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HERRENHAUSEN CONFERENCE
HERRENHAUSEN PALACE, HANOVER

CONFERENCE SUMMARY
“Re-Thinking Social Inequality”

Organizers: Volkswagen Foundation in collaboration with Jutta Allmendinger, David Brady and Wolfgang Merkel (all from Wissenschaftszentrum Berlin Social Science Center) and Vincent Houben (Humboldt-Universität zu Berlin)

In line with the famous preamble to the “Communist Manifesto”, today one might well say ‘A spectre is haunting the world – the spectre of a new social issue’. With his book “Le capital au XXIe siècle” (2013), the French economist Thomas Piketty has scored a bestseller. Since its publication, his formula, namely that wealth always grows faster than income, has occupied the attention of experts all around the world. At the same time, the Oxfam Report “Working for the Few” [1] revealed that more or less half of the world’s wealth is concentrated in the hands of just one percent of the population, and that the world’s 85 richest persons are worth as much as half the world’s poorest people put together. Last November, even the World Economic Forum named inequality as the second most serious threat facing the planet. How can research contribute to improving our understanding of social inequality and developing means to sustainably counteract its symptoms? Which challenges should draw the attention of civilian society and politics in future? These were the questions dominating the agenda of the 5th Herrenhausen Conference attended by over 140 scholars and scientists from 20 different countries.

In his opening talk, sociologist JAN NEDERVEEN PIETERSE (UCSB) stated categorically: “We are in the age of inequality”. However, unlike the term “poverty”, there is a lack of consensus on precisely what “inequality” stands for. He called for a fundamentally new approach to the topic: “Instead of a generalizing macro approach, we need multcentric approaches that are attuned to diverse initial conditions, different institutions, and cultures of inequality”. Presenting a general overview of the situation, Pieterse summed up the global economic development of the past few decades with the
neoliberal austerity programs imposed by the World Bank in the 1980s, the rise of China, the financial crisis of 2008, and the impact of these events on individual countries: While in the West, and especially in the Anglophone countries with their “winner-take-all politics”[2], social inequality measured by so-called “Gini coefficients” grew, whereas in China, for example, it declined. In addition, the extent to which inequality might be accepted is very different from region to region: In China, for instance, it is accepted as a trade off and the price to be paid for economic development and growth, whereas in the West it is inherent to the ideology of neoliberalism. Pieterse concluded with the observation that the real problem today is rooted in weak political institutions. This is because: “The governance institutions are out of step with accumulation opportunities.”

While Pieterse made no attempt to define “social inequality”, in his talk the historian ANDREAS GESTRICH (London) singled out Rousseau’s “Discours sur l’inégalité et les fondements de l’inégalité parmi les hommes” published in 1755 as the birth of modern-day thinking about social inequality. In contrast to natural inequality, Rousseau identified political and moral inequality as being contingent and a consequence of privileges. The source of inequality is the right to acquire ownership. To counter this Rousseau called for a contrat social. Wealth must always be subject to la volonté générale, the public good. Gestrich pointed out that although Rousseau had arrived at a fundamentally new concept of inequality, some time beforehand the Académie de Dijon had posed the question regarding the source of inequality. Why? That may well be attributable to predecessor movements like the Diggers and Levelers during the civil war in 17th century England and their demand: “(The world) was made to be a common livelihood to all, without respect of persons”.

In his public evening lecture, BRANKO MILANOVIC (New York) brought us back to the present day with a barrage of figures. According to Milanovic, ex-Chief Economist of the World Bank, national inequality worldwide increased by 2.5 percent in the twenty years between 1988 and 2008, while global inequality — that is the statistical difference between the poorest and the richest nations — for the first time in history actually declined. The reason for this was the spurt of economic growth in China and the appearance of a Chinese middle-class, whereas the middle class in western countries stagnated and was excluded from participation in economic growth. In this respect, Milanovic perceived the appearance of a plutocracy, and he warned against the danger of giving way to the rule of money. On the other hand, he pleaded for more migration and bringing an end to the injustice
caused simply owning a particular passport and being a citizen of either a rich or a poor country. In future we will have to take aspects of justice into consideration when discussing “citizenship rents”. In the ensuing debate, Milanovic expressed his opinion that he could only imagine future developments would remain inherent in the system. In response to a critical question from the audience as to whether growth could really be the only cure to inequality in the world, he became somewhat polemic: He was a great fan of growth – the answer to the problem is “not to make the rich poor, but exactly the opposite.”

Section 1 was dedicated to the interaction between social equality and democracy. The British economist PAUL COLLIER (Oxford) expressed his bitter disillusionment with current developments. Whereas he had always thought the convergence of social relations was due to the rise of democracy, Piketty had postulated this to be a consequence of the War, which resulted in the wealth of the wealthy being destroyed. And by the same token, in his micro-economic study “The Son also Rises”[3], Gregory Clark has shown that through the ages and in all countries of the world, there has never been any real social mobility. To the contrary: Democracy actually requires the existence of varying interests and functionalizes them. More important than democracy for a country’s positive development are narrative, norms and “shared identities”. Rather than a democratic system, such a shared identity may well be more successfully brought about by a mass political party, assuming it makes the collective to its norm. Collier gives China and its mass-based party of the people as an example. China is considerably more successful than democratic India, and the accompanying narrative there reads: “We are building the country”.

→ Audio Link: "Democracy and Social Equity: Potential Tensions" by Paul Collier

Collier’s thesis met with strong protest. In summing up, journalist CHRISTIANE HOFFMANN (Berlin), who led the section, said he had delivered a “provocative and exciting talk”. As a counter argument, sociologist STEFFEN MAU (Bremen) stated that democracy leads to a reduction of social inequality because – as pointed out by Seymour Martin Lipset 1959 – it favors the welfare state. The problem today has to do with the term “post democracy”, whereby the rich are bent on protecting their wealth, and the poorer 25 to 30 percent of the population has turned its back on political participation. And the middle class? Some believe in the neoliberal narrative of freedom of the individual, a others can be subsumed under the phenomenon of “unenlightened self-interest” defined by Larry Bartels [4]:

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Ultimately, they are acting against their own best interest, for example when — as in the USA — they come out against tax increases for the super rich.

Political scientist WOLFGANG MERKEL (Berlin) also sought to contradict Collier. Collier had reduced democracy to a change in relations of power. In his own view, democracy is governed by three principles: Freedom, control, and political equality. His research focuses on the quality of democracy. The result of his “democracy barometer”: “The higher the inequality, the lower the quality of democracy”. He has, however, no solution as to the concrete measures that need to be undertaken. Neither Habermas’ “deliberative democracy”, nor Keane’s “monitory democracy” nor Pierre Rosanvallon’s “counter-democracy” [5] are capable of leading out of the dilemma.

The ensuing lively and highly political debate revealed that the real problem might lie in the unresolved clash between national and global levels. It is only possible to redistribute wealth within state boundaries, so to whom should the demand for redistribution today be addressed? The super rich, according to Mau, have put themselves beyond national governance and cannot be encompassed by national tax laws. According to the Australian political scientist JOHN KEANE (Sydney), the same is true for the financial sector, whose actions almost amount to robbery of nation states.

Keane was also the main speaker in Section 2 on the role of civilian society in combating social inequality. He drew attention to the fact that all the great proponents of market economy — from Adam Smith, through Thomas Payne, up to Joseph Alois Schumpeter — had consciously warned of the self-destructive power of the market. In order for a democracy to function smoothly, the actors must accept responsibility for what they do. According to the Austrian-Hungarian economist Karl Paul Polanyi, Keane had called for the market to become re-embedded in the civilian society in order that it would not destroy itself and democracy with it. All through the period following 1945, civilian society has managed a formulation for every new political issue: The anti-nuclear power movement, the student and feminist movements, the rights of lesbians and male homosexuals, and most recently the criticism of globalization.

→ Audio Link: "Re-Imaging Equality: Reflections on Civil Society and Markets" by John Keane
In contrast to this, sociologist **David Brady** (Berlin) was of the opinion that Keane harbored an almost romantic concept of civilian society, and he voiced an appeal for a strong state instead. According to his own “power resources theory” [6], only the state is capable of organizing the redistribution of wealth, insuring against risks, socializing expectations, and disciplining the poor. The problem today is that forces that represent the disadvantaged, like the trade unions, have become too weak. “The German model is collapsing”.

In the ensuing debate, it was established that today one can search in vain for “champions of the movement against social inequality”. There are even no accordant political slogans. A possible solution could lie in pursuing the approach Bruno Latour proposed in his Copenhagen talk on “The Affects of Capitalism” [7], whereby capitalism ought not to be regarded solely as a single system. Pursuing a multiple strategy might result in a more multifaceted reaction.

**Section 3** bore the title **Culture matters**. In this section, experts in Area Studies made use of their insider cultural expertise to criticize the international social sciences. According to **Vincent Houben** (Berlin), who delivered his talk together with **Surinder Jodhka** (New Delhi), modern Area Studies view social inequality as being “shaped by historical contingency, social figurations, (and) spatial scales”. In contrast to this, the social sciences tend to view equality as the norm. Indian sociologist Jodhka went on to point out that — having its own history, long lasting narratives and rigid norms — the caste system in India cannot be conceptualized by means of the usual quantitative determinants. By the same token, he said, the West must be blind not to perceive the emergence of a new caste system in the existence of the new super rich. “Caste is not unique to India; caste exists all over the world”.

Whereas Jodhka criticized the way the West thinks in binarities — society vs. culture, modern vs. traditional, religious vs. secular —, political scientist **Ina Kerner** (Berlin) expounded on the postcolonial approach of the Peruvian sociologist and thinker Aníbal Quijano, who is still rather unknown in Europe. She also pointed out that the supposedly objective realm of science is also not free from cultural shaping and inherited meanings. There is a considerable difference, for example, between depicting social inequality as a pyramid or as a pie chart — the latter being less likely to trigger action.
Social psychologist **KITTY DUMONT** (Pretoria) spoke about the different perceptions of social inequality. She reported on the results of a study she carried out: In South Africa, today black Africans would say there has been a general improvement in their situation, whereas white Africans say their situation has deteriorated — in effect, although over the past ten years the average income of black Africans has increased threefold, they still earn just one-sixth of what a white South African takes home. Dumont’s explanation: The whites in South Africa are living under a “social identity threat”.

The multiplicity of regional case studies carried over into the next Section, in which three out of a total of 45 selected junior researchers presented their research findings. **PATRICK MAHAMA** (Accra) reported that little has changed in Ghana in respect of social inequality, despite the discovery of oil there. **ROSA MARIA VOGHON** (Havana) described the situation in Cuba, where, following the cessation of financial support from Russia, the system is endeavoring to open up the economy without accompanying political reform. **SARBESWAR SAHOOD** (Dehli) spoke of the explosive growth of diverse protest movements in India since the neoliberal reforms of 1991: From the “save Narmada movement” against the gigantic dam construction project, to the numerous small political movements supported by marginalized groups seeking to articulate their interests.

➔ Audio Link: "Market Liberalism, Marginalized Citizens and the Counter-Movements in India" by Sarbeswar Sahoo

The topic **Education and Science** was the subject of Section 5 — a double Janus face, as the section leader, **JENS SCHNEIDER** (Osnabrück), put it: Education may be able to reduce social inequality, but at the same time it gives rise to the occurrence of (new) social inequality. In her talk, social psychologist **SHOSHANA ZUBOFF** (Harvard) pointed out that today the market for education is a global one, and as a consequence the competition in this area is intensifying: “The competition is narrowing. The world’s students are one population“. The transition from (national) industrial society to (global) information society means that the world’s students now find themselves in competition among each other on a global level. It is therefore necessary to re-invent education — beyond the temporal and spatial boundaries of the “concentrated model” of school and university based ultimately on the factory. Zuboff’s concepts touched once again on Polanyi and his call for a “double movement” — strong institutions are needed to curb the excesses of free markets. An initial attempt
at exploring new approaches has been made with the MOOCS (Massive Open Online Courses) developed by Harvard and MIT, although it has to be admitted that this attempt failed [8].

Audio Link: "The Importance of Access to Professional Training and Higher Education" by Shoshana Zuboff

Sociologist Jutta Almendinger (Berlin) referred to the strong need for action in the area of education in Europe itself. For instance, in Bulgaria, where 40 percent of the population is functionally illiterate, and the situation in Portugal is diametrically opposed to that in Lithuania. “We are losing people”, she stated critically, and called for a shift of focus – apart from excellence, more effort towards a general improvement of quality throughout the whole education sector. On the European level, the problem has been evened out by means of applying Gini coefficients, for instance, which blend out absolute differences by the use of relative values. Jannis Kallinikos (London) took a self-critical look at science. All the social sciences have become mere appendages of economics: In the words of Luhmann, the primacy of economics has subordinated all other spheres of society. Especially against this background, it becomes imperative to conduct an analysis of neoliberal capitalism with its norms and narratives. Kallinikos pointed to the rise of new approaches such as network society, shared economy and the social media – are we witnessing the emergence of a new “culture of connectivity” [9]?

The closing panel discussion focused on the consequences for politics and research. Almendinger developed a lengthy research agenda: She proposed (1) more theory to define social inequality within a multifactorial frame, (2) to take account of the time factor across generations and (3) to correlate mobility with inequality. Furthermore, it is important (4) not only to look at relative values like the Gini coefficients but to take absolute figures into account, too. And finally (5) the change must take hold in our heads: We must all overcome the narrative that deems inequality necessary for the further development of humankind. Zuboff picked up on this by stating that research alone is insufficient and emphasizing the need to adopt a political position. The political agenda proposed by Keane included (1) the redistribution of wealth via taxing the wealthy, (2) inclusion of the global banking and financial sector in the system of redistribution and (3) extending the concept of inequality across generations and beyond the boundary of humans and the environment. Ultimately, (4) the normative question should be reformulated: “Why should we object to inequality?“
“An inspiring conference”, was the overall evaluation of a conference that brought together so many high-calibre experts. Notwithstanding, the majority of junior researchers, who came from emerging economies and developing countries, pointed out that the conference itself could be considered to have been reproducing inequality to a certain extent due to the predominance of western speakers. Moreover, it had to be pointed out that throughout the whole event, no visible attempt had been made to develop an approach capable of integrating national and global levels within a common model so that both the global super rich as well as the global finance and banking sector could effectively be included in the redistribution of wealth. Currently, there is clearly a lack of conceptual imagination and political vision.

Vera Szöllösi-Brenig, Volkswagen Foundation
email: Szoellosi-Brenig@volkswagenstiftung.de

FOR MORE INFORMATION,
PHOTOS AND AUDIOS http://www.volkswagenstiftung.de/socialinequality

CONTACT PERSON
Volkswagen Foundation
Katja Ebeling (Event Management)
Kastanienallee 35
30519 Hannover
Phone: 0049 (0)511 83 81 - 284
ebeling@volkswagenstiftung.de

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