

Acsenda School of Management

Tea the Chancellor

25 February 2020

Justifying Inequalities

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Introduction

TEA WITH CHANCELLOR

Good afternoon. It is my privilege to be the Chancellor of the Acsenda School of Management. This is an honorary position. I am not a member of the Acsenda staff. My role is to preside at Acsenda's degree ceremonies, called convocations, and I am also a member of the Academic Council and the Strategic Planning Committee.

The chancellors of most universities focus on fund-raising and relations with the local community, but President Mort and I have agreed that as Acsenda's chancellor I should focus more on relations with students – you!

I do this partly by holding regular meetings like this where we can discuss current issues that are being argued about in the wider world. This is not the place to ask questions about your courses at Acsenda, but I hope we can have some interesting discussions about broader issues of in the world today and in the future.

SERIES TITLE

I start each session with a short talk of 10-15 minutes and then turn it over to you for questions and discussion. The title for the whole series of sessions, which began two years ago, is *Challenges for Changing Times*.

The topics of the four sessions that we have held so far were:

PAST TOPICS

- Challenges for Changing Times: Work
- Challenges for Changing Times: Inequality
- Being Canadian; Being Courteous
- Meet Dean Duperron: Founder of the institution that is now Acsenda

FUTURE TOPICS

In future sessions, I plan to raise broad issues like Truth, Trust and the Rule of Law. Some have called today a 'post-truth' society. Also, surveys are showing that the trust that people say they have in governments, public institutions and other organisations of daily life has been declining steadily for years.

TRUST IN U.S.

This slide, for example, shows the decline of the trust that people in the United States have in government over 50 years.

FUTURE TOPICS

In Canada today there is also plenty of discussion of what we mean by the Rule of Law. We say that we are a country with the rule of law. But how does that apply to the current blockades of railways by climate protesters? Or the tensions with China created by the arrest of a senior Huawei official at the request of the US, which seeks her extradition to face trial there?

JUSTIFYING INEQUALITIES

But today I shall revisit the topic of inequalities that we discussed a year ago. I have two reasons for going back to this issue. The first is that it is becoming an even more important political issue.

SANDERS

In the primaries for the US presidential election the gap between rich and poor is a very hot issue. There are accusations that the whole US political system has been bought by the rich to be used for their benefit only.

PIKETTY IMAGE

My second reason is that Thomas Piketty, the scholar who did more than anyone else to put the issue of inequalities at the centre of political discourse has returned to the fight with a new book.

CAPITAL IN C21

He first became famous in 2013 with his book *Capital in the 21st Century*. It was controversial and generated a flurry of activity among other economists.

CAPITAL AND IDEOLOGY

Piketty has now published another book: *Capital and Ideology*. It came out in French last year and the English version will appear next month. I have read the French version, which is 1,200 pages long, and look forward to re-reading it in the English version because it is a very important book.

Piketty explains the main thread that run through the new book in a sentence at the beginning:

THIS QUOTE

“Each human society must justify its inequalities: it must find reasons for them, otherwise its whole political and social structure will face the threat of collapse...”

The key feature of this book is its focus on the ideologies underpinning inequality. Piketty expands our understanding of inequalities by setting their evolution in a global historical context. Through a thousand pages of analysis he corrects three common weaknesses in other studies.

THREE FEATURES

First, much contemporary commentary on inequality focuses only on recent decades, whereas Piketty delves back into its manifestations in previous centuries. Second, most other writing focuses almost exclusively on Europe and the United States. Piketty casts his net wider, examining in detail, for example, the historical record of inequalities in India before, during and after British rule. Third, he debunks the fatalistic view that increasing inequality is a built-in feature of modern societies and an unavoidable trend.

TERNARY SOCIETY

His review of the systems underpinning inequality starts with the ancient and widespread regime of the 'ternary society', with its three classes of priests, nobles, and ordinary people: workers and peasants.

SLAVERY & COLONIAL RULE

He then examines the extreme inequality in countries that had slavery and in the overseas colonies of western powers.

INDIA CASTE SYSTEM

Particular attention is given to India's caste systems, which British rule ossified making subsequent change more difficult.

FRENCH REVOLUTION

The French Revolution was a turning point in undermining ideologies supporting inequality. Although traces of the ternary society persisted for over a century, centralised government gradually took over the status of the clergy and nobility.

SOCIETIES OF OWNERS

The 19th century saw the emergence of 'societies of owners', leading once again, by the beginning of the 20th century, to extreme inequalities of income and wealth in Europe and the United States.

FIRST WORLD WAR & RUSSIAN REVOLUTION

Political pushback against such inequity was already underway when the First World War and the Russian Revolution changed these societies permanently, leading in the West to the development of social democracy.

SCHEIDEL

In *The Great Leveler: Violence and the History of Inequality from the Stone Age to the 21st Century*, (Princeton University Press, 2017), Walter Scheidel argued that while mass mobilisation warfare, revolutions, state collapse and epidemics may have reduced inequalities in the past, we should not wait for such catastrophes to create a fairer balance of incomes and wealth today.

BLACK DEATH & CORONAVIRUS

For example, although we worry about how bad the Coronavirus epidemic will become, it will certainly not have the impact of the Black Death, the plague that killed a third of Europe's population in the 14th century.

Instead of waiting for cataclysmic events to reduce inequality, countries must rely instead on the political processes of taxation, social support and extending access to education.

Piketty concludes his book by building the case for government action to redistribute wealth and income more fairly and proposing mechanisms for that.

1950 -1980

He stresses that from 1950 to 1980, when Europe and the United States had high taxes on the rich, economic growth was stronger than it has been ever since. But after the collapse of what Piketty calls 'the disaster of communism' the notion of redistributing income and wealth fell out of fashion.

THATCHER AND REAGAN

Other countries followed the lead of Reagan and Thatcher who argued, wrongly as it turned out, that high taxes on the rich hindered entrepreneurship and economic growth.

Today the tide seems to be turning. This year's US election campaign features robust discussions of income redistribution.

GILETS JAUNES

Elsewhere, movements like France's '*gilets jaunes*' express the feelings of some ordinary people that they are being left behind while an elite accumulates obscene wealth. But Piketty insists that a trend towards greater inequality is not inevitable. His sweeping historical analysis shows that societies can make choices among their possible avenues for development. Good education for all is the key to enabling people to chart their own futures. Ensuring equal access to education is the principal means for reducing inequality generally.

This is how Piketty summarizes his new book.

THIS QUOTE

Our historical analysis yields an important conclusion: human development and social progress depend on the fight for equality and education; not by treating property rights, stability and inequality as sacred.

THANK YOU

OVER TO YOU

Let me now turn it over to you for comment, questions and discussion. How do the countries that you come from justify the inequalities in your societies? What do you think should be done to increase equality? What trends so you see in world politics today and how do they address the challenge of inequalities?