



UNIVERSITY OF
CAMBRIDGE

INSTITUTE FOR
SUSTAINABILITY LEADERSHIP

The Future we Want Discussion Series



1. Closing the inequality gap: What is the role of business in building an inclusive society?

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The University of Cambridge Institute for Sustainability Leadership, (CISL), held the first Future we Want Discussions on October 5th, 2020. The series opened with the critically important issue of how to deal with a burgeoning inequality gap and the role business can play in building an inclusive society.



Prof Susan Smith



Steve Foots



Enos Banda



Louise Cord



John Morrison



Aris Vrettos

The discussion was led by an eminent panel of speakers from a cross-section of business, community, academic and the governance sector, including Professor Susan Smith, MA, DPhil (Oxon), FBA, AcSS, FRSE, Honorary Professor in the University of Cambridge's Geography Department and Mistress of Girton College, Cambridge; John Morrison, Chief Executive of the International Institute for Human Rights and Business (IHRB); Louise Cord, Global Director for Social Sustainability and Inclusion in the World Bank's Sustainable Development Practice Group; Enos Banda, recently appointed Managing Director of CTC Global, and Steve Foots, Group Chief Executive and Board member of the FTSE 100 company, Croda International PLC. The discussion was hosted by Aris Vrettos, Director of CISL's Centre for Business Transformation.

Inequality and the Role of Business

The gathered panel was, of course, all in agreement that inequality is not a new concept, remains prevalent throughout the world, and urgently needs addressing. Clearly, for both ethical and moral reasons, they stressed, but because it is only by reducing inequality can we also solve some of the existential challenges ahead such as climate change with any level of success. There was a strong consensus acknowledging that while the charitable sector has worked hard to address inequality and has made significant inroads, there is now more than ever a crucial role for business to play in finding fresh solutions.

Professor Susan Smith spoke about solutions staring us in the face, and one obvious way is through taxation. She talked about the lessons we need to learn from history and past interventions in education and welfare following the 1920s and '30s depression. That inequality of "titanic proportions" which also followed the 2008 financial crisis has put in to question austerity policies, and hopes that a catastrophe like those that struck in the '20s and '30s isn't required this time before we act. Depressingly, it might have to be even more catastrophic, and she alluded to some of the environmental crises approaching. With the UK response to the pandemic this year, Professor Smith added, "interestingly in the Covid-19 crisis rather a lot has been found in the coffers to protect jobs, incomes and creditors and so the Government's hands were not obviously as tied as they led us to believe". She stressed there are tools the business community can use to advance a more egalitarian income. There are no shortages of ideas. Politics and institutions can make a difference, and "governments must use regulation and corporate governance."

John Morrison at IHRB went on to raise the critical question of the relationship between business and community and echoed Professor Smith's earlier comments, adding that the financial crisis of a decade ago was caused by an ethos of 'what is good for business is good for society'. "Hopefully, now we will have a more robust analysis, that is not what business can do for society but put society first and how does business align with that." We are not there yet, but we are moving in that direction. He reminded participants that it is also useful to define just what we mean by community, which might not mean a physical geographic community anymore. He commented that community would benefit from learning some of the lessons from indigenous peoples and begin to "demand consent before business enters their community. That citizenship and future generations have to be part of the decision.

Aris Vrettos built on John Morrison's thoughts, suggesting that we need to find a way to include those who are not even yet born into decision making, those who may be displaced by climate change in 2100. John Morrison agreed. Climate refugees are already facing inequalities today. And, worryingly perhaps, John added, the way we treat asylum seekers might be an illustration of how we might treat climate refugees in the future if things don't change. He stressed that we are all migrants. We are all a generation away from being displaced. "If it isn't us, it is our children or our children's children. If that is the premise, how do we move from that?"

Louise Cord, from the World Bank, took discussions to a more granular level, explaining that if you want to address inequality, you need to go further than wealth and income and look at it in a multi-dimensional way to include a broader framework of sustainability. One that involves inclusion, resilience and empowerment. That we cannot tackle long-run inequality without tackling voice. "Too often, vulnerable groups are left out of the dialogue. Their voices aren't heard; they are easy to overlook. And, even in some cases, there is a lack of political will" to reach the vulnerable. She spoke about how the World Bank uses citizen engagement to address inequalities, such as in Bangladesh to help young women find jobs and housing, to break free from certain customs keeping them in poverty. Louise went on to raise the benefits of digitisation and social media for enabling empowerment when it can be to build networks.

Enos Banda at CTC Global candidly reminded participants that business exists to make a profit. Government can tax business, but capitalism has failed so far. "The capitalist model as a redistributive tool is at issue in my view in relation to the question of equality," he said. "We need to look at the dependence of government on business and potentially change that if we are to address the challenges ahead."

Another business representative on the panel, **Steve Fouts of Croda**, began by framing things from the perspective of the business and its internal decision making and motivations. He also described the importance of business innovation and a good working relationship with government to help find solutions. He used the example of the collaboration happening right now with Covid-19 vaccines research. "Why can't we have this level of collaboration on other issues?" Aris Vrettos put a participant question to Steve and asked him if he thought if employees having stakes in the business will help address inequality. Steve Fouts agreed that "that aspiration to grow employee ownership is a great idea. He highlighted that in India, the government mandates some of the profits automatically go to great causes, and "that can only be a good thing."

John Morrison concluded that trying to overcome the inequality challenge can "sometimes feel like trying to rebuild a car while travelling at 50 miles an hour." But that if that is the case, it has never been a more urgent time to try.