The new Washington consensus – time to fight rising inequality

Adapted from *The Guardian*, 5 October 2014

The theme of this week's annual meetings of the International Monetary Fund and the World Bank is shared prosperity. (…) But talk is one thing, action another.

In one sense, the new consensus is encouraging. There is a recognition that inequality is a problem. That's a start, but only a start. The rhetoric has to be fleshed out to make shared prosperity meaningful.

Let's take two examples of how it could be this week in Washington. One involves the education of Syrian refugee children in Lebanon. The other is the response to the Ebola virus in west Africa.

The civil war in Syria has been going on for four years and more than half a million children are out of school. Schools in Lebanon cannot cope and have been promised aid from international donors. The risk of driving young people into the arms of extremist groups should be glaringly obvious. Yet, despite all the expressions of concern and the talk of solidarity, less than half the money to ensure that all Syrian refugee children can be educated has actually arrived.

Health systems in Liberia, Sierra Leone and Guinea – the three countries worst affected by Ebola – simply cannot cope. It's not hard to see why. In the UK, there are 2.7 doctors per 1,000 people. In Guinea, there are 0.1. In Sierra Leone, where there were 765 new cases of Ebola last week, there are only 327 hospital beds for the whole country.

In its early stages, Ebola was seen as a localised problem, another one of the diseases that affects poor countries in Africa. Only belatedly have the risks of a global pandemic been recognised. The result is that the response was originally slow, then panicky. It remains muddled and inadequate despite the latest pledges of financial support.

How has this been allowed to happen? It is almost a decade since the Gleneagles G8 summit agreed to double aid flows to Africa and western governments preened themselves when the target was eventually met. The public has a right to know why the increase in development assistance has not left health systems in west Africa better prepared for Ebola.

A number of factors are involved. In part, it was because some of the additional money was never actually delivered: some western countries were creative when it came to dressing up debt relief or places for African students at their elite universities as aid. In part, it was because the extra money was not always well spent.

In part, the problem lies with African governments, who have made commitments to spend a higher proportion of their budgets in pro-poor sectors such as health and education, but have often failed to do so.

Most importantly, perhaps, there has been a lack of leadership. Barack Obama has not provided it. The Europeans have been too obsessed with their own financial crisis to pay much heed to the rest of the world. The Chinese remain detached. George Osborne writes the cheques for DfID but seems to have zero interest in development.

The test is not what policy makers say about inequality, both at home and abroad; it is what they do. It is about being prepared to redistribute resources from rich to poor. It is about creating an international tax system that prevents revenues being salted away in tax havens. It is about ensuring that trade agreements are not written by multinational corporations.

Bear all this in mind when Washington resounds this week to calls for inequality to be tackled. There is a mountain to climb. Policy makers are still at base camp.

(610 words)