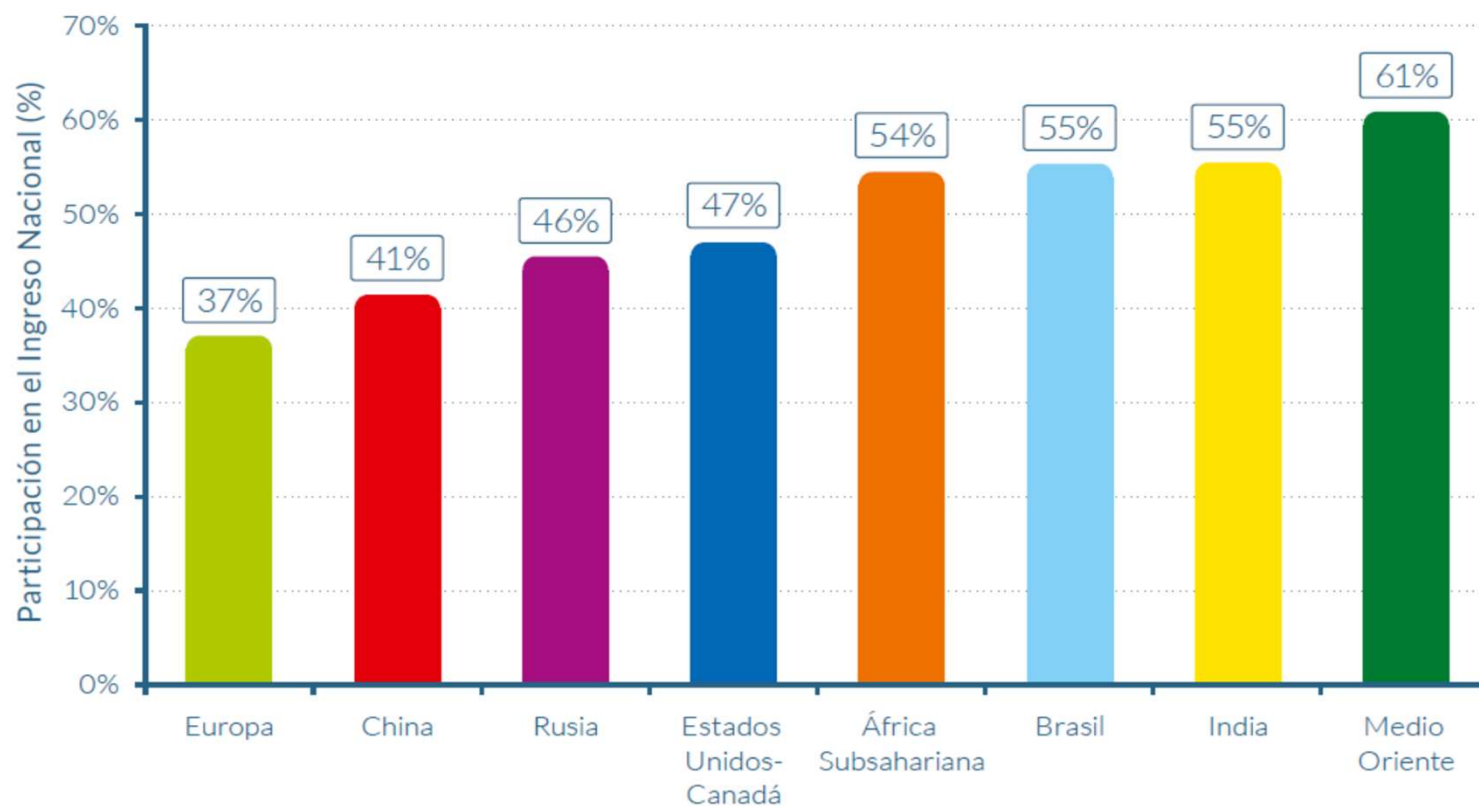


Source: WID.world (2017). See [wir2018.wid.world](#) for more details.

Share % on national incomes

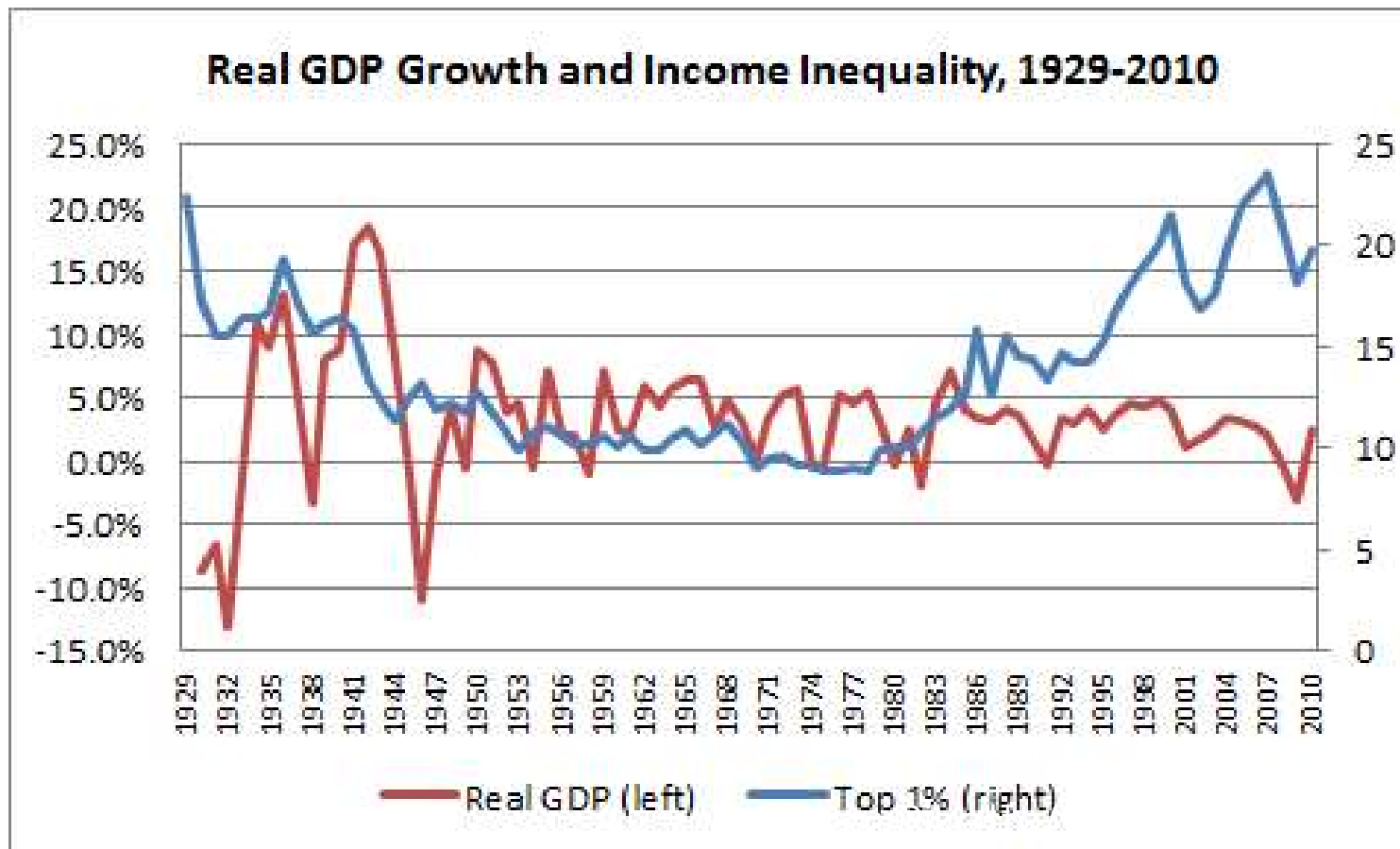
Figura E1

Participación del 10% de mayores ingresos alrededor del mundo, 2016



WID.world (2017). Series de datos y notas disponibles en wir2018.wid.world.

Income inequality and GDP evolution, 1929-2010



A turning point in inequality from the 1970s

- End to Bretton-Woods system(1971)
- Oil Crisis (1973)
- Limits to the Welfare State – the breaking of the post-war social contract, fall of social democracy
- Margaret Thatcher (1979) Reagan (1981)
- Economic Globalization (1980s)
- Technologic change and innovation

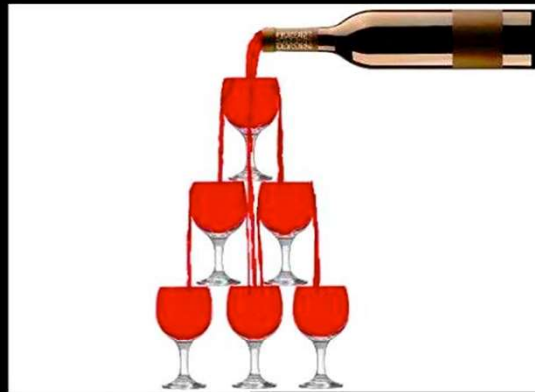
New political hegemony:

NEOLIBERALISM

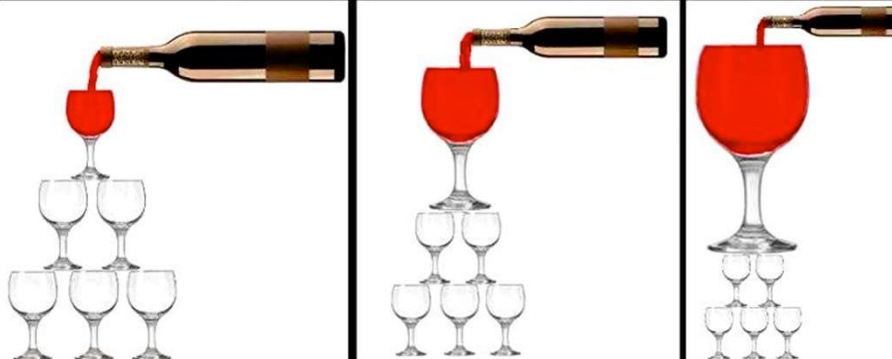
TRICKLE DOWN ECONOMY

Trickle down economics

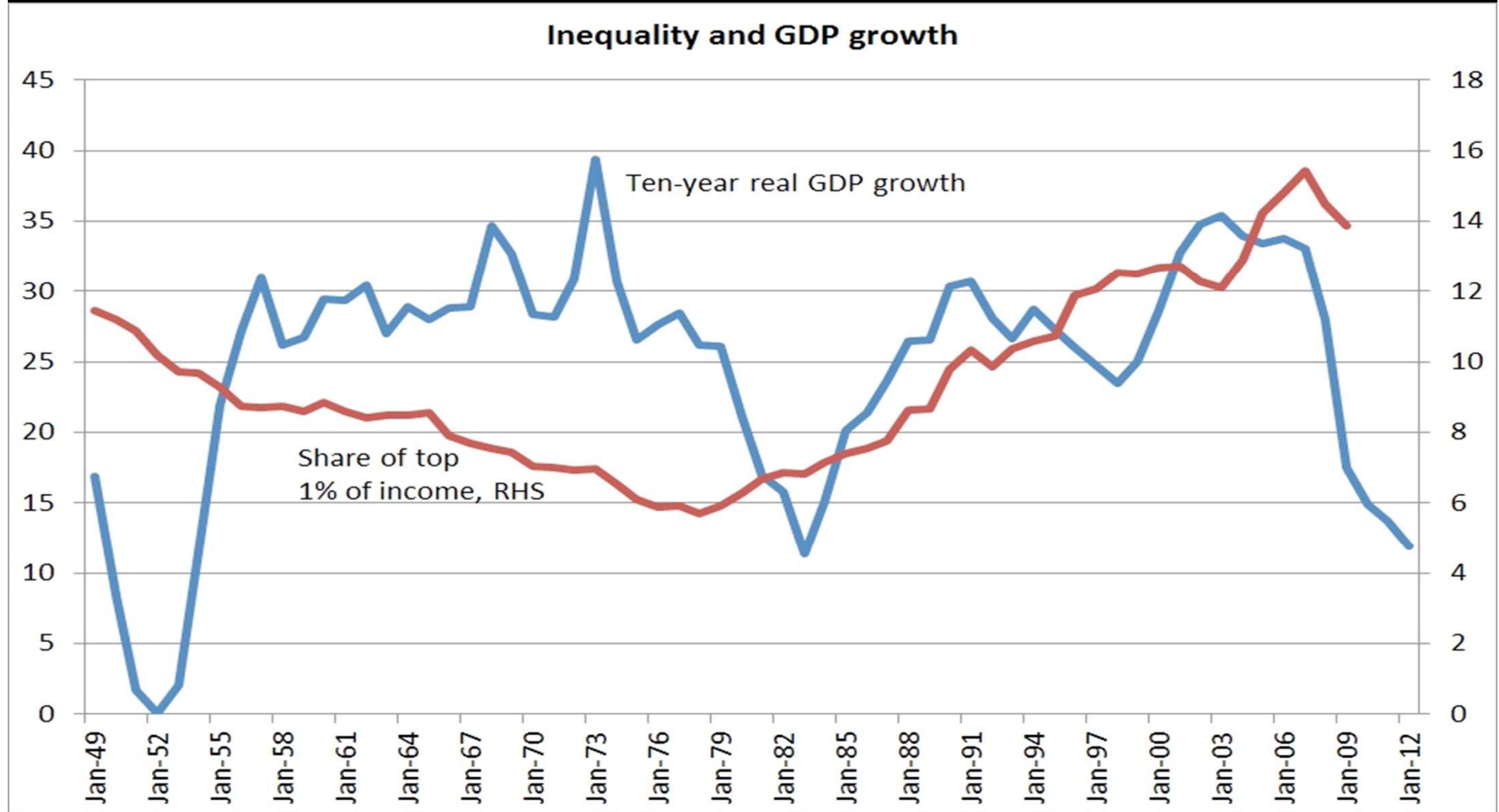
How we're told it works



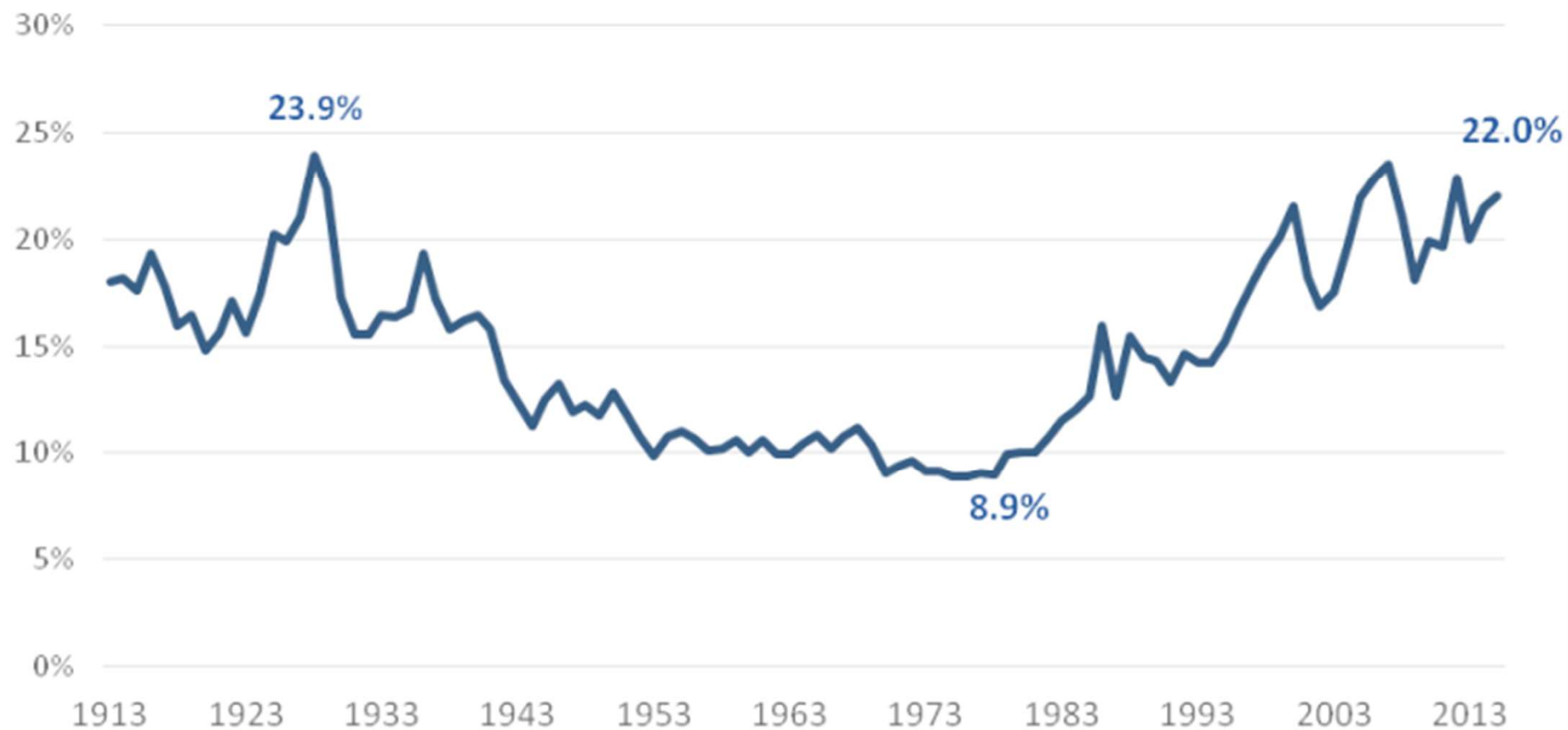
What actually happens



Negative relation between growth and inequality

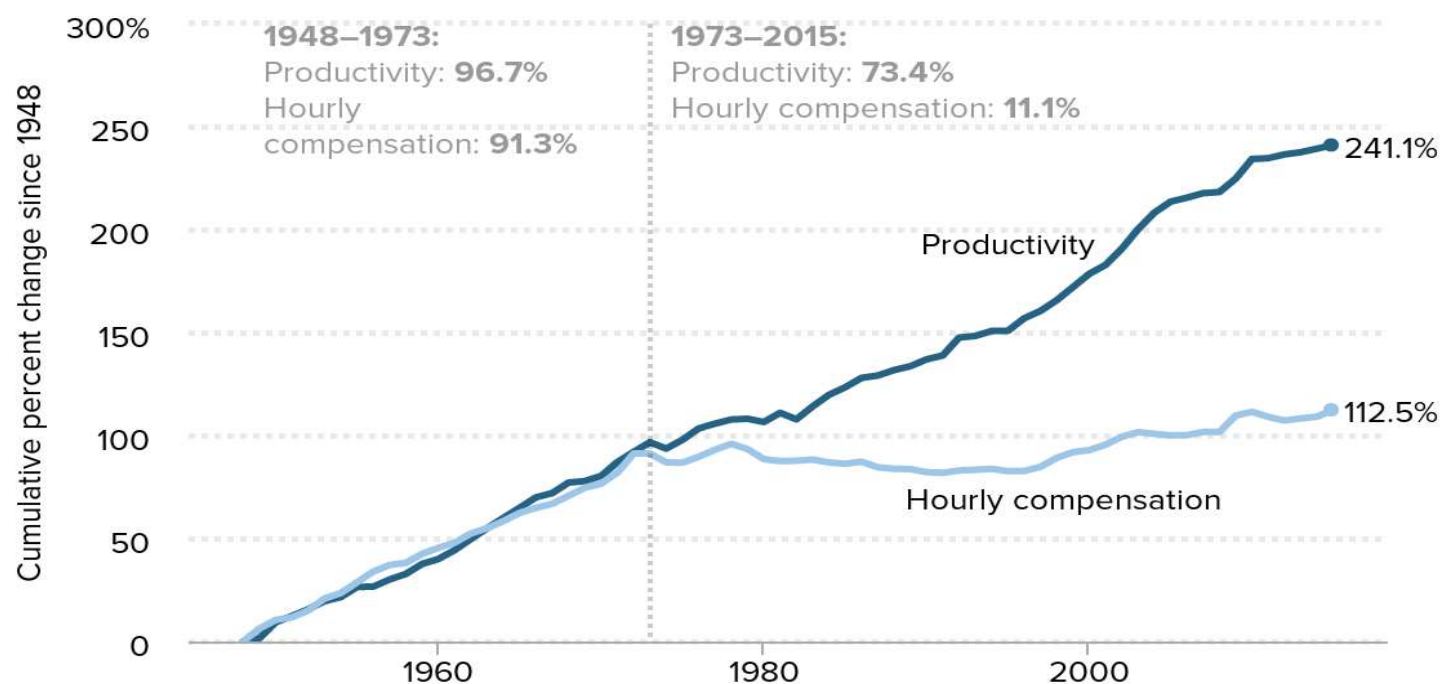


Top 1% Share of Total U.S. Income, 1913-2015



Source: E. Saez, UC Berkeley

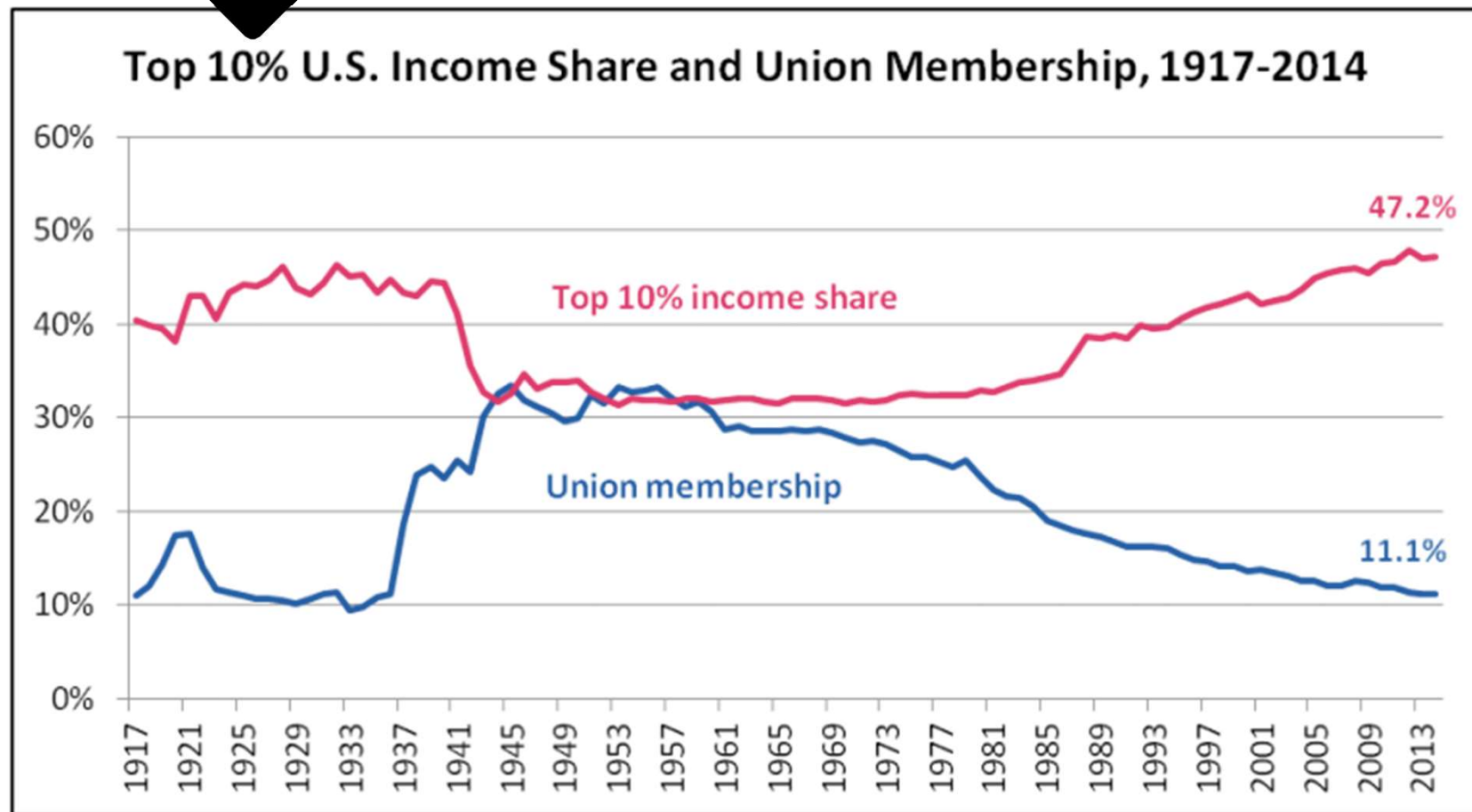
Deattachment between productivity and salary (EEUU 1948-2015)



Note: Data are for average hourly compensation of production/nonsupervisory workers in the private sector and net productivity of the total economy. "Net productivity" is the growth of output of goods and services minus depreciation per hour worked.

Source: EPI analysis of data from the BEA and BLS (see technical appendix of *Understanding the Historic Divergence Between Productivity and a Typical Worker's Pay* for more detailed information)

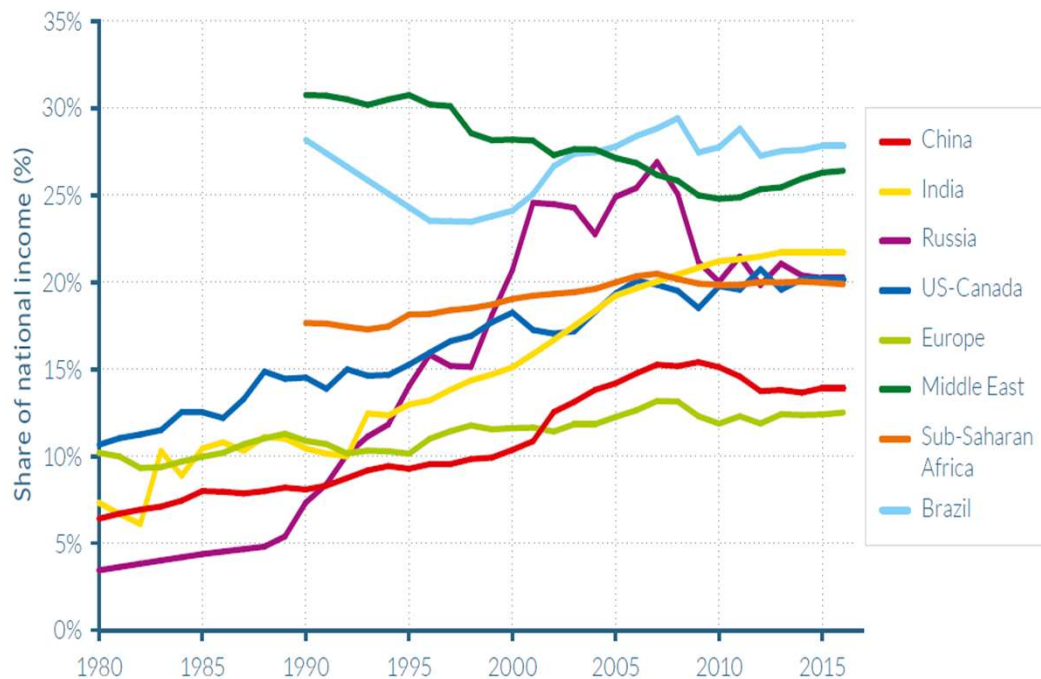
Union membership (1917-2014)



Source: Economic Policy Institute

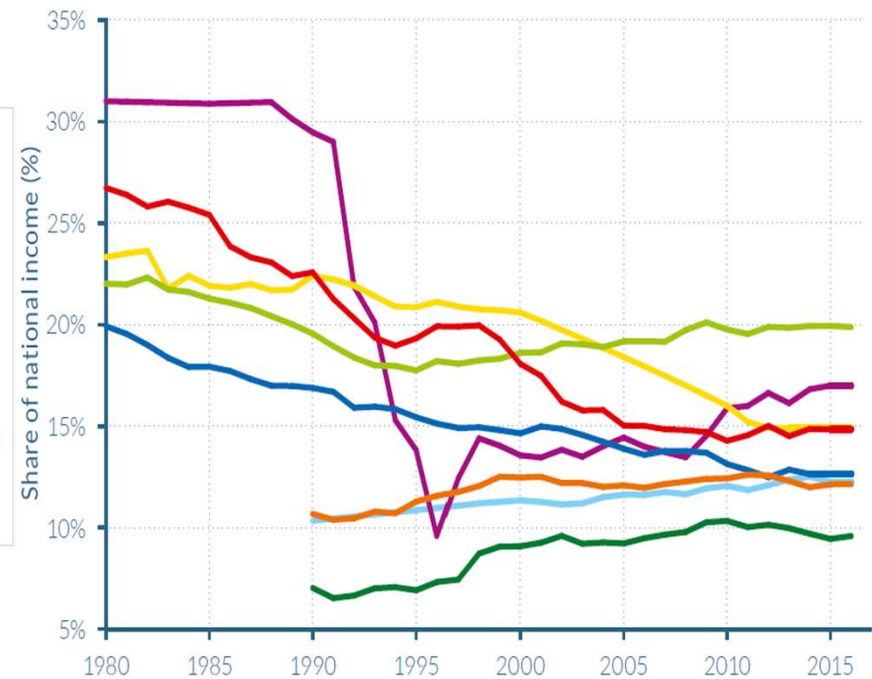
Evolution of incomes shares from the über-rich and poor

Top 1% income shares across the world, 1980-2016



Source: WID.world (2017). See [wir2018.wid.world](#) for data series and notes.

Bottom 50% income shares across the world, 1980-2016



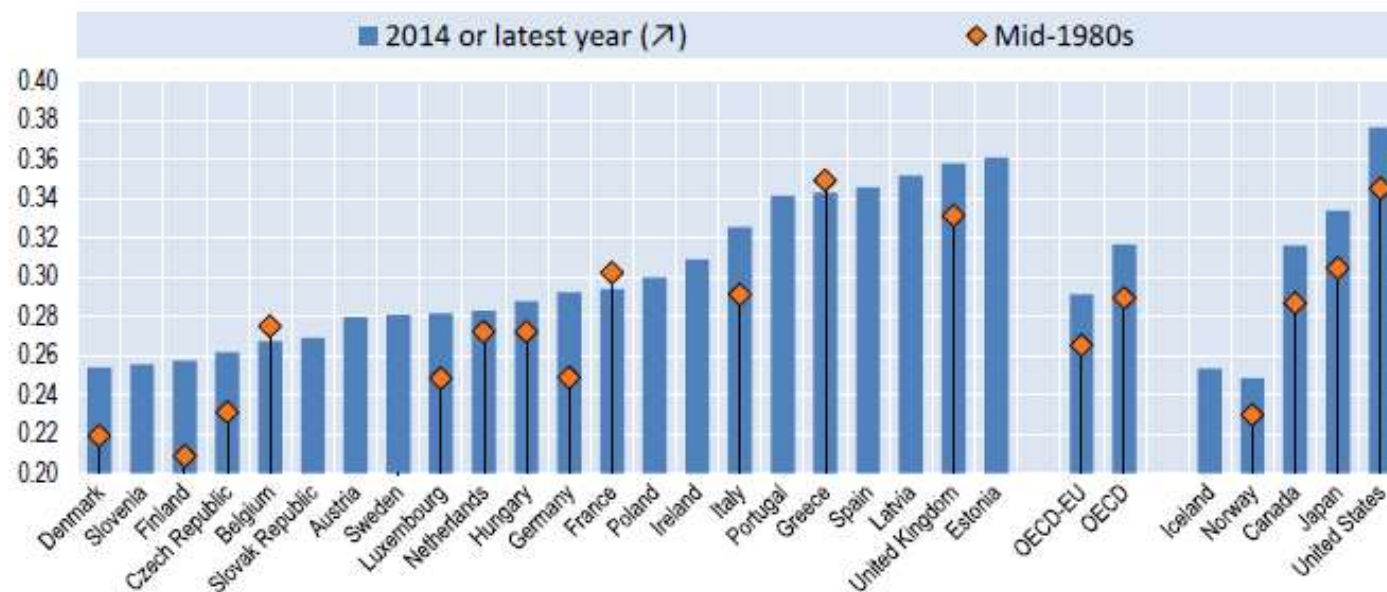
Source: WID.world (2017). See [wir2018.wid.world](#) for data series and notes.

“Income inequality is the defining challenge of our time – live”

Barack Obama, 2013. Center for American Progress



Since the 1980s, internal inequality has increased in most countries and decreased in very few



Source: OECD Income Distribution Database (<http://oe.cd/idd>).

Inequality is a political choice

“Inequality is a political choice”

Joseph Stiglitz

Inequality is a choice, the result of certain political decisions and objectives that respond to certain motivation and interests

WHAT CAN WE DO ?

Reinforce democracy and a shifting paradigm

1. Politics must govern the main principles that move the economy, orienting them to the common good and the general interest.

2. Re-legitimise politics as a transforming power to change social and economic dynamics, reforming current institution and trends.

- If democratic politics does not give forceful answers to the systemic crisis we face and we aren't capable of reversing the current situation, we are heading towards an **economic, social and environmental collapse**.

WHAT DEMOCRATIC POLITICS COULD DO?

- **Empirical evidence** from numerous academic and economic studies and from the main global institutions warn about the evolution and effects of inequality.
 - Not intervening with the growing trend of inequality **is not an option, it's a political decision.**
- It is peremptory to reinforce **counter-narratives** and arguments to combat hegemonic economic thinking that exclusively defend the interests of certain elites.

METROPOLITAN STRATEGY AGAINST INEQUALITY

There are many political measures and proposals that can be implemented, but **there is not a single one that can solve all the problems at once.**

In order to fight inequality, we propose to **articulate a set of coherent and measurable policies** that will then have to be **evaluated and contrasted** with **inequality indicators** in order to see how they have evolved and whether their impact has been positive.

WU1

WU1

He posat "we", però potser no el trobes adhient

Windows User; 19/6/2019

MULTI-LEVEL POLICY

1. International policies

2. State/Regional policies

3. Metropolitan and local policies

INTERNATIONAL POLICIES



INTERNATIONAL POLICIES

1. **Regulation of tax heavens and prosecution of tax evasion and tax elusion.**
2. **Common fiscal policies in the EU.**
3. **Global Registry of Financial Assets** at the individual and corporate level, in order to have these assets audited, in a similar way as happens with real estate and property registers.
4. **Tobin Tax**, which would allow traceability and the taxation of speculative flows and financial movements.

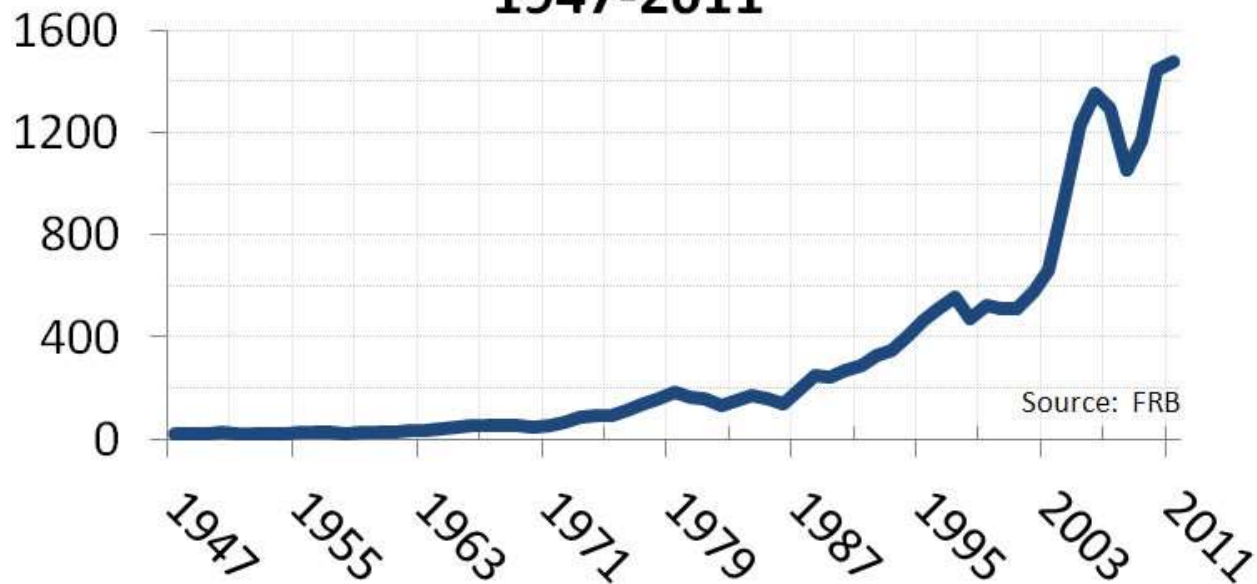
NATIONAL/REGIONAL POLICIES

- Harmonization of a **progressive European tax** on income, capital, also on **inheritance tax, property and company profits**.
- Reduce wage disparities, set **a minimum wage that is 60%** of the country's average wage, as recommended in the European Social Charter.
- Contribute to **stronger trade unions**.
- Increase the presence of **workers in the decision-making bodies** of companies, as well as to stimulate their participation in shareholdings
- Increase the presence of workers in the **cooperative economy**

U.S. Effective Corporate Tax Rate 1947-2011



US Corporate Profits 1947-2011



NATIONAL/REGIONAL POLICIES II

- **Active Labour Market Policies** – Convert part of unemployment benefits into training grants.
- Restore and reinforce **welfare policies** destroyed by the financial crisis.
- Open the political debate on the **Citizenship Basic Income** in the face of the challenges of technological change.

Debate between pre-distributive or redistributive policy

Pre-distribution: Reduce pre-tax inequality by **increasing the power of trade unions; public education policies, increase salary share on GDP...**

- Example: New Hampshire

Redistribution: Reduce inequality after taxation

URBAN AND LOCAL POLICIES AGAINST INEQUALITY

Urban space is not only the setting or the result of the social processes that take place there, but it also directly conditions these processes.

Urban policies can have a direct and effective impact on the widening or reduction of inequalities.

URBAN LOCAL POLICIES

1. Creation of a comprehensive strategy to reduce inequalities at the local level.

A- To seek maximum impact in the reduction of inequality and its consequences

B- Collaboration and involvement of the different municipal areas, third sector, social movements, academics and research, and metropolitan institutions

C- Commitment to coordinate resources

OBJECTIVES

1. Reduce inequality in income distribution and guarantee social rights, especially access to housing, quality employment, and basic needs.
2. Increase educational equity, training and cultural opportunities throughout life.
3. Strengthen and articulate community networks and support services that facilitate personal and collective empowerment through social innovation initiatives.
4. Eliminate stigmatization and social segregation and reduce inequalities between neighbourhoods.

<http://www.bcn.cat/barcelonainclusiva/ca/estrategiainclusio.html>

**Estratègia d'inclusió
i de reducció de les
desigualtats socials
de Barcelona
2017—2027**



URBAN LOCAL POLICIES II

POLICIES AGAINST GENTRIFICATION

Fighting gentrification means not only tackling one of the effects of inequality in the city, but also tackling its causes.

Urban land policies

- Expropriation as a preferential and generalized modality of action in the sectors of land development.
- Activation of obligatory land reserves for the construction of protected housing.
- Public and community recovery of the capital gains from public rehabilitation interventions and large urban intervention of public initiative.

URBAN LOCAL POLICIES III

HOUSING POLICY

- *Rehabilitation of public housing.*
- *Give stability to the rental market.*
- *Promotion of social housing.*
- Mobilize the empty habitage
- *Regulation of touristic rental*

URBAN LOCAL POLICIES IV

1. Municipal contracting with companies that comply with a balanced social balance especially in:

Social and inequality indicators in its annual report, such as:

- Salary Ratio (Salary of the CEO/Mean Salary 1/10 -1/50)
- No gender pay gap
- Temporary rate contracts
- Partiality rate of the working days
- Outsourcing/Subcontracting rate

URBAN LOCAL POLICIES V

2- Give a **more progressive and redistributive character to municipal taxes** (for example: Real Estate Tax – cadastral Update) and to **investments** (expenses)

3- Promote **social pricing** of all city services to ensure universal access.

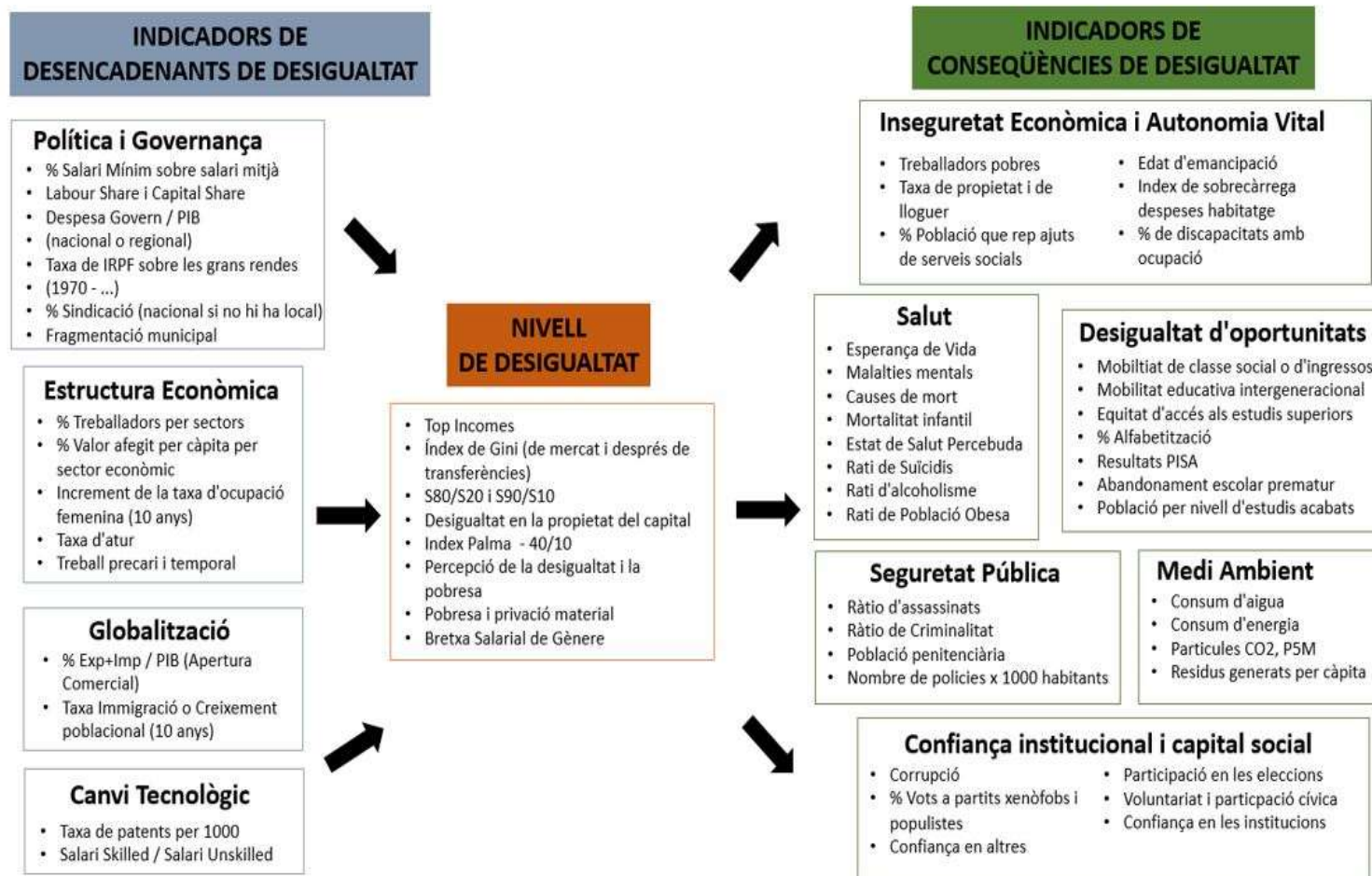
4- **Metropolitan vision and action by district**, establishing specific competencies to diminish the problems of ghettoization

URBAN LOCAL POLICIES VI

5- Define a **system of indicators** to measure inequalities and their impacts and the milestones achieved at the end of each mandate.

- Definition of indicators to monitor policies and their evaluation through the results obtained.
- Creation of fairness commissions to follow up.

Tackling Inequality - Indicators



Thank you!

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