

Fair Shares

The Idea

This is an old idea whose time may just have come. Many of us consumers and traders are repelled by the gross inequalities which disfigure our society and economy. Some elites get annual bonuses greater than someone on a minimum wage could earn in a hundred years. This is not good for any of us and a disaster for the economy. So let's show our support for companies and organisations which distribute the money they earn fairly to all their workers. This is not equal pay. Very few people want that or think it could work. But a reasonable ratio between the highest and the lowest paid in the company is a very achievable proposition.

Growing Inequality

During the past 35 years Britain has seen inequality rise from among the lowest levels among the world's rich countries to among the highest. Within the European Union only Portugal is more unequal. On a world scale only the United States and Singapore are even more unequal. Across a broad spectrum of measures inequality is directly related to social dysfunction. From life expectancy and infant mortality to mental and physical health and crime the relationship between the two is direct when compared across nations or within them.*

Unequal pay is by no means the only cause of economic inequality. The taxation regime, the level of unemployment and the size and scope of the social infrastructure are also important factors. The special point about unequal pay though is that it is the only contributing factor on which the citizen can exercise a direct influence. The other factors are under the control and influence of politicians and (most of them would claim) the global economic system.

Though inequality is increasingly recognised as a serious problem across the political spectrum, especially as it is manifested by top pay and bonuses, Government action as opposed to words is exacerbating the problem. Eased tax controls, generous treatment of large multi-national corporations, failure to act on outrageous pay and bonus deals have contributed further advantage to the richest. Welfare "reform", public service cuts and reduced levels of support to a range of benefits which have a disproportionate impact on the most vulnerable have further disadvantaged the poor.

We can of course press for political alternatives but the Labour opposition has so far failed to mount a robust attack on these policies. Inequality actually rose during the Labour years from the position they inherited in 1997 and it is not yet completely clear that they would do anything very different in this regard were they still in power. In this as in many other things the political class has shown itself to be completely unequal to managing the huge changes that are taking place in the world and in our own society.

If we are concerned we must begin to take control ourselves. So why don't we establish an organisation which publicises the companies and organisations with the smallest ratio between the highest and lowest paid employees. It would raise awareness about inequality and give us as consumers information on which to make purchasing decisions. It would reward the socially responsible by increasing their market appeal.

This has worked increasingly well since Which? began raising consumer awareness in the 1960s. The starting point was self interest: consumers wanted better information about the comparative quality of products. Once the notion had been established it began to be used for other wider purposes. Perhaps the best known and most powerful early example was the widespread informal embargo on South African produce during the apartheid era. Barclays Bank especially lost a huge amount of retail business worldwide as a result of its large investment in the regime. Its withdrawal from South Africa arguably marked the beginning of the end for apartheid.

More recently the use of consumer power has broadened to embrace socially positive goals. The *Fair Trade Foundation* has been an inspired and increasingly effective means of rewarding companies who deal fairly with their developing world producers. Sustainability benchmarks for various natural products such as wood and fish use the same mechanism and their impact is also growing rapidly. Increasingly people want to know more about the origins of the products and services they buy and are prepared not to buy things produced in ways of which they disapprove.

*See for example *The Spirit Level, Wilkinson & Pickett, Penguin 2010* .

How would it Work?

Let's establish an organisation whose objective is to promote and encourage greater economic equality in the workplace. Call it the **Fair Shares Foundation** until someone comes up with a better name. It would do this by identifying and publicising British companies and agencies which distribute their labour costs fairly among the total workforce.

The end point would be a set of benchmarks to which participating companies would subscribe representing a simple ratio between the pay of the chief executive and the lowest paid worker. There would need to be some other considerations. A firm of solicitors which outsourced its office cleaning would be very different from a facilities company providing office cleaning services using a paid workforce. Balancing the offsetting effect of outsourcing work to low paid, self-employed or offshore workers would need to be an additional key factor. Overall it is essential that the final criteria for a fair shares certificate should be transparent and comparatively simple and understandable (and I would like to see silver and gold certificates awarded to the very best eventually).

The road to that end point would contain several steps.

1. Market testing. There is little point in undertaking such a programme unless there is likely to be a reasonable consumer response. What level of consumer response would there be if a credible scheme enabled them to identify firms with a flat pay structure?
2. A Business Plan. It would identify the proposed scale of the launch and initial operation, the elements it would need to contain and a potential funding stream to launch and carry it forward.
3. A marketing strategy. This would need to raise public awareness of the existence of the scheme, without which it would be pointless. It would also need to make potential willing partners aware that they

could promote their business by signing up to the scheme – and of course abiding by its values and criteria.

4. Establishing benchmarking criteria. The definition of a *Fair Shares* company would need to be precise and transparent and would require careful negotiation. There would be no point in setting the ratio so low that no company would or could join the scheme; there would be no point in setting the ratio so high that the public regarded it as meaningless.
5. A validation process. A mechanism would need to be established to carry conviction that a company displaying a Fair Shares “Badge” did indeed practice what it claimed. This scheme will not be popular with some sections of the media and the many vested interests they more or less represent. It will need to be highly defensible.

Getting Started

In order for a *Fair Shares Foundation* to become established it will require a sponsor or, preferably, several sponsors and a lot of grass roots support. Ideally the sponsors should be from across the political spectrum. A national newspaper campaign would be the perfect starting point but a Twitter storm would do very nicely to begin with. If you are interested in this show your support online through Twitter or Facebook or just post this page to your friends. I hope to hear from you soon.

Keith Fletcher, June 2013

Twitter @KeithTynypwll, Email keith@sssp.co.uk,

Facebook keith.fletcher.9484@facebook.com

Tel 02920 863 122 Mob 07946 486 474 Web www.sssp.co.uk