How unequal is the UK - and should we care?

Danny Dorling

Cathie Marsh
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I have ten points to make...

We are again as economically unequal as when this infamous picture was taken, in 1936. We should care.
Something went wrong in 1979

1) The UK is currently at what may be a peak of income inequality. The last peak was reached in 1913. We are not as unequal as we were then, but we are more unequal than we have been since at least the 1930s if not the 1920s. Although something new has been afoot since 2009...

Graph is Figure 2.2 from the book “The Equality Effect” published by New Internationalist, Oxford, in 2017.
Income inequalities underlie other inequalities (including wealth)

2) There are many kinds of inequality that we should care about and that most of us do care about. However, a large part of those inequalities have income inequality as part of their make-up. For instance, if women were paid the same as men we would be living in a much less sexist society. Similarly, in a less racist society there would be less income inequality.

Source: Oxford University BME students speak out on prejudice, March 14th 2014, BBC
http://www.bbc.co.uk/news/uk-england-oxfordshire-26574149
Living with high inequality damages our ability to think

3) We also need to care about inequality because an acceptance of high inequality alters and damages how we think. **We begin to make arguments that are only logical if it is fair that there should be high income inequality in future.** How we think about inequality (and because of inequality) alters how we think about politics, society and economics.

For instance: **Why student loans are a confidence trick for the 85%**

“The only way the current student loans system in England can be justified, is if we want the UK to continue being ‘the large country with the widest income inequalities in Europe’ for many decades to come.”

Some inequalities fell from 1990...

4) There are many ways of measuring income inequalities, and the wealth inequalities that tend to follow them. What is most interesting about the different ways is that they show how the shape of the inequality curve is changing and give us a clue as to what might happen next.

Figure from “Do We Need Economic Inequality, Published by Polity in 2018

Figure 1.1 Household income inequality, quintile ratio 1977–2015, and 1% take 1977–2012, UK
There’ something happening out there...

5) Inequality among people who were poorest began to fall in the mid 1990s in the UK. By the late 1990s inequalities among more of the population were falling, but the rich were still getting richer. By 2010 we first saw signs that the less well off half of the 1% might be experiencing income falls and by mid 2017 we saw the first evidence that the 0.01% were finally beginning to fall slightly into line and hence the possibility of inequality peaking is now with us.

On Thursday 3rd August 2017 the High Pay Centre reported that the 100 CEOs of the UK’s highest valued public companies had, on average, seen their pay reduced by 17 per cent in the year to 2016. Now, instead of (again on average) receiving £5.4 million a year they each only took home £4.5 million, or 129 times average pay rather than 145 times. We may be at a turning point.
Living standards have been falling for the poorest for years compared to most of Western Europe.

The inequality curve is like a pile of sand where sand is at first removed from the bottom, the inequalities become steeper, but eventually very high rates of inequality can no longer be sustained. Unfortunately it can often take many decades for inequalities to fall to a normal level after any peak has been reached.
Harms voting, climate, thinking...

7) The harm that high inequality causes can now be seen in many forms; from how we think, vote (or give up on voting), how innovative we are and how well we understand what is a good education. Inequality causes widespread damage to those societies that have become most unequal.

Figure from “Do We Need Economic Inequality?”, Published by Polity in 2018
Reducing income inequality alone is not enough – we also need less inequality in costs

8) Poverty is defined in the UK and EU as “inequality between those at the bottom and the middle of society”. It is quite possible that poverty can rise as overall inequality falls, at least for a few years. Similarly, inequality between the generations can rise even as overall inequality begins to fall. Other factors matter. Income inequality can fall in future but without rent regulations being introduced the poorer half of society can easily become much worse off.

Brexit and inequality – the countries that are out and doing well – are unusually equal

9) The UK is an extremely unusual country to study when it comes to understanding inequality globally. It was the richest country on earth not much more than a century ago. A failure to adjust to living in what could be a more equal world may explain much - from Brexit through to why the UK has the most unequal education system in all of Europe. The UK may also find that it is unable to afford to leave the EU due to its high levels of inequality. It is a very different country to Norway and Switzerland.
When inequality falls – sentiment changes

10) In the past in the UK (and more recently in many other countries in the world) once income inequalities began to fall, the fall usually continued. The arguments that you have to pay those at the top more and more or else you lose out on the best talent becomes a joke. The next generation can decide whether just a few of their members are truly able to be deserving of great reward, or if they should all be able to ensure security, a decent home, rights at work, a good job, a good school and good health care. The fact that we have to even ask whether we should care about inequality shows how far we still have to go in how we think and talk and act.
And finally, if none of that matters enough, ask why...

Life expectancy for women in the UK is now lower than in Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta, The Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, and Switzerland. Often it is much lower. Men in Britain do little better. **A few weeks ago ONS projected a million more early deaths by 2057 as progress stalls.**