Dorling, D. (2025) How to Transform an Unequal Britain, Mark Perryman (Ed.)
The Starmer Symptom, London: Pluto Press, pp.155-169. (Proof).

How to Transform an Unequal Britain

Danny Dorling

When Keir Starmer became prime minister, he promised 'change', and this promise was beefed up in his 2024 Christmas message with his six promises:[1]

1. 'More money in the pockets of working people' – This could be interpreted as more than the future rise for the middle-class, hence lowering income inequalities. It could be interpreted as more than inflation, so increasing living standards. It was not clear.
2. 'Building 1.5 million homes and fast-tracking planning decisions on at least 150 major infrastructure projects' – No change from his previous promise of the '40 new hospitals' kind, but it might become an actual change. It's a promise to speed up decisions to make the decisions of whether something may be allowed.
3. 'Treating 92% of NHS patients within 18 weeks' – It is worth comparing this to the ambition of the 1945 Labour government: creating an entire National Health Service from scratch out of the then mess of charity and private healthcare existing provision.
4. 'Recruiting 13,000 more police officers, special constables and Police Community Support Officers in neighbourhood roles' – This is a very technocratic solution to the breakdown of community cohesion and the disorder this can generate. It amounts to more people walking around in a variety of uniforms, some of them on our streets.
5. 'Making sure three-quarters of five-year-olds are school-ready' – Why not all of them? Or why not school at age six, as elsewhere in Europe? And there is very little detail on how struggling

families with children under age five will actually be helped, including helped to have hope.

6. '95% clean power by 2030' – This is the promise the far right attack the most. As Nigel Farage said at the time: 'I think net zero is going to be an absolute catastrophe, electorally, for Labour.'[2] Starmer could have said 'affordable clean power'.

Contrast the above list to what Labour succeeded in enacting in 1945 after the 1942 Beveridge Report, in which Beveridge was clear that the minimum benefits he proposed 'should be given as of right and without means test, so that individuals may build freely upon it' and that 'no means test of any kind can be applied to the benefits of the scheme'.[3] Or contrast it to the list that Gordon Brown produced in his Leader's Speech to Labour Party Conference in 2009:

> If anyone says that to fight doesn't get you anywhere, that politics can't make a difference, that all parties are the same, then look what we've achieved together since 1997: the winter fuel allowance, the shortest waiting times in history, crime down by a third, the creation of Surestart, the Cancer Guarantee, record results in schools, more students than ever, the Disability Discrimination Act, devolution, civil partnerships, peace in Northern Ireland, the social chapter, half a million children out of poverty, maternity pay, paternity leave, child benefit at record levels, the minimum wage, the ban on cluster bombs, the cancelling of debt, the trebling of aid, the first ever Climate Change Act; that's the Britain we've been building together, that's the change we choose.[4]

A cynic replies: A winter fuel allowance would not be required in a country with a decent social security system. We wait months, years even, for hospital appointments when our health service was once the best in the world. University student numbers increase. University management can profit by taking more, and never mind the declining quality of education provided in return, or the mounting student debt. Half a million children can be taken out of poverty, but by such a small margin that neither they nor their families notice the difference.

Gordon Brown claimed, in much the same way that Keir Starmer and Rachel Reeves now do, that almost all good only comes from economic growth:

> Growth is progress. Growth is what has given the world the tablet you're reading this book on, the medicines by your bedside, the economic breakthroughs that have lifted billions out of poverty.[5]

That claim of Brown's appeared in *Permacrisis: A Plan to Fix a Fractured World*, a book he authored alongside Mohammad El-Erian (chief economic adviser at Allianz, the corporate parent of the Pacific Investment Management Company) and Michael Spence (who in 1999 joined Oak Hill Capital Partners, a private equity firm headquartered in New York City with more than $19 billion of committed capital). Brown and his co-authors, of course, were wilfully missing out **what is achieved when 'growth' is not the aim (by those not driven by profit)**. A former Labour chancellor of the exchequer and Prime

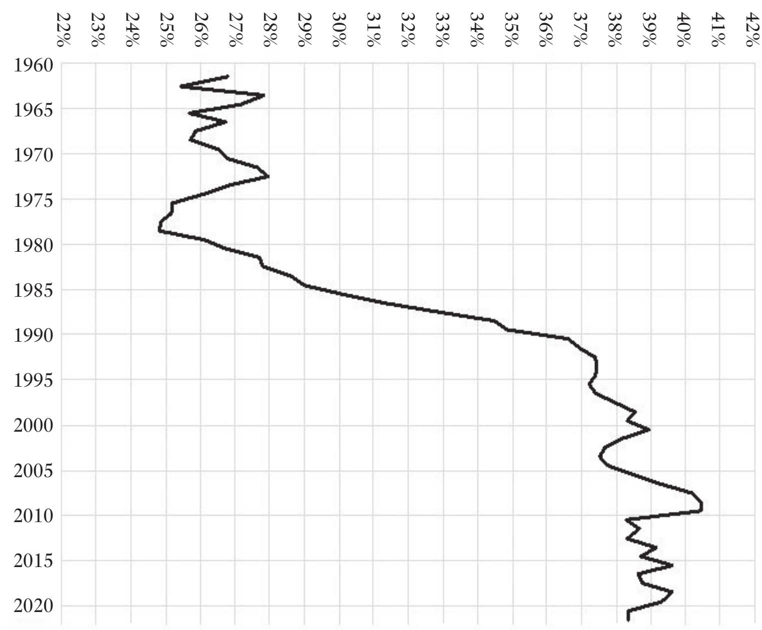

Figure 1 Gini coefficient of income inequality after housing costs, UK, 1960–2021 (0–100%)

minister whose politics were so often positioned as 'Brownite' rather than full-on modernising 'Blairite' really shouldn't need reminding by their book's reviewer:

> They assume the development of a tablet computer is due to economics rather than developments in universities and other state-funded bodies which created the micro-components that enable a computer to be transmuted into tablet form. Computers, and electricity before that, were not products of 'the market' but technological inventions that have been marketised.[6]

If Keir Starmer wants to aim for a target that is far easier to achieve than he may realise, he should say he wants to reduce economic inequalities by a greater amount than either of his immediate forebears as Labour prime ministers, Blair and Callaghan, managed (see Figure 1).[7] But to do so means breaking with their, and his, fixation on a model of economic growth that contributes next to nothing toward such a reduction. More often than not, it does the reverse.

AN UNEQUAL BRITAIN

> [Income] inequality harms us all and lies at the root of our escalating environmental, health and social crises. ... greater income inequality is particularly bad for the climate ... nations with high levels of equality have the greatest focus on reducing carbon emissions, while the richest 10% of the population are responsible for more than half of all global emissions. ... [income] inequality impacts every aspect of society, including our economy, ... the UK's record on child poverty in recent years is not an aberration, but what is expected in a country this unequal.
>
> (Richard Wilkinson and Kate Pickett[8])

Economic income inequality is the driver of more social ills than any other single factor. Income inequality is far more damaging than wealth inequality. This may be because in countries with low income inequality and high wealth inequality, the wealthy mainly simply store their wealth or invest it, but take less of it as a dividend or an income, and are less profligate.

The difference between income and wealth is often misunderstood. Income is the flow of money – how much we receive in a year, in many cases from employment, in other cases from a mix of employment and social security payments, and in a smaller number of cases solely from social security payment or as payments from the interest on wealth. The latter tend to be two extremes, but neither case are they actually employed. Thus, it is not possible to think that somewhere a trickle down of taxation from growing wealth will help greatly. For a country to function well, people need to live more similar lives to each other, and that is only possible when we all have similar incomes.

LEARNING THE RIGHT LESSONS

The lower harm caused by inequality in wealth can be seen by several European countries having a good social outcome: low income inequality but high wealth inequality. This may be because inequalities in wealth are less important if the wealthy are not permitted to dominate society. In European countries with high wealth inequality but low income inequality, the wealthy are, in effect, being held in check. In particular, their income from wealth is more likely to be taxed. The strongest evidence that they are held in check is that they fail to get the politicians the wealthy would usually prefer into power, and as a result, rates of taxation remain strong, public services are well funded and income inequalities are kept low.

Norway, Sweden, Iceland, Finland and Denmark form a set of countries with relatively high wealth inequality but low income inequality. However, there are now five countries within the EU which have lower income inequality than the Nordic countries (Slovak Republic, Slovenia, Belgium, Czech Republic and Poland), and another five (Luxembourg, Croatia, the Netherlands, France and Germany) with income inequalities almost as low as the Nordic five.[9] Right across Europe, these countries of varying political makeup enjoy remarkably high income *equality*. All are dramatically more equitable than the UK; in most of these 15 European countries, income inequality continues to fall.

The UK is an exception. It is very different to most of mainland Europe now. This is not just because of the fact that the UK is the most economically unequal state in Europe, on a par with Bulgaria when income inequality is the measure used. The UK is now also a state becoming poorer – and becoming poorer faster than any other state in Europe. A few years ago, we learnt that the poorest fifth of people living in the UK were now poorer than most of the poorest fifth of people living in post-1989 Eastern Europe.

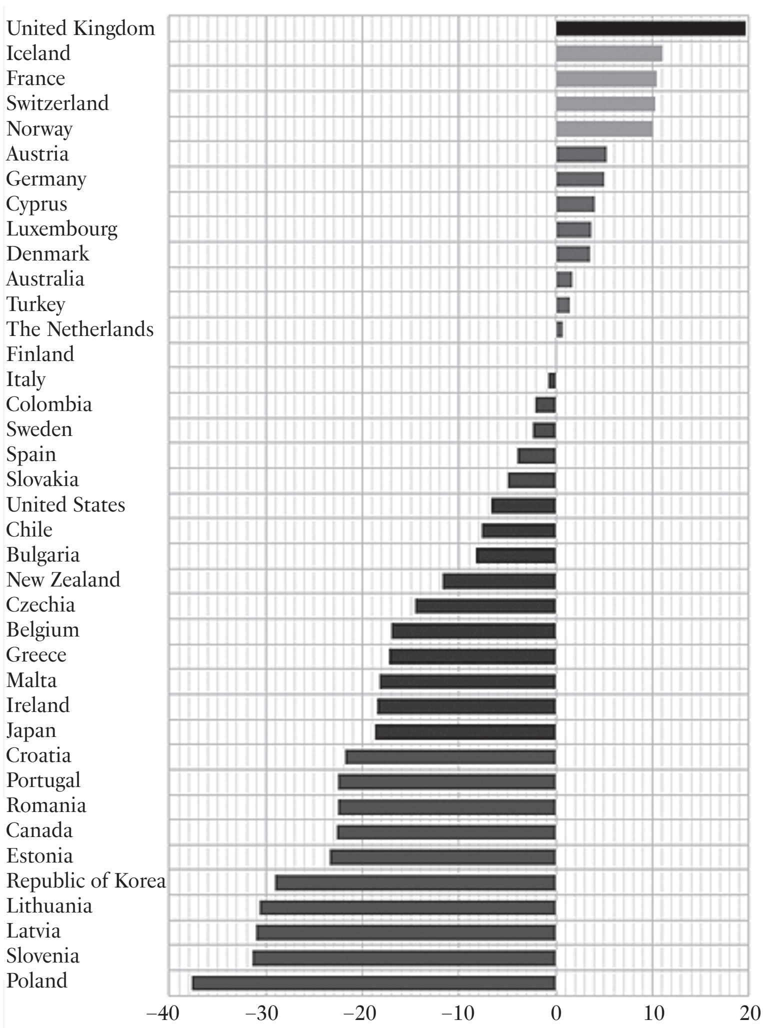

Figure 2 Changes in child poverty rate, 2012–14 to 2019–21 (%)

In 2022, the International Monetary Fund pointed out that Estonia and the UK were the two countries in Europe where living costs for the poorest 20% of households were set to rise by about twice as much as those for the wealthiest.[10] Also in 2022, John Burn-Murdoch wrote in the *Financial Times*: 'On present trends, the average Slovenian household will be better off than its British counterpart by 2024.'[11] And in 2023, Stephanie Flanders, head of Bloomberg Economics, explained that in the UK, 'the poorest fifth of the population are now much poorer than [in] most of the poorest countries in central and eastern Europe'.[12] The UK is now a peripheral, poor European country where life for most people has been becoming worse since 2008 and especially so for children. Figure 2 shows the very latest changes in one United Nations (UN) measure of the rate of poverty in children in the UK. The rate has risen by more than in any other country the UN examined between 2012 and 2021.

It is worth reiterating that the graph in Figure 2 shows the rate of change in child poverty in all the countries the UN compared.[13] The UK stands out. It is worse when we realise that the countries just below it in the graph (Iceland, France, Switzerland and Norway) started the period the graph covers with much lower rates of child poverty, so their increases of around 10% are an increase after having achieved a much better base low level of child poverty. Table 1 shows that, even after the rise, Iceland still has the sixth lowest rate of all UN countries. France still is lower than the UK (but only just), Switzerland is much lower, and Norway the fifth lowest of all.

It is not just that life has become worse for most working-class people, or most part-time workers, or for the unemployed. It has been becoming worse for most people overall. Take civil servants, for example. Senior civil servants have seen their real rate of pay fall by 25% since 2008; for junior civil servants, it fell by 12%. Child poverty will have risen by more among the children of junior civil servants despite the smaller fall, as more of them are near the poverty line. If civil servants do not live with a partner in work, have high housing costs or more than one child, it is not hard for them to find themselves living in poverty despite their employment. Many other groups of workers are affected even more seriously.

Table 1 shows the proportion of children said to be living in poverty in 2019–21 by the UN measure. The percentage in the UK has been rising higher than any other country. It is also worth noting that this is an international measure. The local measure we use within the UK is higher still: nearly one child in three, with many children living only just above that level. Slightly more than one in three children in the UK no longer have any summer holiday at all (or any holiday all year).

Of course, it is not just children who suffer from poverty caused mainly by such high inequality, but all ages. For example, by 2021, according to official figures, some 2.1 million (18%) of pensioners in the UK lived in poverty. The poverty rate among pensioners rose after 2013–14, when 1.6 million (14%) lived in poverty. And as Age UK explained when it reported these figures:

> Some groups are at particular risk – 38 per cent of private tenants and 36 per cent of social rented sector tenants, live in poverty compared to 14 per cent of older people who own their home outright. 33 per cent of Asian or Asian British pensioners and 30 per cent of Black or Black British pensioners, are in poverty compared to 16 per cent of White pensioners.[14]

In the UK, the harmful effects of very high inequality and widespread poverty are felt even by the well-off, who tend to live lives surrounded by much more paranoia than the well-off do in more equal parts of Europe. In the rest of Europe, there is nowhere else where the rich try so hard to segregate and separate their children from others. Private schooling is one example: nowhere else in Europe is so much spent on private schools to ensure children do not mix with other children (the key word is 'private'). There is nowhere else where neighbours are so segregated from one another, nowhere where geographical segregation by income is so high, where regional inequalities are so great, where class differences are so extreme. No wonder so many of the very well-off in the UK are so scared of giving even a little away of their wealth. We do have the contrast of the 'patriotic millionaires' initiative, but they are just a couple of dozen millionaires and multimillionaires. The many thousands of other multimillionaires that have chose not to endorse these beliefs show just how great their fear of sharing has become.

Table 1 Child poverty rates

Rank	*Country*	*% of children in poverty*
1	Denmark	9.9
2	Slovenia	10.0
3	Finland	10.1
4	Czechia	11.6
5	Norway	12.0
6	Iceland	12.4
7	The Netherlands	13.5
8	Poland	14.1
9	Ireland	14.8
10	Japan	14.8
11	Estonia	14.8
12	Belgium	14.9
13	Germany	15.5
14	Cyprus	15.6
15	Republic of Korea	15.7
16	Latvia	16.3
17	Croatia	16.6
18	Australia	17.1
19	Canada	17.2
20	Sweden	18.0
21	Switzerland	18.0
22	Lithuania	18.3
23	Slovakia	18.9
24	Austria	19.2
25	Portugal	19.3
26	Malta	19.8
27	France	19.9
28	**United Kingdom**	20.7
29	New Zealand	21.1
30	Chile	21.6
31	Greece	22.3
32	Luxembourg	24.5
33	Italy	25.5
34	Bulgaria	26.1
35	United States	26.2
36	Spain	28.0
37	Romania	29.0
38	Türkiye	33.8
39	Colombia	35.8

Source: *Child Poverty in the Midst of Wealth* New York, UNICEF December 2023

WILL THIS LABOUR GOVERNMENT SPARK SUFFICIENT CHANGE?

The short answer is 'no', because the longer we choose to tolerate living with very high income inequality and high child poverty, the worse the long-term effects are. Keir Starmer and Rachel Reeves have promised change coupled with stability, which will simply serve to perpetuate instability and continued pain.

In the summer of 2024, *Guardian* columnist Polly Toynbee wrote: 'I will eat my hat – or several – if Keir Starmer and Rachel Reeves don't get rid of the two-child cap soon.'[15] On the *Guardian* letters page, one reply to Toynbee read: 'As a grandad with less hair than he used to have, I have a number of tasteful hats. I'll be keeping the tastiest one for her.'[16] By the autumn, Toynbee was becoming worried that she might have to eat her hat, writing: 'Time is ticking for Labour to scrap the two-child limit – and then make Britain a welcoming place for children again.'[17] The stark fact is that nothing of any substance is being offered that will actually lift a single child or pensioner or working-age adult out of poverty, and nothing is being proposed that will reduce the gross inequality that underlies such high rates of poverty.

STABILITY OR RUPTURE?

During the General Election Keir Starmer made the oxymoronic promise of 'change and stability'.[18] However, it is impossible to have sufficient of the former while still maintaining an abundance of the latter. Any change to effect a transformation of an unequal Britain requires at least some destabilising of the vested interests of the rich and the greedy that caused, and preserve, the terrible state we are in. These vested interests in Britain have historic underlying antecedents, subsequently supercharged and expanded by a neoliberal globalisation. However, neither factor entirely explains why the UK is such a very unequal society. The callousness of successive governments matters, governments made of up all major political parties: Conservative, Labour and Liberal Democrat. Successive British governments have tolerated inequality. One reason is the revolving door through which our top politicians almost invariably enter jobs in the finance industry, big tech or something even more lucrative upon leaving office. A Labour government entirely committed to transforming an unequal Britain would make a big difference. But it would not feather the future personal nests of the families of the leading Labour politicians.

This government can act if it chooses to do so, has the will to face down those who resist, and can cast aside the personal ambitions of so many minsters to have lucrative future jobs. There are simple measures that could be rapidly introduced to mitigate resistance. The policy solutions currently being used in Scotland by the Scottish National Party (SNP) are a model. These include measures which have reduced child poverty to the lowest levels across the UK. These are affordable, and could be reproduced across the rest of the UK. The rent controls introduced in Scotland by the SNP can be implemented just as effectively in England and Wales. The SNP has been a party that combines its civic nationalism with moderate social democracy. Labour in Scotland has mostly supported it in these polices – if not loudly. It must be more than a little embarrassing to be in the Labour Party in Scotland and watch another party do what Labour was originally set up to do.

As the Joseph Rowntree Foundation reported in January 2025:

> SCOTTISH PROGRESS ON CHILD POVERTY
> 'TO OUTSTRIP REST OF UK'
>
> Scotland's child poverty rate could fall to 21.8% by January 2029 from the current rate – believed to be 23.7%, according to forecasting data.[19]

By contrast, the Joseph Rowntree Foundation expects that, given current policies, England's child poverty rate, as measured by UK official measures, will rise from 30.8% to 31.5%.

IN THE ABSENCE OF CHANGE FOR THE BETTER

By 2029, one extra child in every ten will be poor in England compared to Scotland if Keir Starmer does not do for all of the UK what the SNP has done in Scotland. It is as simple as that.

And if most people in Britain do not see their living standards rise, they will not reward Labour in 2029. However, if leading politicians in the Labour Party cosy up to right-wing newspaper bosses and the Americans who control so much of our social media, some of them may wonder whether it could be possible for the media to help them stay in power, or at least exit gracefully. If you ever wonder why Labour ministers appear to be complicit in the continued dismantling of the welfare state, the cutting apart of the NHS, the evisceration of benefits for disabled people, be aware that they have other masters to serve. Masters who might in future offer them jobs when they are out of office. To be a career politician today is to look forward to a lucrative career in the private sector if you acted as a 'grown-up' while in office.

There is an obvious alternative to toadying to the rich. Currently, the rich pay too little in tax and the poor too high a share of their income in tax. Why would rebalancing this raise living standards? Or to put it differently, what should the extra be spent on: to benefit whom, and how? Just consider every single other country in Western Europe and look at their education systems, health services and public housing provision to imagine what is eminently possible.

A SPECTRE HAUNTING LABOUR

The greatest change between 2019 and 2024 was that 3 million fewer people chose to vote in 2024 than in 2019. There was a huge growth in apathy. In every single age group, apart from people aged 65+, more adults chose *not to vote* than to vote for *any* political party.[20] In part, this is a product of inequality. In general, turnout is lower in more unequal countries and when the voting population has lived with inequality for a very long time. At that point, it is easy to begin to think: 'Why bother?' In this regard, the UK has more in common with the USA than its European neighbours. Half the electorate in the USA does not vote, and the USA is even more economically unequal than the UK.

If a Labour government tackles inequality on the scale required, and that has a lived impact, it will galvanise a large proportion of the currently apathetic electorate to vote. It is the single best way to see off Reform UK. The risk is that Starmer's government doesn't have this scale of ambition. Instead, its leading members have personal financial ambitions, because even MPs' pensions may appear a little low to them in uncertain future times. As I write, Labour policy threatens to retreat into the worst sort of Treasury-brained thinking, performative declarations about growth in the South East, and desperately trying to be Donald Trump's new best friend. So far, to many, there appears to be a lack of any actual aspirational vision.

Perhaps instead, Starmer and Reeves, or whoever may replace them in office should there be a coup within the parliamentary party, should dust down the foundational document of the post-war welfare state, the 1942 Beveridge Report. The author, William Beveridge, was a Liberal, yet he knew precisely the urgent necessity to transform an unequal Britain. He wrote: 'A revolutionary moment in the world's history is a time for revolutions, not for patching.'[21] It was true then; it is even truer now.

In February 2025, Anneliese Dodds resigned from Starmer's cabinet.[22] She had been minister of state for development and minister of state for women and equalities since the July 2024 general election victory, and prior to that chair of the Labour Party from 2021 to 2024, shadow chancellor of the exchequer from April 2020 to May 2021, and shadow financial secretary to the Treasury from 2017 to 2020 (under the then shadow chancellor, John McDonnell). She was also a member of the Privy Council. Some of her fellow Labour MPs explained that the government's 'direction of travel' might have influenced her decision to resign.[23] She will not be the first to resign on a matter of principle. If that becomes the case, if more resign in future because there are more with such views in the current Parliamentary Labour Party, the Labour Party in the country, Labour voters and the broader public, then it is not impossible that this current government might become the change that is enough to begin to transform an unequal Britain – because the makeup of who runs the government might itself change.

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