I was very struck by Gabrielle Palmas introduction on choice and options he said inequality is a choice and I want to say yes and no and that's because as a political scientist there are spaces for choice and incentives for choice and disincentives for choice and those spaces it's what I've called previously the structure of choice and those spaces can be very wide and open or they can be very narrow in my own work on mineral and oil exporting countries I called this the paradox of Plenty because those countries that were very wealthy in mineral and oil endowments actually had a very narrow structure of choice so they looked like they have lots of options because they have lots of rents and in fact they have very narrow options so I tried with other political scientists to build different kinds of structures of choice based on the leading sectors of an economy in part not only on that but in part on the leading sectors of an economy this is not a new idea I learned a lot of this from Albert Hirschman but Adam Smith said a long time ago that the Tartars and the Spanish had two different notions of wealth the Tartars thought that wealth was sheep and then if you didn't have any sheep you lacked pickles and you were pecuniary that means lack of sheep you were poor the Spanish thought if you had gold and silver you were rich and he said of the to the Tartars were correct so this is not a new notion of mine but I think it's really important to understand that the choice of inequality maybe there may be more possibilities in some areas for choice than there are in others and this is what I call the structure of choice in countries that are dependent on a leading export the range of choice gets narrower and narrower especially if it is minerals and most especially if it is oil and because of the dependence on a single export and I think that that choice and range of choice actually declines over time I've traced that in a book called the paradox of Plenty and I won't say more about that but what is important in that decline over time and the dependence on certain rent based sectors vivre a minerals or other forms of finding rents is that the nature of the economy also changes over time from a neoclassical understanding of the economy to what I would call an exploitation based economy and that is an economy that over time the role of rents plays a greater and greater role rather than a lesser and lesser role and those rents exploitation economy those rents are very much linked to the political system and to the ability of economic or political actors to capture rents because they are able to capture the state or parts of the state or a piece of the state or an agency of the state or a friend in the state or whatever and that means that these exploitation economies over time act very differently in any quality in dealing with the problem of inequality then economies that have less of that factor that's the first point I want to make and that means that when you try to understand the difference between Slovenia on the one hand and South Africa part of that explanation has to do with their leading sectors historically and the space the structure of choice that creates in both of those different polities and the role that rents play differentially in those different economies there's the second point I want to make about that this is a deteriorating situation or it can be a deteriorating situation over time and that means the issue of thresholds is extremely important in looking at the kinds of data that the rich data that was given to us this morning so it matters for example let me I'll give you an example on the work I know the best if your economy has more than twenty five percent of GDP as coming from rents for minerals or petroleum you are much more likely no you are highly probable to be unequal and those inequalities will grow so there's a threshold effect if you're under to percent of minerals or oil you are more likely to reduce inequalities over time now I could do that for other types of sectors as well but the most important thing I want to put out is first of all there's a structure of choice number one and number two that the thresholds matter the the degreed the degree to which a an economy is more and more turned into what I call an exploitation economy it's a term by the way that Joe Stiglitz is using now as well if you are turning into an exploitation or a more and more increasingly rent based economy where the capture of rents depends on the relationship with the polity you are more and it is becomes more and more difficult in the structure of choice to change inequality the next point I want to make in this is that it's about point of departure and by that I mean we go back often we look at the colonial period we see what the structure of land was we see how that changed over time or it didn't change over time etc and while I don't want to talk about the point of departure very much since we were really looking at snapshots much more of today I do want to say that point of departure does matter it is important although it's not nearly as important as I personally once thought it was it means that for example and let me again give an example from my own work when you compare Norway and Venezuela and oil and both of them are highly dependent on petroleum revenues now the difference between them is astonishing when I was in Norway and they were having a conference between three generations about how they should distribute generally generationally across generations genders and the polity the rents from petroleum I sat there with my mouth open because all I could I've been in you know Nigeria Venezuela Iran you know I'm like going what are you talking about nobody in demand in in oil exporting countries that I go to talks about saving for a future generation it just doesn't even happen so when you look at that story the reason for that story had to do with the late entry of petroleum as a major factor in the economy which meant that the civil service was already set up the polity was already set up one of the oldest civil services in the world it's not that Norwegians are not corrupt even though they don't have an oil corruption problem and they're one of the only places in the world that doesn't write but it's that the civil service and the laws and rules and controls were set up prior to that so when they had to figure out in their sequencing of how they were gonna deal with say oil revenues and they how are they gonna deal with a platform in the sea they term they made it a ship they said a platform as a ship and we're shipbuilders and we've had strong labor protections for people who build ships and we regulate ships in the following way and we tack ships in the following way and so they just took that whole structure and put it on top of a newer form of development that's what I mean about point of departure mattering and I think one of the key questions in inequality and it's certainly one of the key questions for those of us who study democracy is if the DES point of departure is not favorable can you change it and if so how do you change it and that's a very I think a key question let me go to then the next point I want to make which is which is the difference between virtuous and vicious cycles of inequality I study vicious cycles unfortunately but of course you have to know something about virtuous cycles to know how vicious cycles get so vicious and without getting into the question of what is the chicken and what is the egg here let me hold that here's what I know and what I believe we found also in philippe schmitter in my study of a hundred countries on inequality which is economic inequality generates political inequalities it generates changes in the legal system changes in the political system changes in the administrative system that then further economic inequalities and privilege the rich over the port inside the political system now whether it's the polity that generates the original inequalities or the economy that generates the originally original political inequalities is not the question the fact is that this is a vicious cycle that those political inequalities then generate policies of unfairness that are built in and reinforced inside the polity itself this is not a stable process because once again thresholds come in so you can get into a vicious cycle of inequality which we are in in the United States right now you can get into a vicious cycle and that vicious cycle if not stopped if not changed will reach a threshold which will begin to cause instability in the rules of the polity that's part of what we're seeing in the United States right now the instability of the rules doesn't mean you're going to have a coup or anything it just means the rules are changing and nobody knows where they're going number one but if that continues and I'm not talking about the United States right now but if you get to a threshold when you have instability of rules you may eventually get into issues of regime change the dramatic collapse of political parties etc etc etc and that is related very much to the threshold of inequalities and and the degree of inequalities that we saw this morning okay that means that you get into a situation of a vicious cycle in which exploitation economies grow rents grow the relationship with the polity becomes more and more important as a way of capturing rents as that becomes more and more clear the notion of unfairness becomes clearer and clearer and that begins to change in ways that may reinforce inequalities or challenge inequalities the rules of the game the virtuous cycle I don't have to explain it's the exact opposite right and the question is how do you get coalition's of fairness or coalition's of unfairness which are the same I mean which are obviously very different but which have very strong implications for the production of what we saw this morning and the resolution of what we saw this morning let me then go along with that analysis a little more there are extremely strong resistances to change in both the economy and the polity and one of the things that we know about inequality is that when it changes it changes pretty dramatically but it is and it is quite easy to change inequalities pretty quickly it is not so easy to revert back to an older pattern or to reduce or change back to another pattern so the strong resistance is to change are something that we need to think about one of those is very clear which is that capital is globalized but polities are national so if I start to change inequalities capital can leave but the polity is national that's a huge problem for the reduction of inequalities if you start taxing capital in a certain way and that capital is globalized it may go find somewhere else to to park the Bahamas wherever and that's one issue a second issue is and this is something that we sleep and I both worked on and that has to do with regime type we once thought I think ideologically more than anything else long we meaning political scientists a long time ago and many economists the democracy by its very nature since one citizen one vote would reduce inequalities well it turns out that's just not true and that there's a huge range of inequalities in democracy both democracies that reduce and democracies that increase there is also a huge range in authoritarian regimes authoritarian regimes that increase Pinochet right and authoritarian regimes that actually reduce which has been one of the very interesting features of the Iranian Revolution and other ones that I can talk about so there is a range over time and regime type matters again not as much as we thought and with much greater variation than we thought and finally I want to see something about just democracies when you try to understand democracies when I try to understand what's happening in my own country right now one of the things that is very clear is that the poor over and over and over again vote against what is considered their class interests we know this you can call false consciousness call it whatever you want there's lots of research to explain this now and that research is also very very much linked to the issue of thresholds if you are starting to increase inequalities and people look around them and see that in their region somebody's getting very rich they will vote for the increase of inequalities over and over and over we see it over and over and over because some of what they see next-door to them may come down to them that's the original hope but when you cross a threshold where the inequalities or so great and the opportunity to advance our so limited which is the United States today by the way we have the least mobility of any advanced industrialized country and the greatest level of inequality we have crossed a threshold the way people begin to vote changes it changes because they see that what their neighbor has is something they are never going to be able to get and so they begin to go to protest parties whether they be protest parties of the left or the right and in general these tend to be populist parties of the left and the right and finally let me say something about policies we know a ton about inequality we know how much inequality there is in different places we see it increase there's a general understanding how bad it is in many places and so the question becomes what I asked my graduate students when they come in and say they want to do a dissertation I say so what tell me answer so what why do you want to work on that why is it important because if we know so much why are we unable to change what we're seeing in varied in in some very important ways and I would say that some of that has to do with this issue of class voting where you vote the way the rich go up to a certain threshold and then you start to protest but some of it has to do with the fact that the causes of inequality that are visible are much easier to challenge than the ones that are invisible let me give you an example from my own country the policies let's take two policies one is that in the United States government which is the largest buyer of pharmaceuticals in the world passed a law that we the United States government is not going to regulate the price of pharmaceuticals and is also not it gave a whole set of privileges to the pharmaceutical industry at the same time we have a law that says student debt can never be forgiven never you have student debt till you die and then it goes to your kids right so it can never be forgiven that those are policies they have tremendous consequences for inequality so the issue is why are policies so bad well if you look at elections over and over again whether it's Latin America Africa or anywhere else it is much easier to blame a visible potential cause of inequality immigrants which is not the major cause of inequality in the United States by far not even close or trade agreements because jobs are going overseas again not the major cause of inequality by far but what nobody talks about is the financialization of the economy and the rents that accrue from the financial sector of the economy which is the leading driver of inequality in the United States and in many other countries so that is not talked about where as the campaign's focus on the visible so I want to put all of that out there for the resistance to change and then end with the following which is when inequality changes patterns of inequality change they almost always change from huge crisis now that crisis can be a coup it can be regime change it can be the collapse of the economy it could be a revolution it can be many things but there is a dramatic moment whether it is a very deep recession that terrifies somebody there is a dramatic moment that is the catalyst for change because the resistance that I talked about in the periods of normal politics is very very strong thank you