

KAREN FOLEY: Hi, and welcome back to Student Connections.

Right. We have a big conversation here, and I'm joined by Matt Staples, Dave, and Jonquil.

So the whole premise of this conversation is that since 2008's global financial crisis, governments have been trying to rein in debt by cutting expenditure. Now, we put this challenge out in terms of coming up with a concept we could all talk across from different disciplines.

And this, Jonquil, was your idea to discuss. And we've got Dave from Geography and Matt from Politics, and obviously Jonquil's from Economics.

So Jonquil, talk us through this whole idea, and why you think it's so important, and what we're going to discuss tonight.

JONQUIL LOWE: OK, well since the global financial crisis we've had a lot of governments moving into austerity measures. Saying that to bailout the banks, a lot of government money had to be spent. And now to get economies back to health, it's time to rein in government spending.

Governments like to say we're all in it together, but certainly in the UK what we're seeing is a big cutback in welfare spending and in public services.

Now, the question I suppose tonight is, is that really necessary or is that just an opportunity for governments, perhaps of the right-wing persuasion to push forward an agenda that ideologically suits them?

And perhaps just to show, to start with, there are different types of government spending that we're talking about. And so governments, they spend money-- firstly, they spend some money on investments, but it's actually quite small.

And then when we look at welfare spending, that's about 11% of GDP. People often think it's a good deal more than that, but it's actually about 11%, and about half of that is on pensions and the other half on all the other benefits.

And then the rest of government spending, which is a big chunk, so that's about another 25% of GDP is on services. And I don't know if you can see. I've put a line across here because this

sliver here, about 1.8% of GDP is the amount that the government is paying in debt interest.

So you could say well, that's maybe a bit like dead money, so perhaps we ignore that bit. But the lion's share of government spending, which altogether comes to about 40% of GDP, is actually spent on services.

So I don't know what you both think. Are some areas of government spending more important than others? Should none of them be cut?

DAVE HUMPHREYS: Well, you mentioned the global financial crisis. I think it's important to bear in mind just how that came about. It came about through some pretty reckless behaviour on behalf of the banks in both North America and in Europe, effectively gambling through making some large bets on the subprime housing market in the United States.

What happened was that risk, instead of being held by individual banks, was spread throughout the financial system as a whole. And while there was some sort of big collapses-- Lehman Brothers in the United States, for example-- the whole system as a whole, there were a few days when there was a very real risk and the system could completely collapse. Some governments stepped in, as you say, to make these massive bailouts, and to effectively save the global financial system.

The trouble is that in order to pay for this, and I think that was an important thing to do at that particular time. But in order to do this, there's cuts throughout the rest of the economy. And the people that are bearing the costs, if you like, are some of poorest in society through the reduction of tax credits, through welfare spending, through cuts to the NHS as a whole.

I think these areas of expenditure which is the most important I think will depend on where you are on the ideological spectrum. I would argue that cuts to the NHS, to social services, to education and schools, for example is the wrong way to go. I think these are very important areas of social expenditure. They provide goods and services from which we all benefit.

MATT STAPLES: Yeah. I was mulling over the question as I was driving here tonight, and the idea of a civilised society, of the civis, of the civitas-- the citizen, basically. And ultimately, what the state is there for, basically. What is a state meant to do?

And I always go back to Max Faber who's a theorist we use a lot in the social sciences. And the idea that state is essentially there to protect its citizens from violence. And you extend that and you start to talk about the state protecting people.

Now, since modernity, the idea of how much the state should protect have been encompassing a greater and a greater proportion of the GDP that the states manufacture till we get to the point now where it's roughly 40%, 45% in many Western European, what we would term civilised kind of societies juxtaposed against uncivilised societies where you have greater levels of inequality. But ultimately it's the issue of protection.

Now, one of the big things the state protects, and you could argue the social contract, Locke, even Mill, they talk about private property, basically. And you could argue the regression of the state from lots of the protections that the poorest in society need has been in order to protect private property. And by private property, I mean the economy.

JONQUIL LOWE: Well, yeah. But I guess lots of the, what's called the neoliberal agenda, the looking towards markets, a lot of that stems from the thinking of Hayek. So Hayek, allegedly, he was sitting on the roof of King's College chapel doing a fire watch and mulling over how fascism had come about.

And he came to the conclusion that if you pursue you a socialist agenda, you may think you're doing good, but you've really re-cast the whole idea of freedom into something quite different. You're saying you'll free people from economic want, but in doing so what you do is you expose them to the loss of their basic freedoms, their liberty.

Because what he says is if you don't leave it to market, then governments are in control. They have to make decisions. They don't have the information to make good decisions. And that leaves a sort of vacuum which allows, for example, fascist dictators like Hitler to actually step into that vacuum.

I've got another prop I'll show you, actually. I think this is quite interesting. So what we're basically talking about is the economic scale. So sort of left and right. And what Hayek is saying is if you go to the left, then you open everything up to communism, maybe fascism, because the state has to take a lot of power to itself in order to control the economy.

But what I'm basing this on there's a fantastic site-- don't know if you've come across it. It's called The Political Compass-- that's www.politicalcompass.org. And they've got this lovely questionnaire that you can fill in and it will tell you where on the political scale you lie.

But what they say is you can't just look at the economic scale. What you have to look up as

well is the social scale which runs from libertarian to authoritarian. And once you do that, then fascism actually ends up somewhere up here, because it's not so much that the economics is Left-wing. It's that you've opened up to social authoritarian policies.

And then Hayek himself-- I've lost my little blue sticky-- but Hayek himself is probably somewhere down here because he was actually very libertarian, even though he was quite Right-wing.

MATT STAPLES: Yeah. I mean I would-- just agree with you really. I was playing devil's advocate as it were.

I mean I think social context is crucial in looking at any social theorist, of political theorists or economic theorists in this context. And obviously he was writing the 1940s and it was a rejection of authoritarianism that underpinned his economic thought.

And we have other social theorists or political theorists or economic theorists who are writing in a more contemporary vein-- people like Wilkinson and Pickett and Joseph Stiglitz, and their writing responses to the crisis of 2008.

JONQUIL LOWE: Yeah. Could you say a little bit about Wilkinson and Pickett, actually, because that's really interesting what they're doing, isn't it?

MATT STAPLES: Yeah. I mean I was just reading about them actually today in a kind of journey up on where they've been since 2009 in the spirit level, actually, and the work they've been doing. It's been taken on board by so many governments, even, dare I say, by the current administration.

And it's fundamentally that unequal societies is bad for those people who are suffering, who are the least equal in society because there's a correlation between poverty and social ills-- drug abuse, imprisonment, ill health. Basically, all the indicators of kind of inequality.

And the more unequal a society is, the greater the level of those indicators. And that's fundamentally problematic for the society in which there's people having to live. Basically, it's bad for the whole society.

And so I think a lot of government, a lot of think tanks are actually saying, well, how do we help these people out of inequality? And at the same time you're helping wider society as well.

JONQUIL LOWE: What about the arguments, though, that markets are more efficient? This point of Hayek that governments don't have enough information?

DAVE Well, that's the central tenant really of neoliberalism, which you mentioned earlier. And it's

HUMPHREYS: perhaps just helpful just to sort of consider what neoliberalism is. I think it's the view that the state should retreat, to get out of people's lives, that individuals know what's best for them.

The businesses should be freed from the red tape of bureaucracy. Government should get off of the back of business and let the markets sort out the economy. That we'll have greater efficiency there.

I think there's some big problems with that. First of all, there's the bank situation which we've already mentioned where all the upside potential, the profit went to the banks. But the downside potential has fallen on society at large. It's been externalised amongst all of us, really.

Another problem I think is that markets quite often depend on government expenditure themselves. Private businesses, for example. A lot of the world's medicines have been sort of invented through and partnerships with business. A lot of the HIV medicines in the United States, for example, Prozac were developed through government research funding.

So the private sector has a role to play in this sort of creativity. But quite often they won't take risks that the government is best equipped to take.

JONQUIL LOWE: That's really interesting, because Mariana Mazzucato, who used to be here at the Open University-- I think she's at Sussex now, isn't she-- that's one of the big areas that she's been covering. And there's a lovely TED Talk where she says, OK, take out your smartphone. Don't use it. Just have a look at it.

Most of the technology in the smartphone actually started not with private business but with the government. I mean I have to say, with the defensive industry.

MATT STAPLES: With defense, yeah. That's right. I was going to say that's been a prime mover in the American industrial kind of complex. That's right.

DAVE I think markets can be efficient when there's lots of buyers and sellers. This idea of perfect

HUMPHREYS: competition and economic theory with this perfect information when buyers can leave the market or enter it at will, and sellers can do the same.

I think it's a corruption of the idea of the market when you get down to big global corporations who have got more close to a monopoly supply or monopsony supply on certain things.

Organisations like Shell, Microsoft, for example, these are big organisations where planning, which is often seen as a pejorative term when it's applied to government, this idea of centralised planning.

Big business corporations couldn't survive if they didn't engage in centralised planning themselves. And as for the idea of the private sector businesses are more efficient.

I think there's an interesting case in the press this week just with the Volkswagen case whereby they were fiddling their emissions technology. Now, that's what happens when regulation is left entirely to the business sector. Again, this is a central tenet of neoliberalism that there should be voluntary private sector regulation, corporate/social responsibility.

But when that happens you quite often find that regulations won't be adhered to. Now, what that suggests to me is a need for public expenditure. It suggests there's a need for government regulation to come in and to check that regulations are being adhered to, especially on things like greenhouse gas emissions from vehicles.

Because I think that the greatest public welfare problem of our age that is going to define, really, the 21st century is how we deal with global environmental degradation, and particularly, how we deal with climate change.

JONQUIL LOWE: Yeah. The other interesting news story today is Drax pulling out of carbon capture because government policy is being so inconsistent. And well, the UK's green credentials seem to be thrown out of the window at the moment.

DAVE Exactly.

HUMPHREYS:

MATT STAPLES: Yeah. One of the other things, I was reading about SSI and Teesside, one of the UK's second biggest steel maker. And it's the nature of markets and the volatility of markets, basically. They don't in themselves offer stability. And I think it's where government needs to step in as a regulator.

But just going back to the point you were making, Dave, about imperfect information.

Ultimately, we're all citizens, basically, we all have a role in the states. But ultimately, our ability to access and act on information, market information is flawed. Some of us because of our social status, our economic status have much greater abilities to act on that information.

JONQUIL LOWE: I mean it's also that companies do actually exploit that. You know my area is financial services, and we see-- the same in gas and electricity, though-- we see a lot of confusion pricing, a lot of deliberately putting contracts out there for consumers that are so complex that they really can't understand them anyway. And that's not accidental. That's creating barriers to competition artificially.

DAVE Yeah.

HUMPHREYS:

KAREN FOLEY: It's really interesting, actually, because I know we've got a lot of DD102 students. Matt, in fact, is one of the module chairs from that. It's really interesting hearing you talking about so many of these theories.

And of course, these are things that people will be starting to get to grips with in the module materials that they're doing. And I love the way that you were introducing those and then bringing those back to real world issues.

And I just wonder if we can go to the social media desk and see what sorts of things people are saying at home. Because obviously, whilst we're talking, our guests that have slightly higher level about various theories and things, a lot of this will really matter to people and they may find ways of fitting some of this in towards.

So HJ and Rachel, how is everyone and what are you talking about out there?

HJ: Well, there's a lot of chat going on. A lot of interest. And there's loads of different things that we're talking about.

But going back to government spending, Oliver is discussing and he may lie with people who are more economically conservative says well, when governments continue to spend beyond its means, which is what we did in the good times as well. Obviously, when we hit bad times, then we're going to be even more trouble, such as when Greece was when it was continuously overspending and the economy overheating.

And we are having discussions about-- well, since we're asking questions about state spending too much or too little is where the responsibilities and perhaps moral responsibilities lie in terms of state spending. When should the state intervene and when should it take a step back? When does it have a right to intervene as well?

KAREN FOLEY: Those are such insightful questions and feedback, because actually that was the crux of this whole argument, wasn't it, about where that parameter lies. Matt.

MATT STAPLES: Yes. I think it's really interesting about protection from the states. I'm quite interested in American politics and I was looking at the Second Amendment, basically, the right to bear arms. Basically, to protect yourself, in this case, American colonists from the British state, basically, to defend yourself.

Now, part of that, if you extend that, basically, it's private property. Actually, why should the state take what is mine? Now, I'm not necessarily putting forward as an argument, but that is part of the crux, basically. It's the houses in society saying to the states, I'm not really sure I want to give that much, or a certain portion of what I have to those who have not.

But then there are implications for that, and the Wilkinson and the Pickett study, the work that Stiglitz has done on both sides of the Atlantic does question that, basically, what proportion of. And that just starts to engender questions of the social contract.

And I have a contract here that I will--

[LAUGHTER]

JONQUIL LOWE: Our marvelous props.

MATT STAPLES: --that Jonquil prepared earlier. And it starts to talk-- you know, it's the relationship between the state and its citizens. But ultimately, it's the relationship between citizens, basically.

JONQUIL LOWE: Yes. I think there is an issue that society hasn't grasped by the horns. There's a lot of inequality. There's a lot of evidence of inequality. And it's often framed in terms of the 99% and the 1%.

But I think what people probably haven't grasped is that it's not just the 1% who could pay more tax to make life more equal. It's actually some of the people in the middle.

And I have in mind in particular, Danny Dorling from Oxford who does a lot of research around housing. And one of the things he says about the UK is actually there isn't a housing shortage.

If you look, there are enough bedrooms across the country for everyone to have one, and to have a guest room as well. But we use our housing very inefficiently. And rather than having a bedroom tax that taxes people who are on benefits and struggling to make ends meet, what

you actually need is a bedroom tax on private owners of housing to persuade them to use the housing more efficiently.

And in fact, you don't have to invent a new bedroom tax. You could actually just have more bands on council tax so that people in big houses are taxed more heavily and persuaded to downgrade to smaller homes.

Now that requires buy-in from people not just at the level of saying inequality's bad, and big companies and the 1% should pay more tax, and we should have more equal society. It actually requires people who are only moderately well off to say, well, would I be willing to give up something.

And I think we see that even more profoundly with the migration crisis, people who really have nothing. Would we give up something? Would we invite them into our homes if we have a spare room?

What are we prepared to really put into society to make it more cohesive?

DAVE HUMPHREYS: The question that you just posed about the migrants has been posed quite rightly, in one sense, at the level of individuals. But it also raises important questions on government expenditure and the overseas aid budget and what we can do to help people that are less fortunate than ourselves in countries suffering from poverty or from civil war.

I was interested in this contract. I'll just read out the first bit of it, if I may.

JONQUIL LOWE: Hm-hmm, do.

DAVE HUMPHREYS: Because it's the parties to this agreement are the younger generation, the older generation, and generations yet to be born. That's a play on Edmund Burke I'll guess, a conservative and philosopher.

But it also, I think, brings to mind the question that I sort of alluded to earlier of climate change. And here I think, I mean Matt was talking about the theory of markets and whether or not they tend to stability. I mean it's central, I think, to neoliberal economics that markets will allocate resources in the most efficient and optimal way possible.

That's the theory. But what markets will not do is generate environmental sustainability. So the idea of climate change has been referred to as the biggest public goods problem of our age.

The biggest market failure of our age by the Stern reports on the economics of climate change.

And I think here we need massive government intervention. I mean one of the analogies that's often used is that we need something like a World War II effort where the entire energies and resources of the economy are focused at this problem.

Because if we look at the infrastructure that we all live within, it's very much based on fossil fuels. The infrastructure is that of oil rigs, refining plants, oil pipelines, petrol stations, motor vehicles. That's the infrastructure that we have.

If we're to move towards a sort of more sustainable society and tackle the problem of climate change, then we need a very different infrastructure, one that's going to be based on, say, solar panels, on tidal energy, on wave-based energy, on wind power. And in order to get that infrastructure into place it's clear the market is not responding to that problem or is not responding quickly enough.

That is going to need large-scale government expenditure if we're to fill this social contract to the generations yet to be born. Because at the moment, they're going to inherit a world that is far less environmental risky than the one we live within.

MATT STAPLES: That's right. It's interesting, we talk about markets as the allocation of scarce resources. But ultimately, a lot of the market signals about climate change, they're not affecting us as yet. And so markets and businesses don't respond to those.

In 30, 40, 50 years time, I suspect that a lot of businesses will be involved in the business of climate change mitigation. Basically, you're seeing an element of that with the increase in the percentage of the UK's fuel and energy, now 25% renewables because there are market opportunities.

But that's only come about because the government is so heavily subsidising. The governments have to push that.

DAVE Yeah.

HUMPHREYS:

MATT STAPLES: Yeah

DAVE But it's withdrawn its subsidies ever since the election to solar panels. And that's likely to lead
HUMPHREYS: redundancies in the solar panel industry at the very moment when we should be building up this industry. When we should be investing in it and getting the technologies and the skilled people to run this industry. That very moment. And the subsidy disappears.

JONQUIL LOWE: An interesting point that Stiglitz makes, though, as well is that big businesses, they don't just have economic power, they have political power, most especially in the US. But we see it here in the UK as well.

And so there's a lot of vested interest in those old industries. I mean even the carbon capture idea is really only so that dirty fuels like coal can still perpetuate. I mean it could be that technology overtakes everything. If we all end up in Google cars then maybe the infrastructure will change because of step change in technology.

MATT STAPLES: Well, that's technological modernism is a particular school of thought, and environmental politics or environmental studies.

But it's interesting. There is work that's been done looking at where civilizations, if we're talking about what is civilised, where civilizations have crashed because of climate change from the Central African kingdoms and in South America. The Mayan and the Incan empires.

And ultimately they didn't have states that could mitigate climate change. Now we have one that is able to do that. And actually, we don't want to get to the stage where our societies are collapsing, actually. And unless we enter that domain and extend public expenditure in that area, and obviously, to counter inequality, it's a fundamental issue, isn't it?

DAVE Yeah. Well, one of the problems I think is how businesses run their accounts. A cost that will
HUMPHREYS: accrue today is valued more highly than a cost that will accrue in the future. And businesses and economists, too, use what's known as a discount rate.

So that the cost of climate change which will happen in the future are effectively discounted. They weigh less heavily on decision makers than costs that are going to accrue in the short term.

Pretty much the same with politicians, too. I know politicians will make investments that will reap return in the next five years, within the electoral cycle so that they can point to improvements. They're more reluctant to invest in the genuinely long-term problems where the benefits might not be visible to the electorate by the time the next general election comes

around.

KAREN FOLEY: In terms of public spending then, how does this sort of relate? I mean we're talking about government and environment and those sorts of things. But we were starting by looking very much in terms of public spending, and I'm just interested in how you guys perceive all of that.

JONQUIL LOWE: Well, I think an interest-- because we've been talking about markets being inefficient, we've been talking about markets responding too slowly.

But another aspect is that it's often assumed that markets are inert. That they're not immoral or moral. They're amoral. They're perceived as well, though, as not really changing the thing that's being traded.

There's some really interesting work by-- it's a political philosopher at Harvard called Michael Sandel. I don't know if you've come across him. And his premise is that we're moving from being a market economy to being a market society where basically everything is open to being traded.

But that that's very dangerous because it actually can change the nature of the things we're trading. So I'm going to give you an example. So it's an example that he uses.

So I think it's in Dallas, there's a school where they're trying to improve grades, and so they're paying the kids \$2.00 for every book they read.

KAREN FOLEY: That's right.

JONQUIL LOWE: Yeah. It sounds like a good idea. I haven't got dollars. I've got five quid. Matt, I'll give you five quid if you read a book.

MATT STAPLES: OK, which one? I'll have the smaller one.

[LAUGHTER]

JONQUIL LOWE: Well there you go.

MATT STAPLES: It'll be 50 pounds for the other.

[INTERPOSING VOICES]

MATT STAPLES: I've read that already.

JONQUIL LOWE: It's even got pictures at the back.

MATT STAPLES: I brought that on holiday. I didn't read very much of that one.

JONQUIL LOWE: Yeah. I have to admit I haven't finished it yet.

MATT STAPLES: It's actually heavy. It's heavy work.

JONQUIL LOWE: It is heavy work. But there you go. You demonstrate part of the problem. I mean one is that people don't choose books because of their intrinsic interest. They choose whatever's shortest and will bring the most cash.

By paying, by being paid to read, does that send a signal that is actually a chore to read? So where's that just love of learning going to come from? And then what happens when they leave school? Do they never read a book again because no one will pay them?

So you're actually-- you think you're trading education, but you end up trading something very different.

DAVE There is another answer to that question. I would have taken a big book and your five pound.

HUMPHREYS: I'd have then sold the big book for a profit--

[LAUGHTER]

DAVE --and got even more money.

HUMPHREYS:

JONQUIL LOWE: If you could find a buyer. If everybody else is being paid to read short books.

MATT STAPLES: Yeah.

But just going back to what you said to me. I think it is really important. I mean there's two ways of viewing it, basically, in terms of the social contract. It's about future generations and the current generation. But it's also about just the current generation, basically, and the issue of inequality and trying to make a more equal society.

Well, there's multiple perspectives on it, but just two I can think about straightaway is do we want to reduce inequality as an end in itself because it's good for people to have a stake into

society? To have a sense that they're valued? And society wants them to have a good place to live? Enough money to live a reasonably good life, which is an end that a lot of social scientists focus on.

On a philosopher's end, what is the good life? Well, a good life is having a stable roof over your head, having enough money to live, being able to eat. You know, Maslow's hierarchy of need, essentially.

But then the other, and Hayek spoke about this, and Friedman to an extent as well, is do you want to reduce inequality in society in order to stem social disorder? And there are two ways to approach it, basically.

And obviously that we had the riots of 2011. There was an element of indignation amongst some people because they felt excluded, basically. And that's not something I would condone, but basically it was an expression of anger about the way society was felt to be amongst some people.

JONQUIL LOWE: That's something else that Sandel goes on to talk about is that if you marketise everything, then it becomes more and more important that you have money to be able to acquire those things. So you end up with evermore increasing inequality, and you end up with a top 1% or top 10% who end up living in gated communities because that's the way they can protect what they've got and not be exposed to the social unrest.

But it also means you lose all that cohesion in society because people are no longer rubbing along beside each other. They don't understand each other's lives. And you could argue maybe there's an element of that already with thinking that our politicians are remote, they come from privileged backgrounds, perhaps. They don't all, obviously. But that's the image that is starting to emerge.

KAREN FOLEY: I'd like to also go to our audience at home who have got a lot of things, because this has certainly fueled the debate at home. And whilst we've obviously got an awful lot to say about it, I'd like to see what HJ and Rachel-- what's everyone talking about this very Friday night? You're not going to laugh, are you, in the cheap seats.

[LAUGHTER]

RACHEL: Well, slightly off topic. But it looks like HJ's been nominated and is now president of either the chat room or some small island. We're not quite sure--

[LAUGHTER]

--what's happened here, but it's kind of gone a little bit off topic.

But going back to taxation, we had a good debate about there's a lot of good taxation ideas, but they're poorly implemented. Oliver said that the bedroom tax was a very good idea, but it was a very poorly implemented policy.

And was also discussing how it's the taxes that seem to target the poorest who may be able to afford them, and they appear to be inefficient, especially where Jonquil Lowe was saying about the way that the bedroom tax is implemented.

And Numpfen also said sometimes taxation risks making the world more divided and it may not be the best for everyone. And what have you got over on your side?

HJ: Well, we're going back to government spending and sort of the way our government's set up may not encourage the policies that we actually need. So things like the short term thinking about well, what's going to happen in the five years? And instead of thinking to 2030, I only have to think till 2020 when the next election is.

Some people think well, that maybe good, it's encouraging governments to do the best for the public in that short term because they've got to think of the election. But then there's the flip side of it is that sometimes those harsh decisions that need to be made that won't get made.

So for example, if we do away with cheap coal, our energy prices would go up and we will probably grumble about that, but maybe in the long run that's the best thing that we need to do.

And I've been reading a lot about how the Chinese government, because of its ability to be in power in long-term, may have an edge on some areas of spending and in terms of the plans it has for its country because it's allowed to do away with thinking about elections and more short term gratification.

MATT STAPLES: I was going to say, I mean Harley Jay raises a really interesting point about consent and the role of public expenditure, basically. In democratic societies people vote for governments, which enact/say a policy of public expenditure. Now, obviously, in authoritarian states you still have the principle of consent.

Now, in China the principle of consent is the government will push the economy along in order to stem political disquiet, and also to stem social disorder. And you then have, for example, what's happening in China at the moment where people are becoming disordered because the economy is not going as well as it was. And the great migrations from West into Eastern China are faltering. People are being made unemployed, and you then have social disorder.

And so it's quite interesting. The same with Syria, basically. Because of climate change to an extent, and all across the arc in Egypt, Syria, Iraq, basically, you have disorder because governments, authoritarian governments couldn't feed their people, basically. And so you have governmental collapse.

**DAVE
HUMPHREYS:**

The case of China is very interesting, actually, both in economic and environmental terms. And its growth over the last 15 years has been absolutely phenomenal. But it's also increased-- it's now the world's biggest greenhouse gas emission polluter. They're building-- I don't know if this is an urban myth-- but they were building, so it was said, a coal power station a week.

But they've also moved very heavily into renewable energy. So they could, in terms of climate change, they could focus on the long-term more and make these investments that might be more difficult in a democratic society.

But here, the question of taxation's an important one because so far there's two sides to a budget deficit. There's income and there's expenditure. And we haven't really touched upon the question of taxation.

But I think that the question of taxation is under neoliberalism tends to be framed as something that we have to reduce. That the lower taxation is the better because you're empowering consumers to spend their money on the products that they want, and that a heavy taxation regime will tend to stifle this market innovation and creativity.

But what we quite often see is that those who earn the most are able to offshore their money and pay very little tax. There's a quote I just want to mention here. But before that, Roger Waters, the Pink Floyd bass guitarist was interviewed in the *Guardian* this week. And he said, why should we pay our taxes? Very strong view completely against taxation.

Here's a view which I think touches upon the idea of the social contract, and it says, "You built a factory out there? Good for you. You moved your good to markets on the roads that the rest of us paid for. You hired work, as the rest of us paid to educate. You were safe in your factory

because of police forces that the rest of us paid for."

"Now you build a factory and turned it into something terrific. Good. Keep a big hunk of it. But part of the underlying social contract is you take a bit of that and pay forward for the next kid that comes along."

Now, that's all about the moral case of paying taxation. If you enter the society and you benefit from the protection of property rights by police forces and by the judiciary, and if you take advantages of the infrastructure that's provided in society, and if you build a successful business, then great.

But then you have to pay your taxes because there's others that are less fortunate to you, and there's others that are coming along in the future that are going to want the same opportunities that you made so much of.

That quote is by Elizabeth Warren who's a Democrat Senator for the United States.

JONQUIL LOWE: Right. That sort of makes me think of Rawls, really.

MATT STAPLES: Yeah.

JONQUIL LOWE: And that it's all very much steeped in the social contract. But the idea that if there was a veil of ignorance.

So if people had to decide what kind of society they would live in, but at the time they make those decisions they don't know what their own place in society would be, they don't even know what endowments they would be born with, they don't know if they would be bright or be born into a rich family. So that's the veil of ignorance. You don't know your place in society.

Then Rawls postulates that the society you would come up with wouldn't be 100% equal. There'd probably still be some incentive to kind of get on on your own and get some reward for that.

But that you wouldn't have massive inequality. That what you'd want is equality of opportunity so that everybody could reap those rewards if they put in the effort. And that you would want a system where, OK, people at the top might get some benefit, but there should definitely be trickle down so that the least disadvantaged also benefit and benefit substantially.

DAVE I think Rawls is a very interesting moral philosopher here, because as you say, he tries to

HUMPHREYS: reconcile two of the concepts that have emerged most strongly in our discussion, and that's the relationship between liberty and inequality. And as you say, if we design the attributes of a just society, we can get beyond partisan notions of justice.

So for example, if we're not ignorant about our place in society, whether we're rich or poor, old or young or whatever, we concentrate on designing a just society for everyone. Where, for example, a trade unionist might, for example, might define justice in terms of workers' rights, in terms of job security, and so on, quite rightly, too. A more rich person might define justice in terms of the right to spend their own money, and to bequest it as they like to their ancestors.

Two different, but very understandable notions of justice. What Rawls does is he gets beyond these partisan motions of justice and tries to design a society that's just for everyone. And he provides a moral case for welfare spending.

He was very much a sort of liberal theorist, his own particular brand of liberalism. But he gained the social contract was central to that. And I wonder what he would have thought of the tax credits that we've seen this year, and the bedroom tax. I'm pretty confident that he would not approve of this because he believes that there should be a base level that everyone can enjoy.

KAREN FOLEY: There's so much debate going on, and there's so many threads coming back, but we're really running short of time, and I know there's been so much chat as well.

Perhaps we could just have a sort of parting summary, I guess, of these in terms of how they're relating to public spending. And I don't, Jonquil, you were just about to jump in there, and so were you, Matt. So if we could all just maybe think about how to draw this because it is such an ongoing issue that spreads so many disciplines and so many different areas.

JONQUIL LOWE: Yeah, it is so complex. It's actually quite hard to distill. But I suppose following the Rawls thread, the point about Rawls is he's saying people would design this kind of society because everybody would have to buy into this society.

And I think we're in danger of being in a position at the moment, certainly in the UK and the US, where people are starting to draw back and saying, well actually, it's so unequal we don't buy into it. We want something different.

MATT STAPLES: For me, I mean I started off on the idea of the state and then the kind of mezza level. But it's

going to micro level. I'm quite interested in micro politics and politics of the streets.

And I go back to some of the pioneer work done in Porto Alegre, the idea of war-based budgeting. And actually, when you actually make decisions that impact on people, you can see there's much higher levels of solidarity.

And it's actually trying to engage the public, and Open University students have a fundamental role to play in this. Citizens, wherever they live in the UK Island and overseas, because it's by engaging with politics that you enable people, I think, to make fairer decisions.

I mean that's quite exciting for me, actually, as a starting point.

DAVE HUMPHREYS: I would say that there is a very strong case for public expenditure. That it has to be properly taxed. So I don't think taxation's a dirty word. I think we should rehabilitate the notion of taxation. Paying your taxes is an honourable thing to do.

I think the public expenditure can go in the wrong direction sometimes, such as in fossil fuel subsidies. But I think there is a case for public expenditure when it is spent on goods and services that are in the public interest. That's an essentially contested term, but it's right that we debate what the public interest is and where public expenditure is best directed.

KAREN FOLEY: Well, thank you very much. Thank you, Matt Staples from Politics. Dave Humphreys from Geography. And Jonquil Lowe for bringing all of this together from Economics. And for providing such fabulous props, which has gone down really well. Difficult to bring all of these theories and constructs into an exciting discussion, which I know has been going on at home.

So thank you very, very much for giving up your Friday evening to come in and talk to us this evening.

[INTERPOSING VOICES]

Lovely. Right. Well, I think it's time for some jelly beans.

So what's this I hear about a jelly bean public spending?

RACHEL: Well, due to HJ's excellent public spending policies, he's now president of a secret island. And a lot of interest is in secret offshore banking, tax havens, and jelly beans.

And you're getting a lot of followers, aren't you? You've got Nampfen, Lee, Fabrizio, Oliver,

Katrino, Khadija. Sorry, if I've pronounced anybody's name wrong.

And I've even got a little badge. I'm now chancellor of the jelly beans. So I'm holding these. I'm counting those jelly beans, because you're only allowed a certain number. And I'll hand you over to our president.

HJ: Yeah, well, we've decided on our island that we're not going to tax jelly beans. I mean that's the most important issue here.

RACHEL: Hurray for the jelly bean.

HJ: Hurray for the jelly bean.

But in terms of social housing, we're going for tree houses. And everyone has to have a disco, of course. We can't get away without one.

RACHEL: Will everybody get fancy, my face board like this as well for social networking.

HJ: Well, we'll have to ask. We'll have to see what they say. I think everyone's loved the my face board today. It's been fantastic.

But yes, maybe if people have jelly beans. I mean Lee sent in his jelly beans. So maybe other people have some jelly beans they'd like to send in.

RACHEL: So maybe Lee can be our mascot.

HJ: He could be. Lee could be--

RACHEL: He could just wear a big jelly bean outfit, and--

HJ: A big jelly bean outfit.

RACHEL: --recruit people.

HJ: Yeah. But no, the discussion has been fantastic, and people are still discussing things like subsidies, private companies wage budgets through things like working benefits, which I think is extremely interesting because-- well, a lot people have experience with this, because those part-time students, a lot of us have been working and doing lots of different things.

But yeah, it's very interesting, indeed.

KAREN FOLEY: Excellent. Well, it's typical students. No matter how old we get and how mature we get, we could have a perfectly sensible conversation. And yet it always get down to the level of food and discos.

But important those things are for students and it is a Friday night, so I'm really glad that aside from all of the interesting discussions, and obviously the topic related things, you've also had fun, too, which is what this is all about.

So we're about to wrap up today's programme. Don't forget if you missed it, the catch-up will be available tomorrow. And we'll be back at 12:00 noon tomorrow with another jam packed day of exciting programmes. So do check out the website where you can see all of that and what we have in store for you tomorrow.

Don't forget that if you would like to send us a picture, a selfie of you watching the conference, do that and we will mention it. It'll come through our worldwide web mail box. And we will then put it on the social media board, and you can do that by emailing us, connections@open.ac.uk. And you can also use the Twitter hashtag, which is #SCC15. So please do send us those.

And of course we have two Q&A sessions tomorrow. So any questions you've got. I know there are lots of new students out there. Do let us know what they are so that we can put them to our panel and get those answered for you tomorrow.

Finally, I'd like to feed back a little bit and reflect on what the day's been like. So HJ and Rachel, I'm going to come to you and sort of see how everything's gone and try and summarise, because well, I hope no one's been watching the whole thing. But if you have, I'd be interested in knowing what's gone well and what you've enjoyed most.

There's also a survey. So if you do have a bit of time tonight, it takes a few minutes to do. And we would really, really value your feedback. So back on the website there's a Survey tab, and then you could just enter that. You can also feed in comments for that. We do really take notice of that, and it does inform how we produce these programmes. So please do take a minute to do that.

HJ and Rachel though, sum up the day. How has it all been? What's been the best bits, aside from your huge amounts of comments and wonderful pictures on the board?

RACHEL: I don't know. There's a lot that we've enjoyed, and a lot of people were really pleased that

people are saying that they've enjoyed it. Katrina says it's brilliant, informative day and she's glad to-- she's been able to watch and join in. A lot of people are going to go on the catch-up because they haven't been able to get the session. So they're really pleased that we got that service as well.

And Ben's just popped in for the end of the day and--

RACHEL: Has no idea what's going on.

[LAUGHTER]

HJ: He's slightly confused about what we're talking about-- jelly beans and then there is a serious conversation going on.

RACHEL: But we also asked if there has been anybody here throughout the whole day. And yes, Shaun has been here throughout the whole day. We're getting a lot of thanks and fantastic event-- it's been a fantastic event. But also I just want to-- do you mind? Can I just-- hey! Because it is Friday night.

HJ: Disco ready.

RACHEL: It is Friday night. But throughout the day everybody's loved the selfies that have been put on the board, and especially the comments. So they're really enjoying the interactive event.

But for me, it's our new president. That's for me. That's the highlight of my day.

KAREN FOLEY: I think you're all making a mistake giving him an island. You should see his bedroom.

[LAUGHTER]

HJ: I know. You should see this desk.

KAREN FOLEY: The rainforest would be a mess.

RACHEL: His desk is quite messy-- on your side as well.

HJ: On my side, yes. So if we do have this island it is going to be very disorganised.

KAREN FOLEY: Excellent. Well, thank you very, very much. And I've certainly enjoyed all of the comments that have been coming through. And the one thing I would say is it's been great to have so many of

you in the chat and coming through from just watching the live stream to then coming in and asking questions.

I think we've said along, you can ask anything. You can talk about anything. This is your event, and it's a time to connect with people. So it's been great to see so many fluid conversations going on. And it's been great that there's some sense of community there which we can really see both on our board, as well as in the chat that's been evident in the day.

So tomorrow, as I said, we've got Q&A sessions. We're talking about the post graduates curriculum as well, which will be really interesting. And I know that that's generated a lot of interest.

And if you've had a chance or if you're looking for some other social science connection tonight, you can always go onto the social sciences faculty Facebook page where you've had the Friday thinker. And Eddie is going to come in tomorrow to develop those ideas further about Islamic states. So that will be very interesting.

So go and have a look there and see what the conversation's been like. You can also see other faculty news and events and things like that as well on that Facebook page, so that's another great way of connecting.

But tomorrow we're going to open the chat at about half past 11:00, so come long before the programme kicks off at 12:00 noon. And I'm really looking forward to seeing you then. I do hope you can make it.

As I said before, but if you've just come in, the catch-up will be available about 24 hours after the sessions have run. So tomorrow you should be starting to see some of that populating on the website, and that'll just be on the catch-up button there, like you enter the watch and engage button.

But thank you very, very much for coming. I'm really glad you've enjoyed it. Fill in our survey and tell us more, please. And I look forward to seeing you tomorrow at 12:00 noon.

[THEME MUSIC]