

## The facts & the fixes:

# Inequality

**In brief:** There is a huge amount of evidence that inequality in Britain is extreme and increasing, which is harmful for both the economy and the society.



# What can we do to address inequality in the UK?

There is a major difference between politicians saying they want to end inequality and having the policies to achieve it. The connections between the different causes of inequality mean we need a bold package of interventions targeting the root causes. Here are six policy fixes to get us started.

**1 — Rebuild the link between economic prosperity and wages.** GDP growth is not an accurate reflection of the living standards of the UK population. The government needs to establish a Ministry for Labour to rebuild and promote collective bargaining structures to improve workers' wages and terms and conditions. The Trade Union Act 2016 needs to be repealed.

**2 — A fairer, more progressive tax system.** The government needs to strengthen legislation and coordinate more progressive income and wealth taxes, establish a Land Value Tax and shift the tax burden onto environmentally unfriendly activities.

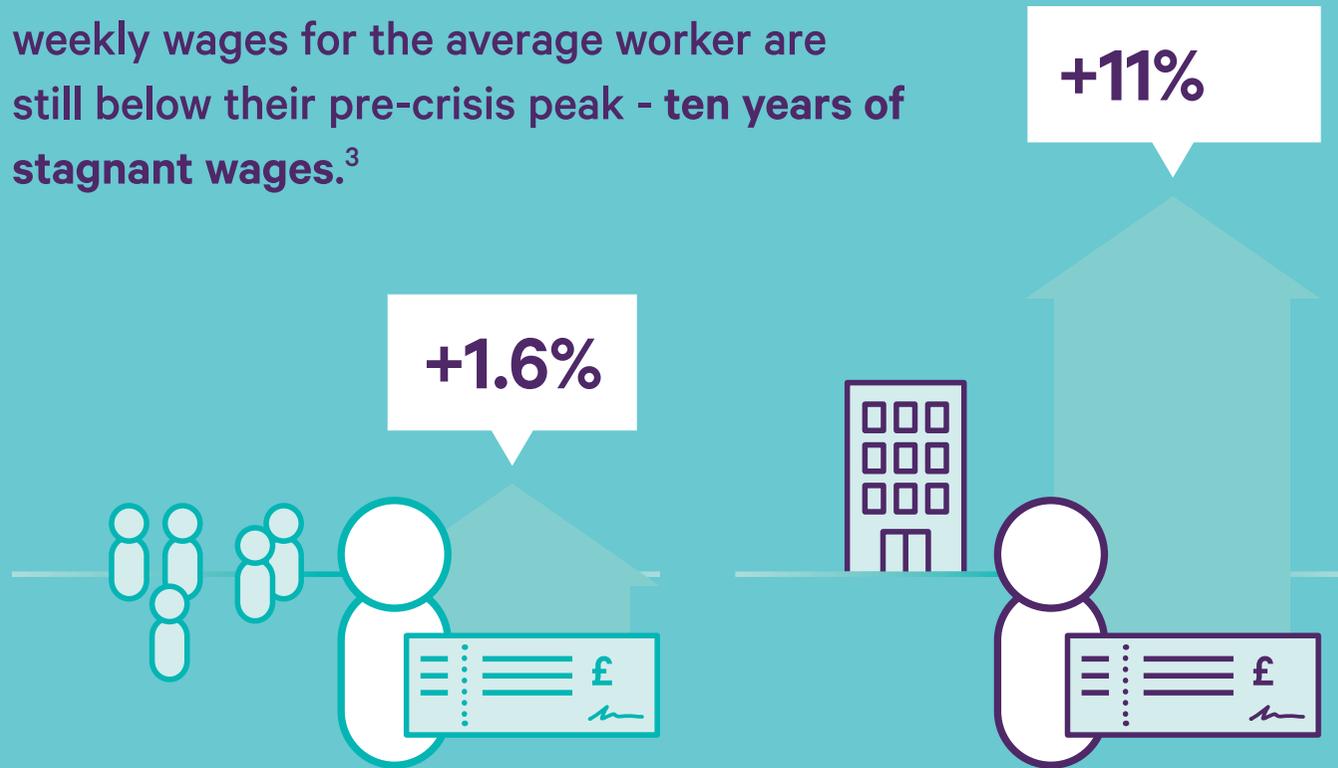
**3 — Universal provision of high quality, affordable childcare.** High quality childcare can transform children's life opportunities and help to address unequal starting points. We need public funding for childcare to lower household bills, increased standards of training and qualifications and better working conditions for childcare workers. Policy needs to recognise the public value of good social care.

**4 — Access to valued, high quality careers for all.** To tackle polarisation, which is disproportionately affecting young workers, we must consider ways to rebuild the middle of the labour market. This must include skills development opportunities and good work for non-graduates. Currently too many people are stuck in low paid work with little prospect for progression. There is a crucial role for localised further education, with decent training and employment links.

**5 — Build affordable housing and restrict buying to UK taxpayers.** The housing crisis is a problem of both supply and demand. Housing wealth is now a key driver of inequality and prime real estate has become an asset for the international elite. We desperately need new and truly affordable housing alongside a land value tax, and end to the sell-off of public land, and re-balance our economy in favour of the regions.

**6 — Abolish our two tiered education system.** Around a third of MPs are privately educated.<sup>1</sup> Over half of the UK's journalists, doctors and barristers were all also educated at private schools.<sup>2</sup> The persistent power and influence of private schools over much of public life needs to be dramatically reduced. Removing private schools' tax exemption is a start however the ultimate goal should be to abolish these institutions.

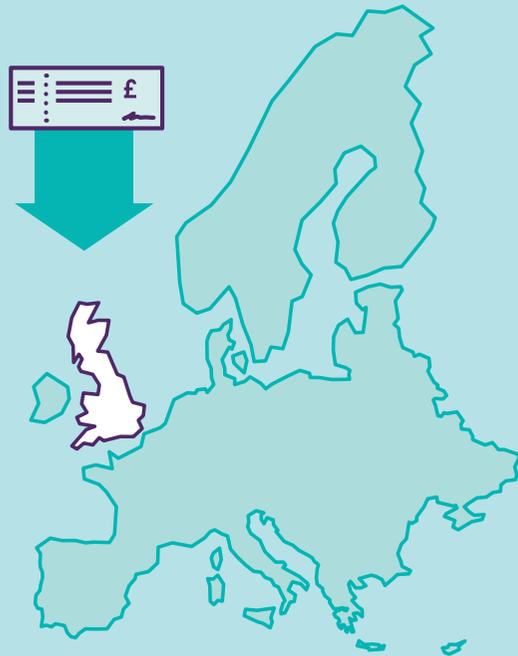
Between 2016 and 2017, median pay for chief executives of large companies rose by 11% from £3.53 million to £3.93 million. Meanwhile, weekly wages for the average worker are still below their pre-crisis peak - ten years of stagnant wages.<sup>3</sup>



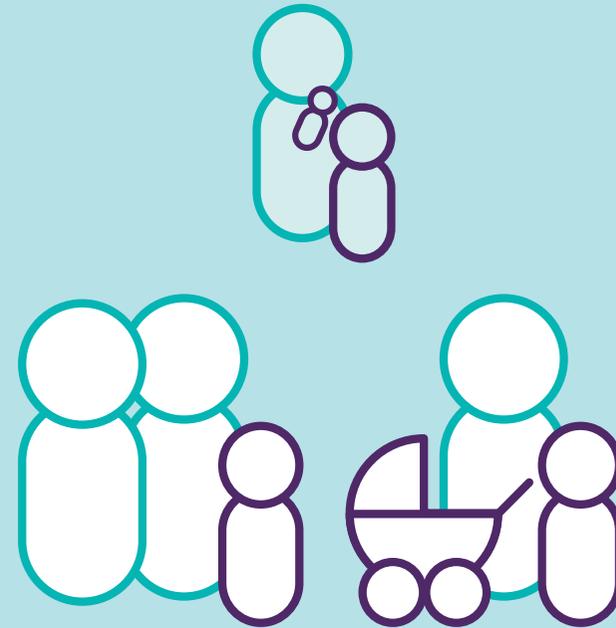
From 2017 to 2018, the combined wealth of Britain's 1,000 richest people increased by £66 billion. Their total wealth is significantly greater than that of the entire bottom 40% of the population.<sup>4</sup>



Despite already being one of the most unequal countries in Europe, **income inequality is continuing to rise amid ongoing cuts to benefits and stagnant wages.**



**Two-thirds of children in poverty in the UK are now growing up in a household where someone is working.<sup>5</sup>**



Between April 2017 and March 2018, the Trussell Trust gave out 1,332,952 emergency three day food packages, of which 484,026 went to children. This represents a 13% increase on the previous year and a record number of packages distributed.<sup>6</sup>

13%



Government cuts since 2010 have had a disproportionate impact on at the bottom end of the income distribution. **Women, ethnic minorities and those with disabilities have all been the hardest hit** while the richest households have been largely untouched.<sup>9</sup>



---

House prices are rising much faster than average wages. Full time workers could expect to pay **7.8 times their annual workplace-based earnings** on purchasing a home in England and Wales in 2017.



---

**The Bank of Mum and Dad is now the ninth biggest mortgage lender** in the UK. The gap in home ownership between young people whose parents own property themselves, and those who do not, is growing.<sup>9</sup>



---

The **poorest 10%** of households paid on average **49%** of their income in tax in 2017-2018. The **richest 10%** of households paid on average **34.4%** of their income in tax.<sup>8</sup>



---

Inequalities in health result in around **1.3 million to 2.5 million years of life lost per annum** and inequality in illness costs the UK economy around £31-33 billion annually.<sup>10</sup>



## References

1. Montacute, R. and Carr, T. (2017) Parliamentary Privilege – the MPs 2017. London: The Sutton Trust.
2. Social Mobility Commission (2017) ‘Time for Change.’
3. Sikka, P. et al. (2018) Controlling Executive Remuneration: Securing Fairer Distribution of Income. House of Commons
4. The Equality Trust (2018) ‘UK Rich Increase Their Wealth by £274 billion Over Five Years.’
5. Joseph Rowntree Foundation. (2018) UK Poverty 2018.
6. The Trussell Trust (2018) ‘End of Year Stats.’
7. Portes, J. and Reed, H. (2018) ‘The cumulative impact of tax and welfare reforms.’ EHRC
8. Oxfam (2019) ‘Public Good or Private Wealth?’
9. Clarke, S. and Wood, J. (2018) House of the rising son (or daughter): the impact of parental wealth on their children’s home ownership. Resolution Foundation.
10. Kennedy, L. (2018) Tackling Inequality: The Role of Trade Unions, CLASS.

---

[www.classonline.org.uk](http://www.classonline.org.uk) / [info@classonline.org.uk](mailto:info@classonline.org.uk) / [@classthankeank](https://twitter.com/classthinktank)

020 7611 2569 / 128 Theobalds Road, London WC1X 8TN