

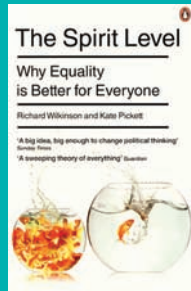
class

Centre for Labour
and Social Studies

Why Inequality Matters



Produced by
members of
My Fair London
in association with
The Equality Trust



Acknowledgements

This booklet draws on the bestselling book “The Spirit Level – Why Equality is Better for Everyone” (Penguin, revised edition 2010) by Professors Richard Wilkinson and Kate Pickett which shows that most social problems are worse in more unequal societies and that inequality lies at their root. Between them the authors of The Spirit Level have over 50 years experience, much of it investigating inequality.

The book first came out in 2009 and has helped push equality up the political agenda. A third of backbench MPs have endorsed the message of the book, hundreds of articles have been written about it, and the authors have presented the findings to leading politicians, academics, and opinion formers across the world, from Washington to Macau, from Berlin to Brisbane.

This booklet has been produced by members of My Fair London in response to requests from politicians, trade unionists, and members of the public. The writers would like to thank all those who have contributed to the booklet, especially Richard Wilkinson for his comments and encouragement. They would also like to thank the Lipman Miliband Trust and the Centre for Labour and Social Studies (Class) for financial and other support. Any errors are of course the authors’ own.

Foreword

by Owen Jones



Does inequality matter? The leading lights of New Labour certainly thought not. 'We are intensely relaxed about people getting filthy rich,' Peter Mandelson once famously boasted, with the caveat 'as long as they pay their taxes.' By the time Labour lost power, it was clear that large numbers of rich people were not doing even that. For a generation, inequality has been increasingly dismissed as an airy-fairy irrelevance: all that matters is that the living standards of all were

improving. It has certainly been a long time since that has happened: four years before Lehman Brothers came crashing down, the real income of the bottom half began to flat-line; for the bottom third, it actually declined. The Coalition's mantra that 'We're All In It Together' has shifted between the ludicrous and the offensive ever since it came to power: while the average Briton faces the most protracted squeeze in living standards since the 1920s, the *Sunday Times Rich List* reveals an ever-booming elite.

But the case against inequality is not an abstract, moral argument. With an abundance of evidence, *The Spirit Level* dramatically revealed that it actually has an impact on people's everyday lives. And as the Nobel Prize-winning economist Paul Krugman has shown, there is a link between inequality and financial crises. As he pointed out, it is no accident that both major modern crises – the first beginning in 1929, the second in 2008 – coincided with historic levels of inequality.

In part, this could be because of 'common causation': that free market or neo-liberal economics fuelled both inequality and economic crisis. But there are other theories too. As Robert Reich, the former US Secretary of Labour, put it: 'The problem wasn't that consumers lived beyond their means. It was that their means didn't keep up with what the growing economy was capable of producing at or near full-employment. A larger and larger share of total income went to the people at the top.'

Why Inequality Matters

But Krugman discusses another theory: that as the wealthy spend more because they have more money, it encourages others to do the same. It's 'keeping up with the Jones' on a massive scale. That meant saving less and borrowing to spend more. In the United States, household debt and inequality both soared in the run-up to the crisis. And – as Krugman has pointed out – inequality has helped sabotage government action to deal with the financial crisis, as the very wealthiest wield increasing political power and use it to pursue short-term self-interest.

Inequality also played a key role in some of the worst disturbances in post-war Britain. As research by Wilkinson and Pickett and others has shown, inequality weakens social cohesion and a sense of community, and produces more crime and violence. We saw, in part, the consequences of that in last August's riots. Take London, one of the most unequal cities on Earth, where the top 10% receive 273 times more than the bottom 10%. We live in a hyper-consumerist society, where status has so much to do with what we wear or own: with such grotesque inequalities, there are those who feel excluded and can see what they are denied on an almost daily basis. A toxic mix of extreme inequality and consumerism had a clear role in the looting and riots.

Of course, there's so much more: as Wilkinson and Pickett have shown, less equal societies tend to do worse when it comes to health, education and general well-being. But it is clear that the scourge of inequality has had a real role in the current intractable economic crisis. The pursuit of equality is not just a moral imperative, not just vital for the poor and for the social cohesion and wellbeing of society, it is also necessary for a stable economy. So just as the Beveridge Report, with its attack on the five great evils of society, underpinned the achievements of the 1945 Labour Government, the thinking of The Spirit Level and the pursuit of equality must play a pivotal role in the construction of the alternative policies which will replace those of our disastrous Coalition government.

Owen Jones

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Inequality in the UK

There is a huge amount of evidence that inequality is extreme and increasing.

In 2010/11, the incomes of the chief executives of the largest 100 companies in the UK increased by nearly 50% while the average pay rise in the private sector was just 2.7%¹. Because prices increased by 5.2%, most private sector workers actually became poorer and pay freezes meant that many public sector workers did even worse.

If we look at wealth, the picture is even more extreme – the Sunday Times Rich List reported that in a single year, 2010, the wealth of Britain's 1,000 richest people increased by almost one third to a combined total of £395 billion.

This is all part of a long term trend. In the last thirty years the share of the national income going to wages and salaries fell, while the proportion going to profits rose². If the share had increased at the same rate as national income, incomes in the middle would now be nearly £3,000 higher³.

This is not the end of the story. Not only did wage and salary earners receive a smaller share, but the way that share was split up became increasingly uneven. Most of it went to those already well paid. The highest paid 10% received incomes that were eight times higher than the lowest paid 10% in 1985 – by 2008 they were twelve times higher. It is also reported that income inequality has grown faster in the UK than anywhere else⁴. Now, the best off 10% receive 40% of total UK income, while the poorest 10% get 1%.



The least well off 20% of British households will lose 6% of their income per year between 2011 and 2014 due to government cuts.

Institute of Fiscal Studies, reported in the Guardian 12 September 2011



Why inequality matters

Inequality in Britain is the fourth highest in the developed world.

But if most of us are a bit better off than we used to be, does it matter if some are much, much better off than most?

A raft of indicators shown below highlight how the UK compares to the world's other advanced countries. The UK scores badly across the board – the murder rate is at about the half way mark, but for everything else, the UK is in the bottom third or lower.

MENTAL ILLNESS	2 nd worst out of 12
LIFE EXPECTANCY	7 th worst out of 23
INFANT MORTALITY	4 th worst out of 23
OBESITY	3 rd worst out of 22
CHILDREN'S WELFARE	Worst out of 22
TEENAGE BIRTHS	2 nd worst out of 21
MURDER RATE	11 th worst out of 21
IMPRISONMENT RATES	5 th worst out of 21
SOCIAL MOBILITY	2 nd worst out of 8
TRUST	6 th worst out of 23

(Note: Not all countries have comparable information on these topics, so that the total number varies for each subject)

But why should this be the case? Well tested and independent evidence shows that:

- Beyond a certain point, increased national income does not improve the quality of life in a society, but greater equality does. Inequality within a country is what matters, not differences in average income between countries.
- Inequality harms us all in many ways. Early studies showed how it affected health, but there is now much evidence showing the negative effects on all sorts of issues. Although the poorest fare worst, a massive gulf between those at the bottom and those at the top harms everyone, whether they are rich or poor.
- In rich countries, a smaller gap between rich and poor means a happier, healthier and more successful population. The most unequal countries, the US, the UK, Portugal and Singapore have much worse social problems than the most equal countries of Japan, Sweden and Norway.
- If the UK were more equal, we'd all be better off as a population. For example, the experience of more equal countries shows that, if we halved inequality here, murder rates and obesity would halve too; mental illness would reduce by a third; imprisonment rates and births to teenage mothers would decrease to a fifth: and social mobility and levels of trust would greatly improve.

.....
A massive gulf between those at the bottom and those at the top harms everyone, whether they are rich or poor
.....

75% income tax

£1,000,000

72% of Labour voters and 42% of those who voted Conservative at the last election support a 75% top rate of income tax for those earning over £1 million per year.

YouGov Class poll 21-22 May 2012

There is widespread public support for the idea that too much inequality matters:

- Two recent surveys show that most Britons want the Government to reduce inequality, even though they assume the UK is more equal than it is. 60% agree that working people do not get their fair share of the nation's wealth, up from 53% in 2004. Only 19% thought it not the responsibility of the Government⁵.
- In the United States, Republican voters shown how wealth is spread in the US and in Sweden, but not told which set of figures described which country, thought the Swedish distribution better. US voters overall chose as ideal a wealth distribution that was more equal than Sweden's. (In Sweden, the top 20% of earners get four times the lowest earning 20%; in the US the difference is eight times.)
- Alan Greenspan, former Chairman of the US Federal Reserve, says that increasing inequality is bad for business⁶. Our current Prime Minister and



More unequal countries do worse according to every quality of life indicator

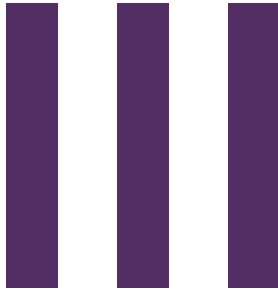
David Cameron
Hugo Young memorial lecture, November 2009

leaders of the other main parties have supported the idea of greater equality. The right wing press has also attacked increasing inequality, particularly the gap between the well to do and the extremely rich. Inequality is rightly seen to have bad effects on everybody, not just the poor.

- The International Monetary Fund has published evidence that inequality led to the huge debts behind the 2008 bank crisis and that more equal incomes can be a better solution than bank bailouts⁷.
- Banking insiders have criticised the current system, whereby the greatest rewards go to those in finance, often for unproductive money shuffling, and at the expense of production of real goods and services⁸.

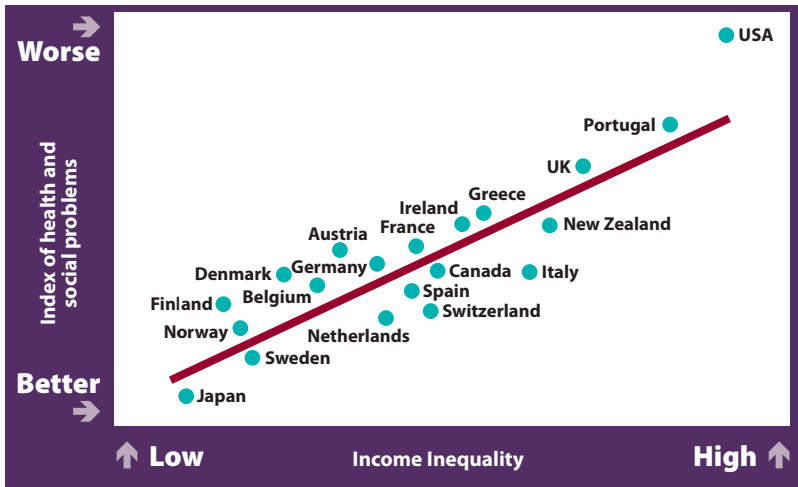
For poorer countries, increasing the national income is crucial so that its citizens have basic necessities. But for developed countries, where living standards are much higher, having more and more of everything makes less and less difference to well being and quality of life. What is much more important is how wealth is shared. However, if growth is the aim, more equal societies are well placed to achieve it.

US voters overall chose as ideal a wealth distribution that was more equal than Sweden's



● What is the evidence?

The evidence on how inequality is harmful comes from 23 of the most developed nations and from comparisons between the 50 states of America⁹.



(Note: the above uses the ratio of income between the top and bottom 20% of income after tax as a measure of inequality, but other measures produce similar results).

The graph plots the level of social and health problems against the level of inequality in major developed countries. The USA, the most unequal country,

The USA, the most unequal country, also has the most health and social problems; Japan, the most equal, the least

also has the most health and social problems; Japan, the most equal, the least. Even more significantly, the level of problems varies consistently with the level of equality for each country; **greater inequality seems to lead to general social dysfunction.**

The UK has the fourth lowest life expectancy out of the 23 most developed countries



Health – inequality kills

There are now over 200 studies of income inequality and health. Life expectancy, infant death rates, low birth weight, the number of people badly overweight, the number of people with poor mental health have repeatedly been shown to be worse in more unequal societies:

- The UK has the fourth lowest life expectancy out of the 23 most developed countries. The three countries that have even lower life expectancy are those with even greater income inequality – Portugal, the USA and Singapore. The difference in life expectancy between the USA and Sweden is three years, between Portugal and Japan, five.
- Infant mortality and low birth weight follow the same pattern. Infant deaths per thousand are just over three in Japan and Sweden, and seven in the USA. At least until the Euro crisis, babies born in the USA had a 40% higher risk of dying in the first year of life than babies in Greece, despite Greece spending less than half the amount per head on health care.

Why Inequality Matters

- Generally, how long people live is linked to social class. In the UK overall, men in the worst off group die on average 7.3 years earlier than those in the best off group; poorer women, seven years earlier than those in the best off group. These differences are lower in more equal societies.
- If you are overweight and most of the weight is round your waist, your health is more in danger than if the weight is more evenly spread. In developed countries, poorer people are not only more likely to be obese than better off people, but to have the extra weight round their waists. This is related to greater release of stress hormones and can seriously affect health¹⁰. Obesity affects 30% of the population in the USA, in Japan, three per cent. One in five of the population is overweight in the UK, twice the level in the Netherlands.
- Mental health is also worse in more unequal societies. A study by the World Health Organisation showed that, in the previous year, more than one in four people in the USA had suffered mental ill health, compared to fewer than one in ten in Germany, Japan, Italy and Spain. In the UK, the proportion was one in five people. In US States the level of mental ill-health has increased along with the growth of inequality.

Lower income and wealth affects physical and mental health and not just for the poorest at the bottom of the social hierarchy. Even the reasonably well off have shorter lives than the very rich. The better off in Sweden have longer life expectancy than those in the USA, even though in absolute terms they are on

.....
In the UK overall, men in the worst off group die on average 7.3 years earlier than those in the best off group; poorer women, seven years earlier than those in the best off group
.....

lower incomes. As with the other consequences of inequality, nearly everyone suffers, not only the worse off.

Health in a country is not related to health expenditure, but it is related to equality. Countries that spend less on health are often healthier. The USA spends over 15% of its national income on health, compared to a European average of about 10%, but has one of the highest rates of ill health¹¹.

The reason is at least partly because health expenditure mainly goes on illness – greater equality stops more people getting ill in the first place. It is a good example of successful preventative public health.

children in Britain fare worse than in any other developed country

Children's Welfare – UK comes last



Increasing child poverty means that more children now are eligible for free school meals than in 2007.

Department of Education, quoted Guardian 25 June 2011.

- A major report by UNICEF found that children in Britain fare worse than in any other developed country. The report looked at: material conditions such as family income and housing; health; educational well being; relations with family and other children; behaviour; and how children rated their own situation. The UK scored low on all these factors and was on average last out

of 21 of the world's richest nations. A subsequent UNICEF report confirmed the links in the UK between extremes of pay, long working hours, and parents having less time and energy for their children¹².

- Mothers' health is very important in pregnancy and the early years of childhood. The UK has the fourth highest infant mortality rate among developed countries. The stress experienced by pregnant mothers through poverty produces hormones that adversely affect unborn children. Stress in early life, both in the womb and early childhood, has a big influence on people's health throughout their lives.
- How well children do at school is affected by the degree of inequality in a society. Children who suffer from the stigma of relative poverty tend to do worse, and the effects are greater where there is greater inequality. Performance is poorer in more unequal societies, where children are more likely to drop out of school.
- Mental illness in children has increased since the 1960s, when society was much more equal. Reports of high mental illness rates described in the Daily Mail and other newspapers show that one million children between the ages of five and sixteen suffer from mental illness. In any secondary school of 1000 pupils, 50 will be severely depressed, 100 will be distressed, and between five and ten girls will have an eating disorder.
- Children's physical health suffers – the World Health Organisation reports that nearly a quarter of children are badly overweight in the UK, compared to 7.6% in the Netherlands, a much more egalitarian society. Childhood obesity is now so serious that it is widely expected to lead to shorter lives for today's

The UK has the fourth highest infant mortality rate among developed countries

The proportion of teenage girls becoming pregnant is higher in more unequal societies and increases as inequality increases

children – average age at death, which has been rising since Victorian times, will start to decline.

- The proportion of teenage girls becoming pregnant is higher in more unequal societies and increases as inequality increases. The UK has the second highest rate of teenage pregnancies out of the 21 most developed countries for which comparable figures are available.

At the age of five, children of lowest paid families are already a year behind in terms of development than those who are better off



Social mobility – which are the true lands of opportunity?

“... inequality and social mobility are the product of an education system and an economy which works for too few. So, if we are serious about creating new opportunities for all the working people of this country, then we must be serious about inequality itself.”

Ed Miliband, speech to the Sutton Trust 21 May 2012

Many people favour greater equality of opportunity, but are less concerned about greater equality of wealth and income. The idea is that inequality does not matter if poorer individuals can improve their position by their own efforts. But the evidence shows that social mobility is lower in unequal societies – it is more difficult to get ahead.

“If you are born poor in a more equal society like Finland, Norway or Denmark then you have a better chance of moving into a good job than if you are born in the United States. If you want the American dream – go to Finland.”

Ed Miliband, speech to the Sutton Trust 21 May 2012

Norway, Sweden, Denmark and Finland have the highest rates of social mobility and are among the most equal of developed nations. The USA, once known as the land of opportunity, has the lowest level of social mobility recorded, followed by the UK. Social mobility is also declining in both. In both countries social mobility increased as differences in income decreased after the Second World War, then declined as the income gap widened from the nineteen eighties onwards.

There are many links between inequality and low social mobility:

- If upward social mobility is pictured as climbing a ladder, the rungs are further apart and harder to climb in more unequal societies.
- Elites tend to be self-perpetuating. Better-off families are able to give greater advantages to their children, from infancy to university and beyond. At the age of five, children of lowest-paid families are already a year behind in terms of development than those who are better off¹³. There is “an enormous disparity in children’s home background in terms of the social and cultural capital they bring to the education table”.
- The extent of private education is key – it represents nearly a third of educational expenditure in the USA, but only 2% in more equal Norway. It is hard to believe that private education does not bring career, income and status advantages.
- In more equal societies, there is a weaker link between the extent of the parents’ education and their children’s literacy – how well you do

educationally (and therefore socially) does not depend as much on how well your parents did.

- There tends to be poorer welfare provision in more unequal societies, and hence less help from outside the family to help poorer people get ahead.

Few would argue that inherited advantage can be eliminated altogether, but the low levels of social mobility in the UK are not inevitable, as we can see from the contrasting outcomes in other countries at otherwise similar levels of development – and from the fact that the UK had greater social mobility when it was more equal. People get ahead more easily in more equal societies.

Homicide rates in the US went up with an increase in inequality



Crime and Punishment

“Homicide rates are lower and children experience less violence in more equal societies”

Richard Wilkinson, Equality Trust website

More equal societies have less crime and punish less severely.

- The link between inequality and murder has been shown in some 40 studies. The USA, very unequal, has approximately 64 homicides per million people per year, compared with Japan, the most equal society, at five per million. Homicide rates in the US went up with an increase in inequality, declined

There are lower imprisonment rates in more equal societies

slightly in the mid nineties as inequality levelled off, and increased again when inequality started to increase.

- The USA imprisons people at 14 times the rate of Japan, the UK some five times. In the UK, despite fewer crimes, imprisonment rates have been climbing steadily for decades. In the USA, only about 12% of the growth in prison population is due to an increase in crime. Most of the rise is due to more severe sentencing. Severe sentencing is more likely where social distances are greater and there is a greater sense of 'them and us' – where people are more afraid and social attitudes are harsher. There are lower imprisonment rates in more equal societies, including more equal states in the US, and more emphasis on training and rehabilitation, resulting in lower re-offending rates.

People trust each other less in more unequal societies



Trust and Community

“People in the richest countries are not necessarily the happiest, particularly when they suffer from low levels of social contact, trust in others, or low personal safety.”

OECD, 2011

People trust each other less in more unequal societies. Inequality undermines the sense of community – people’s lives are so different that a feeling of common citizenship becomes more and more difficult. Greater income inequality increases status competition and provides fertile soil for the growth of mistrust and isolation.

In countries with the lowest levels of inequality, trust levels are five times higher and involvement in the community is much higher than in the least equal.

Governments have increasingly realised that social cohesion, trust, and involvement in community life are essential to a functioning society. “The Big Society” has been prominent in the rhetoric of the present Government, which looks to voluntary effort to replace public services abolished or reduced as part of its austerity programme.

Such efforts work better in more equal societies in which people trust each other; however, Britain scores sixth lowest on trust out of the 23 most developed countries. People trust each other most in the Scandinavian countries and the Netherlands. In countries with the lowest levels of inequality, trust levels are five times higher and involvement in the community is much higher than in the least equal.

Many leading economists regard growing inequality as one of the main causes of financial crashes



The Economy and Democracy

It is clear that any prosperity generated over the last few decades has not been divided fairly. The very rich continue to grab the lion's share, while most people's wages are stagnating. The UK has entered a double-dip recession, spending on public services is being cut, and loans for business are drying up.

Some argue that inequality is the price we have to pay for a thriving economy. But the economy is not thriving¹⁴. Many leading economists, including advisers

The evidence suggests that greater inequality means that growth is more punctuated by periods of recession

to the International Monetary Fund, regard growing inequality as one of the main causes of the financial crashes in 1929 and 2008. The evidence suggests that greater inequality means that growth is more punctuated by periods of recession.

All the countries listed in Section III run their economies using a similar capitalist system. But companies only remain profitable if there is a demand for the goods and services they offer. Most companies produce goods or services for the general public – houses, clothes, household goods, foodstuffs, insurance. When wealth is concentrated in the hands of fewer people, demand falls – the rich might buy luxury goods, but not enough of the things that most companies offer.

Increasing inequality means that many can no longer afford to consume, or can only do so by getting into too much debt, as in the US subprime mortgage crisis that sparked off the recession. Borrowing works for a while, but not for ever. Where no one can borrow any more money, goods and services cannot be sold, factories and businesses close, jobs are lost, and the world goes into recession.

Over-concentration of economic power distorts democracy – wealth buys government through campaign contributions, lobbying, and the revolving door system, where retiring senior politicians and civil servants can step into well paid jobs in the private sector because of their inside knowledge and good contacts.

Inequality is not just a problem for the poor – in many ways, better off people do worse in more unequal societies.



The Rich and Inequality

Inequality is not just a problem for the poor – in many ways, better off people do worse in more unequal societies. Crime rates are higher, so there is more chance of being robbed, trust is lower, it is harder to mix with poorer people because their lives are so different, and health may suffer. A rich person is much more likely to be the victim of crime in the US than a rich person in Denmark and their life expectancy is lower than in Japan and other more equal countries.

A country where people trust each other, where the population is healthier and where the minority are not seen as benefiting at the expense of the majority is simply a better country for everybody.

A rich person is much more likely to be the victim of crime in the US than a rich person in Denmark and their life expectancy is lower than in Japan and other more equal countries

IV

● What are the links?

Most problems modern societies face increase in line with inequality more than with any other possible factor. This is not just coincidence – inequality is a major cause.

As social animals, human beings are very much affected by their relative position in the social hierarchy. As we have seen, some 200 medical studies have examined the link between lower status and stress. Threats to self esteem and status produce more of the stress hormones such as cortisol which increase blood sugars, suppress the immune system, and damage health.

If there is extreme inequality, people tend to feel more anxiety about their own status and threats to it, leading to a divisive ‘us and them’ attitude. The importance of good social relationships in maintaining health and wellbeing is well recognized, but these are more difficult where inequality is higher.

It is a truism that children who are expected to do worse at school generally do so. Similarly, where individuals are seen as having lower status, this can in turn affect their wellbeing and actions. They may be more likely to develop anxiety and lower self-esteem; take up counterproductive strategies such as comfort eating, leading to obesity; and be more disposed to violence and anti-social behaviour. Lack of a stake in society (“bumping along the bottom”) was one of the major causes of the 2011 riots, according to a study set up by the government¹⁵.

V ● How can inequality be reduced?

“...initiatives aimed at tackling health or social problems are nearly always attempts to break the links between socio economic disadvantage and the problems it produces”

(The Spirit Level, 2010, p239)

The evidence shows that inequality is behind most social problems. If inequality is lower, the problems are less severe. Attempted solutions that focus only on individual behaviour are doomed to at least partial failure – they do not change the circumstances that lie behind the problems. For example, it is not enough to improve people’s skills if there are no jobs to be had, or to expect them to become healthy solely by changes in diet if their illness is mainly brought on by external stress.

The reduction of inequality is thus a powerful tool for policy makers to deal with a whole range of social problems. Extreme inequality is not inevitable. The US

Attempted solutions that focus only on individual behaviour are doomed to at least partial failure – they do not change the circumstances that are behind the problems

and UK used to be much more equal and could be again.

Until recently, inequality has not made the headlines, but now leading politicians from both right and left claim to recognize how destructive it is. There has been a change in opinion – inequality is no longer seen by most people as just one of those things. However, although many recognize the problem, actions to do something about it are slow to emerge.

Policy Options

Decreasing the wage gap

Income inequality arises first and foremost in the workplace and it is there that the remedies must start.

- *Introducing low pay ratios* – The government, local authorities and other public bodies can make sure their pay structure keeps to a low pay ratio and can also encourage employers in both the public and private sectors to adopt low pay ratios, transparency, and other codes of best practice. Government and local authorities can contractually oblige firms paid by them to keep to a low pay ratio – in some firms with public funding the chief executive gets 300 times the pay of the lowest paid worker¹⁶.
- *Paying a living wage* – In-work poverty is rising. Introducing a living wage would counteract this growing injustice.
- *Restricting top pay rates* – Moves to enable shareholders to prevent exorbitant top pay rates should be supported.
- *Promoting trade union and employment rights* – Extending industrial democracy, worker representation, co-ownership, and other measures

Income inequality arises first and foremost in the workplace and it is there that the remedies must start

will reduce workplace inequality. Trade unions have an important role in improving wage levels for union and non-union members alike. Higher wages mean more spending power. Over the last thirty years, a lower and lower proportion of national income has gone to the majority of workers. Effective unions can raise this proportion, reducing the share going to those already extremely well off. Their work can benefit the entire society, not just union members.

Reforming the tax system

Reforming the tax system can produce greater equality through:

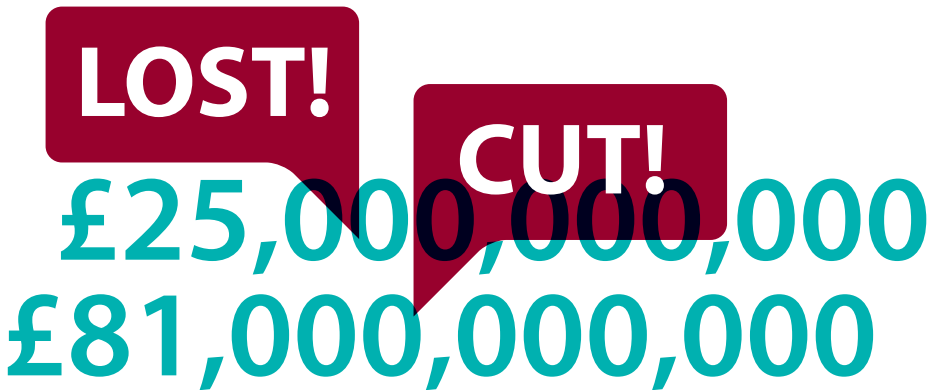
- Increasing inheritance and property tax
- Introducing more progressive taxation policies
- Reducing tax relief on pensions contributions for the highest earners
- Cracking down on those operating through tax havens to eliminate tax evasion and reduce tax avoidance.

“Osborne’s budget cuts will hit Britain’s poorest families six times harder than the richest”

High Pay commission, quoted Guardian 27/06/10

Improving Public Services

Public services have a massive effect on increasing the wellbeing and opportunities of the worse off. For example, reducing the cost of university education for those who cannot afford it, and increasing the supply of good affordable housing can have a wider impact on levels of inequality. Child wellbeing in the UK is lowest among the leading developed countries and services that improve the lives of poorer children are particularly important.



£25 billion lost to UK Treasury due to tax avoidance in 2008.
£81 billion to be cut from the public sector over four years.

TUC/Tax Justice Network

VI ● Conclusion

“Understanding the effects of inequality means that we ... have a policy handle on the wellbeing of whole societies.”

(The Spirit Level, 2010, p33)

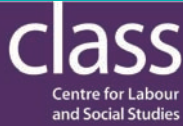
There is a mass of evidence about our society that offers a simple, if not easily accomplished, approach to the reduction of many of our present ills through the pursuit of greater equality.

There are different routes: in the Scandinavian countries, there is considerable state intervention; in Japan, much less. Both are far more equal societies than Britain, and suffer less from social problems, showing that reduction of inequality can be achieved by a variety of approaches. It is not the preserve of any one political philosophy.

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8. For example: **Adair Turner**, Mansion House speech (22.09.2009); **Mervyn King**, Daily Telegraph (5.05.2011).
9. The evidence is from bodies such as the **United Nations Children’s Fund (UNICEF)**; **the World Bank**; **the World Health Organization (WHO)**; **the United Nations**; **the Organization for Economic and Cultural Development (OECD)**; and from peer reviewed research. Only information that is well tested and strictly comparable is used.
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Class

The Centre for Labour and Social Studies (Class) is a new trade-union based think tank established in 2012 to act as a centre for left debate and discussion. Originating in the labour movement, Class works with a broad coalition of supporters, academics and experts to develop and advance alternative policies for today.

www.classonline.org.uk

The Equality Trust

Professors Richard Wilkinson and Kate Pickett, and Bill Kerry founded The Equality Trust to promote the ideas in The Spirit Level and to take action to achieve its aims. Thousands of people across the world have formed local groups in support. The website gives details of what the Trust and the local groups do and how to join in. More ideas for a fairer and more just society can also be found at www.onesociety.org.uk, the sister organisation of The Equality Trust.

www.equalitytrust.org.uk

My Fair London

The My Fair London Group is associated with The Equality Trust and is a group of volunteers who campaign to make London a fairer city with greater income equality.

www.myfairlondon.org.uk

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