Contribution to the Expert Group Meeting

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This short contribution summarizes some of the key points presented by the Forum on Inequality and Diversity in the essay "A fairer future is possible. Memorandum for post Covid-19 in Italy". It aims to reply to some of the guiding questions presented in the concept note, namely: i) what has the pandemic revealed about how deep-seated inequalities determine lifetime opportunities and outcomes including in good health and well-being?; ii)How can countries make effective and enduring changes towards more equitable, inclusive and just societies?; What are the opportunities to be realized (and pitfalls to be avoided) in the immediate and medium terms towards these ends?

Inequalities and trends

The Forum on Inequality and Diversity has already investigated the imbalances and inequalities that have amplified the spread of Covid-19 and its economic, social and health effect.

At **global level** we saw:

- Unpreparedness for the pandemic, linked to an exacerbated privatization of knowledge;
- Failure of international political cooperation;
- A prolonged stalemate of the EU (with the exception of its sole federal institution, the ECB) before significant measures were put forward by the European Commission, assuming a shared responsibility for financing the recovery;
- An unprecedent share of precarious and irregular workers who are directly hit by the crisis, a feature which has been actively promoted by policy choices;
- Very high territorial inequalities in access to broadband connection, health services, education and mobility;
- A high share of population with insufficient savings to survive even a few weeks

Additional to these factors, **in Italy** we also observe:

- A polarization of small and medium-sized enterprises (SMEs), many of which compensate low productivity with low wages or irregular labor and have little or no liquidity set aside to survive a shock;
- Pronounced disinvestment in the public health system, especially in local integrated health and welfare delivery;
- Archaic and ineffective public administration, with unsystematic exceptions;
- Poorly implemented decentralization.

The crisis is destroying productive capacity and loading public finances with exorbitant expenses requiring a **policy that redistribute the cost fairly**. At the same time, however, the crisis is destabilizing old balances and **opening up several bifurcations**:

- The breech of **international value chains** could penalize exports but, at the same time, offer **opportunities for domestic production**;
- The sudden recognition of the vast number of **previously invisible workers** – young precarious labor, unskilled and manual labor, immigrant and migrant labor – required to produce essential goods and services could **increase workers' negotiating power**;

- The **change in preferences** towards essential services and local products (agro-food, tourism, energy) opens up opportunities for new firms and good jobs including in areas that have been marginalized over the previous 40 years, and **increase the awareness of the linkages between social and environmental justice**;
- The acceleration in **digital transformation** could have very different outcomes. It could further increase the concentration in knowledge, power, and wealth in the hands of digital mega-corps or it could be employed to improve access to, and dissemination of, knowledge; it could lead to greater labor fragmentation or be used to enhance the autonomy and responsibility of workers; it could condition our preferences, increase surveillance and thus limit our freedom, or be implemented to promote creativity and mutualism and thus increase our freedom; it could improve everybody's health care and prevention, or be used to de-humanize health care and welfare intervention.
- The **new recognition and legitimacy for public action** could evolve in three different directions. First, a state that is supine to pseudo-technical decision taken by the few, veiled by the mantra of the market. Second, an authoritarian, punitive and dirigiste state. Third, a democratic platform where the sentiment, interests, and experience of labor and citizenship are given voice and find compromise solution through heated, open, informed and reasonable public debate.

Three scenarios

These **multiple bifurcations**, alongside the destabilization of the old order, change the parameters of what is possible and could therefore create many different scenarios. They can be summarized as follows.

The instinctive and reasonable urge to return to "before" will be used —is already being used — by all those who believe and never tire of repeating that "there is no alternative" in order to convince us that the reality we have left behind us is the best we can hope for. Of course, it is being presented as a modernized and digitalized reality – a Digital New Deal - and the flag of inequality reduction is also hoisted. The selling point is something like **Normality and Progress.** Yet, the whole system is supposed to be governed by the same principles and leverages as in the past forty years. This is to say: pseudo simplifications made up of uniform standards and rules that are blind to places; further side-lining both the discretional power of public administration in adapting general guidelines and labor and civic participation in public decision making; unloading on the family (and therefore mostly on women), and on civic society, the role of "social insurance of last resort"; pushing labor market flexibility; reducing the purpose of firms to mere shareholder value, thereby *de facto* ignoring other stakeholders (namely workers and environmental interests) and encouraging opportunistic behaviour; public action, however grand, supine to the few.

The Normality and Progress option is not only unjust, sounding to many more like a threat than a reason for hope, but it is also completely inadequate to these times. To whatever extent public resources are invested, they are destined to eventually rekindle or trigger anger and resentment. These sentiments were already present before the Civid-19 crisis and are now fuelled by uncertainty, anxiety, and poverty. It is easy to imagine that this scenario could boost another one: a return of the authoritarian dynamic (Karen Sennert). In this second scenario, whose selling point is something along the lines of **Security and Identity**, the renewed role of public action is identified with a centralized state: that is, a state enacting the decisions of the few with no pretence of public debate, conducts surveillance, sanctions outlying behaviour, guarantees people against diversity and contamination, and raises walls defending closed communities, ignoring both procedural and substantial freedom. These two options could well blend together, into **a situation where the state is supine with deep pockets on the economic front, and pro-active and punitive when it comes to freedom and rights.**

This brings us to the scenario we propose as a positive vision for a possible future which we call **A Fairer Future for All**: steering towards social and environmental justice the change brought about by the shock. This is an option that can find nourishment in some positive signs that have emerged in these difficult months. These include solidarity within territorial communities, the reaction of forms of self-organization and mutualism, the new recognition of previously invisible labor, the creative reaction of entrepreneurs, the engagement of active citizens' organizations in supporting the most vulnerable people and in advancing new ideas. From this starting point, an exit strategy can be built where the State operates through democratic experimentalism, aiming at enhancing everybody's "capability to do things he or she has reason to value … without compromising the capability of future generations' to have similar – or more – freedom" (as in Amartya Sen sustainable substantive freedom). Which can lead to good and stable jobs, free circulation of knowledge, dignified and safe housing, basic services appropriate to places, a rebalancing of gender relations, a voice and recognized role for immigrants and migrants, a daily life in harmony with the eco-system, new industrial filières in energy, agro-food, and local tourism, a new season for small- and medium-size enterprises (SME's) based on innovation, etc.

In order to move in this direction, we need a **vision** accompanied by **concrete proposals**, combining and responding to "a multiplicity of heterogenous demands" in order to preserve an internal differentiation within a unified whole (Chantal Mouffe). The proposals should address wealth and income formation (pre-distribution) not just intervene *ex post* on its distribution. Moreover, they should be supported by **organized social mobilization**, given that the change of tack has many enemies. What is needed is an **alliance** of people, either in the private, public, or social sector, who are committed to the general interest, considering social and environmental justice as a requisite for development and as a badge of personal merit. This alliance could include, among others, workers who are ready to safeguard all workers' dignity and to participate in strategic decisions; young people who demand more power and a real environmental turning point; women who are able to combine gender parity with social objectives; minorities and migrants aware of their culturally regenerating role; private entrepreneurs ready to play the innovation card; micro and small, private and social firms with strong animal spirits and creativity; managers of state-owned enterprises motivated by a "*mission publique*"; those civil servants who, despite a perverse system of incentives, bravely exert their discretional power in order to improve service quality.

Whether and how such an alliance can come about is an open question, which is central for the current travails of democracy. Reinvigorating public debate and conflict is the only way through which "social people", who are otherwise "amorphous, elusive and improbable", can manifest themselves, alongside "electoral people" and "principle people" as expressed by the Constitution (Pierre Rosanvallon). However, holding a vision and advancing radical and operational proposals aimed at rebalancing powers are necessary steps in this direction.

Short-term interventions and five strategic Objectives

Steps "in the right direction" would include:

- Social protection for everyone, according to their needs
- Liquidity support for firms, conditional on just requirements
- Financial support to active citizens' organizations
- Redistribution and alleviating the effects of the crisis on SMEs

These would be just the beginning. A new development path driven by social and environmental justice would require pursuing five strategic objectives with unfailing determination and constancy:

1. Increase access to knowledge and steer digital transformation towards social and environmental justice
2. Promote basic services, new business and good jobs, starting in marginalized areas

3. Dignity, social protection, and strategic participation of workers through a new pact with entrepreneurs
4. Increase young people's freedom to carve a life path for themselves and contribute to their country's future
5. Improve the quality and practice of public administration: change by doing.