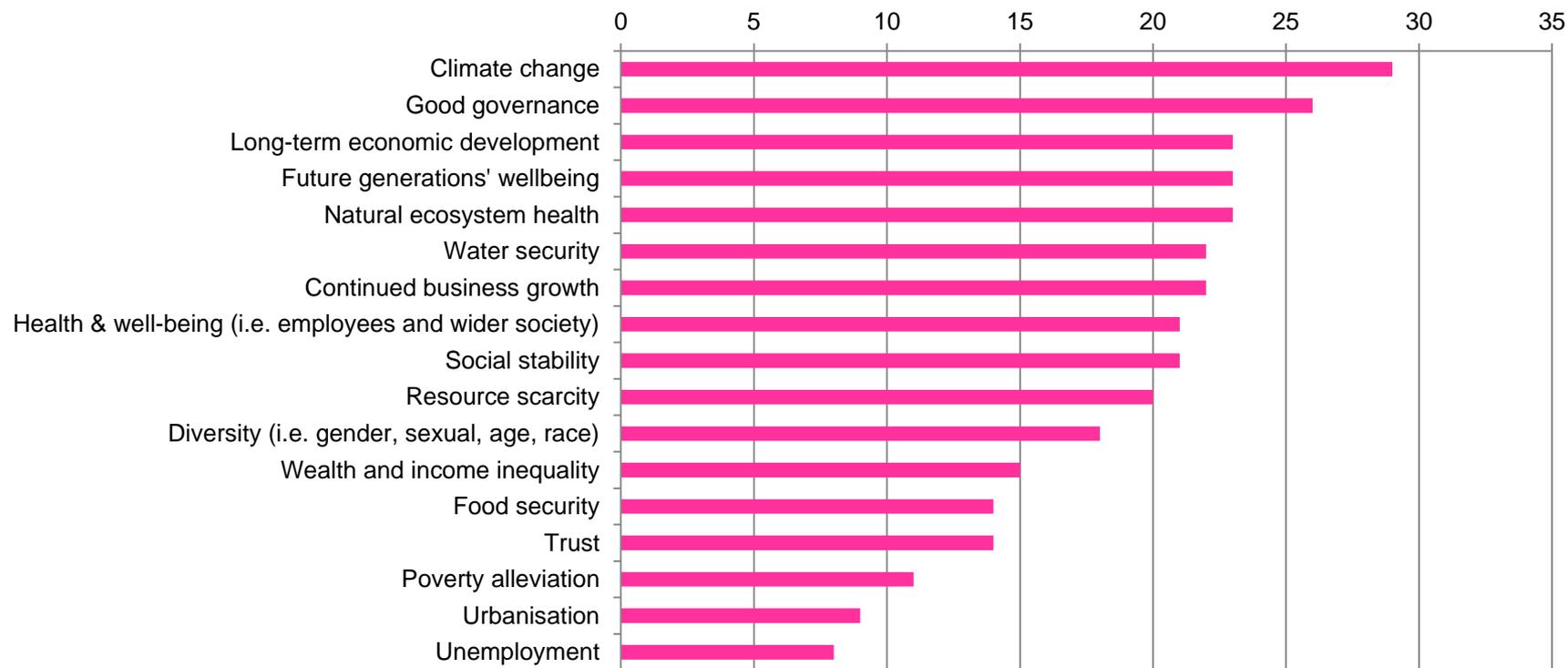




The business of inequality: a new normal?

Cambridge, Nov 11 2018

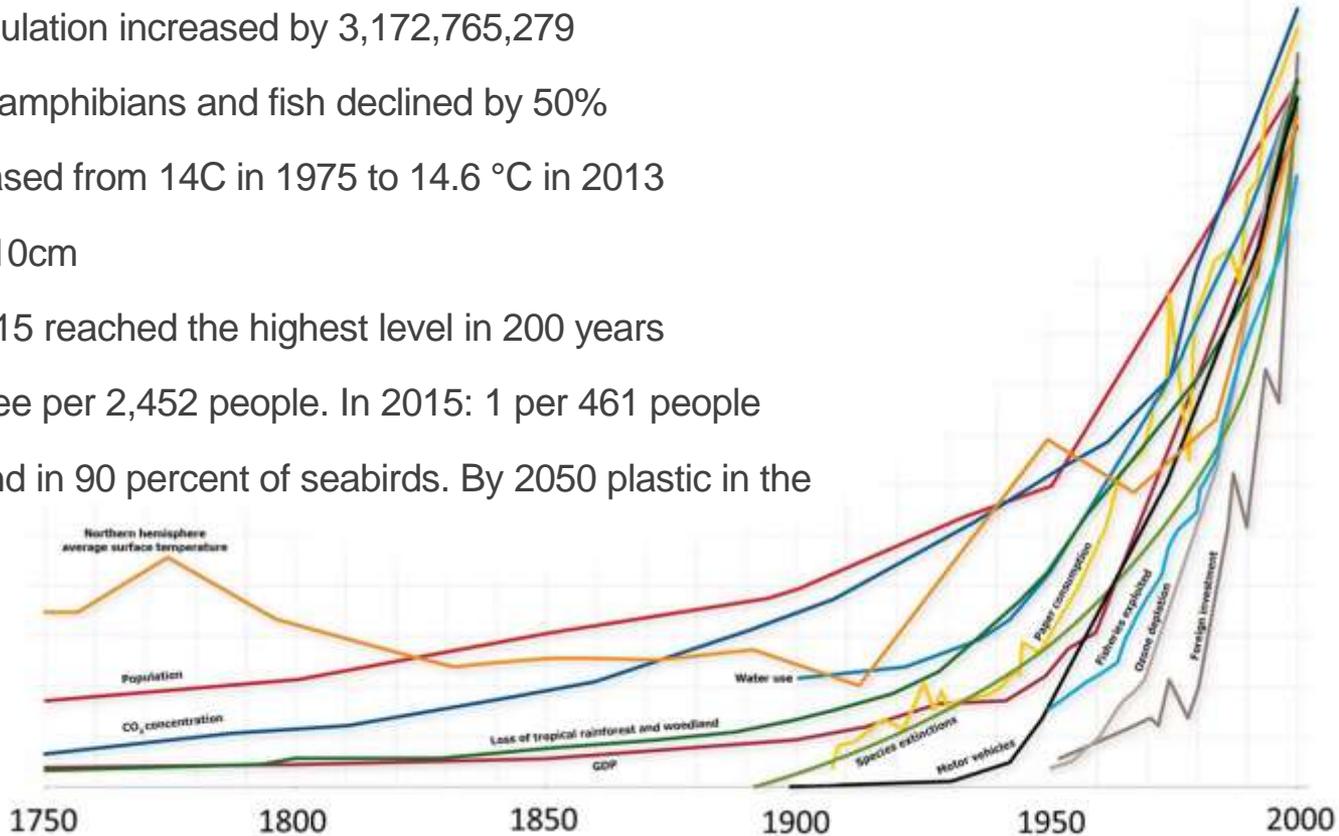
Inequality and sustainability



Source: BSP 2018 data - *When thinking about sustainability, which of the following issues do you consider?*

A brief history of progress?

- Between 1975 - 2015 population increased by 3,172,765,279
- Mammals, birds, reptiles, amphibians and fish declined by 50%
- Global temperature increased from 14C in 1975 to 14.6 °C in 2013
- Sea levels have risen by 10cm
- Inequality in Europe in 2015 reached the highest level in 200 years
- In 1975 there was 1 refugee per 2,452 people. In 2015: 1 per 461 people
- Today plastic trash is found in 90 percent of seabirds. By 2050 plastic in the oceans will outweigh fish



Source: Will Steffen, 2004, 2008

The ambition

Target

10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

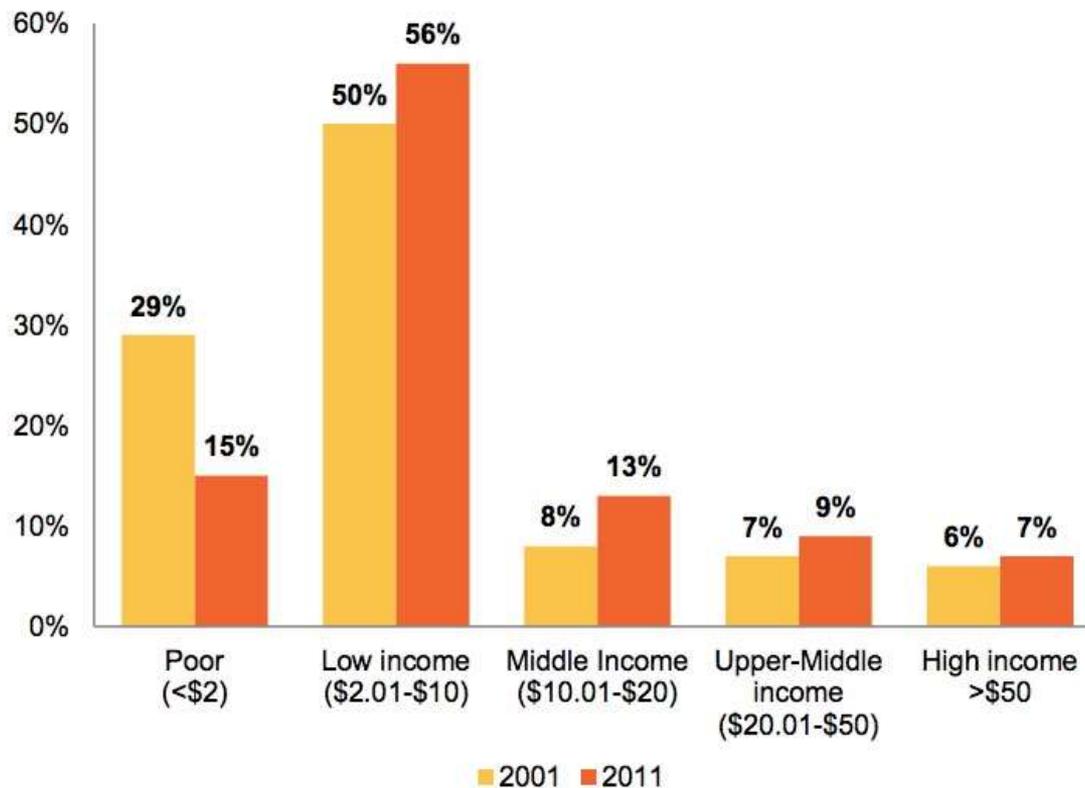
Indicator

10.1.1 Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population

SUSTAINABLE DEVELOPMENT GOAL 10

Reduce inequality within and among countries

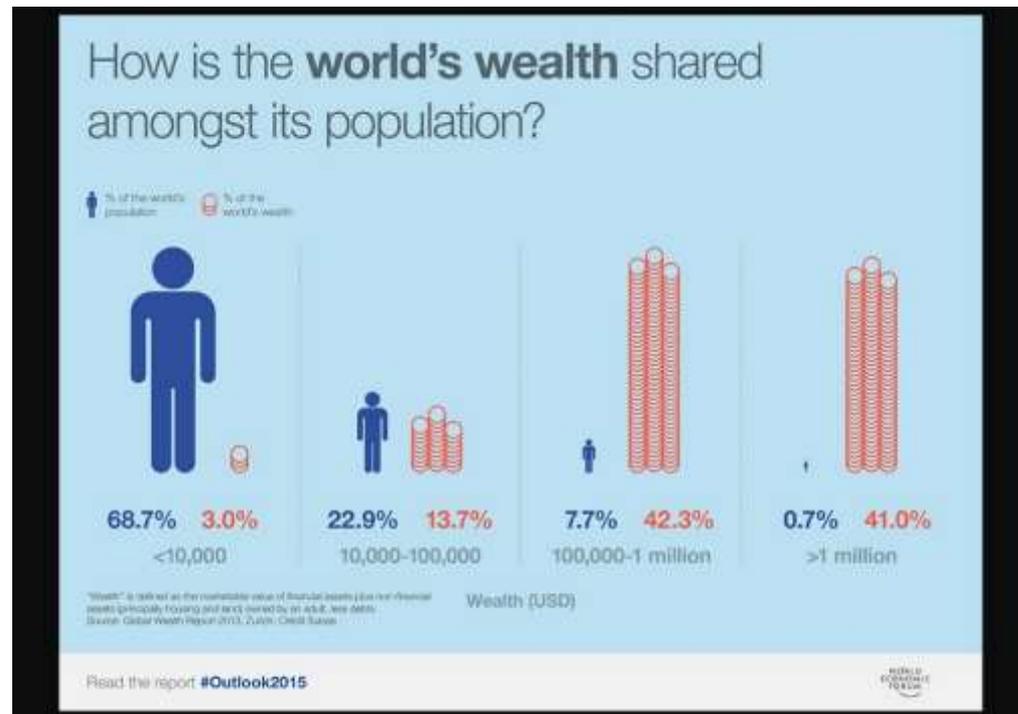
Figure 6: Percentage of global population by income, 2001–2011



Pew Research Centre 2015, in Kate Raworth, BSP 2018

- “The world’s 3.5 billion poorest adults each have assets of less than \$10,000. Together this 70% of the world’s working age population, account for just 2.7% of global wealth.”
- “For many residents of low-income countries, life membership of the base tier is the norm rather than the exception.”

Source: Credit Suisse, Global Wealth report, in the Guardian, Nov 2017)



Health, Well-being and Basic Needs

- In England, an estimated 870,000 children may be going to bed hungry every night
- More than 150 million people, about 2% of the world's population, are estimated homeless. About 1.6 billion, more than 20% of global population, may lack adequate housing" (Yale Global, 13/7/2017)
- Over 120,000 children were housed in temporary accommodation in England in the first quarter of 2018 (Guardian, 27/6/2018)

Source: WHO 2017 / 2018, Shelter and Crisis 2018

Inequality is rising in many of the world's cities - 75% of the world's cities have higher levels of income inequalities than two decades ago (UN HDR, 2016)



New Scientist, 13/7/2016, How inequality is poisoning the world, Carolyn Drake/Magnum Photos

Economic inequality : a new normal?

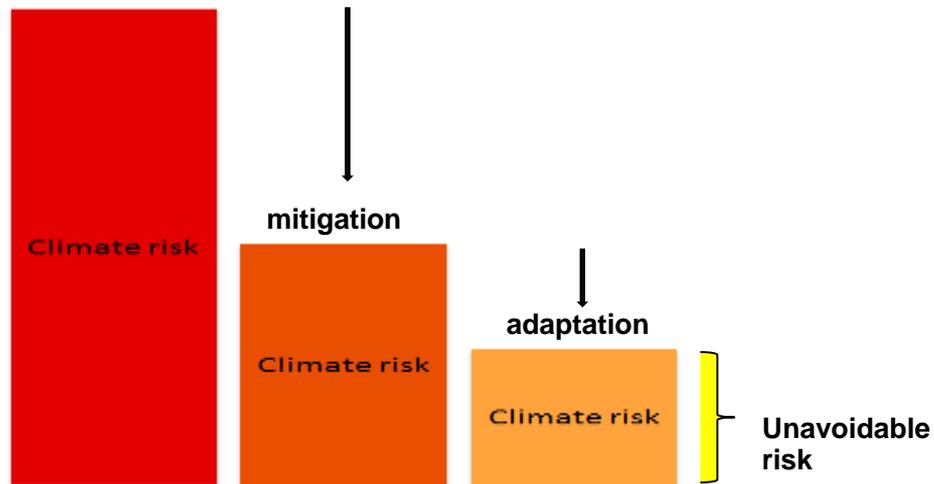
- 8 richest people own as much wealth as the poorest 3.5 billion people (Oxfam, 2018)
- 82% of the wealth generated in 2017 went to the richest 1%. The poorest 3.7 billion people saw no increase in their wealth (UBS, Billionaires 2018)
- FTSE 100 CEOs are now paid 165 times more than a nurse and 140 times more than a teacher (The Equality Trust)

“Rising pay differentials between workers on the upper and lower rungs of the jobs market have played an important role in increasing income inequality”



A new climate normal

We can adapt to some changes, but there is a limit to what can be managed.



Source: Dr Emily Shuckburgh, British Antarctic Survey, 2016

Water availability, scarcity and conflict

- By 2025, 1.8 billion people will be living in regions with absolute water scarcity
- By 2030, water scarcity will displace between 24 million and 700 million people (UN Water)
- “The rapid depletion of aquifers is a systemic risk to one billion people in the world’s growing economies. Aquifers are shared across national borders and have the potential to spark conflict (Earth Security Group, 2016)



More or less inequality?



Skills Disruption



35% of core skills will change between 2015 and 2020

Disruption across countries and industries

43%	Financial Services & Investors	48%	Italy
42%	Basic & Infrastructure	42%	India
39%	Mobility	41%	China
		41%	Turkey
		39%	South Africa
		39%	Germany
		38%	France
		37%	Mexico
			average disruption
35%	Information & Communication Technology	31%	Brazil
33%	Professional Services	29%	United States
30%	Energy	28%	United Kingdom
30%	Consumer	27%	Australia
29%	Health	25%	Japan
27%	Media, Entertainment & Information	21%	Gulf Cooperation Council
		19%	ASEAN

Source: Future of Jobs Report, World Economic Forum

Robots threaten 15m UK jobs, says Bank of England's chief economist

Results of the Bank's study, Andy Haldane said, suggested that administrative, clerical and production tasks were most at threat



📷 A robot on display at the China International Industry Fair in Shanghai. The Bank's chief economist said technological advances since the 18th century had always had the effect of widening the gap between the skilled and unskilled. Photograph: Zhang Jiansong/Xinhua Press/Corbis

The Bank of England has warned that up to 15m jobs in Britain are at risk of being lost to an age of robots where increasingly sophisticated machines do work that was previously the preserve of humans.

Why inequality matters

“..for each of eleven different health and social problems: physical health, mental health, drug abuse, education, imprisonment, obesity, social mobility, trust and community life, violence, teenage pregnancies, and child well-being, outcomes are significantly worse in more unequal rich countries”.

The Spirit level: Why equality is better for everyone, 2009

Gini index for income inequality ranges from zero (absolute equality) to 100



Guardian graphic | Source: World Bank estimate. Map shows most recent Gini index estimates for 140 countries

Why inequality matters

“Research at the IMF and elsewhere makes it clear that persistent lack of inclusion—defined as broadly shared benefits and opportunities for economic growth—can fray social cohesion and undermine the sustainability of growth itself.”

International Monetary Fund, 2017

A photograph of Lloyd Blankfein, CEO and Chairman of Goldman Sachs, speaking at a podium. He is wearing a dark suit, white shirt, and blue patterned tie. He is gesturing with his right hand while speaking into a microphone. The background is slightly blurred, showing other people in a formal setting.

“Income inequality is destabilizing and is responsible for the divisions in the country... It’s a very big issue and something that has to be dealt with.”

*Lloyd Blankfein, CEO and Chairman,
Goldman Sachs, 2014*





Photograph: Reuters



Are expectations rising?

Percent who say that CEOs should take the lead on change rather than waiting for government to impose it

64%

**2018 Edelman
Trust Barometer**

Americans want companies to take action on important issues

How much do you agree or disagree with the following statement?
Corporations should take action to address important issues facing society



Questions?