## Inequality and Energy

How Extremes of Wealth and Poverty in High Income Countries Affect CO<sub>2</sub> Emissions and Access to Energy

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### Can economic inequality be reduced? Challenges and signs of hope in 2019

# 12

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#### 1 The roaring 20s

In some ways we have returned to the past, to the jazz age of the 1920s, the time of The Great Gatsby when—in 1925 F. Scott Fitzgerald wrote about the Long Island goings on in the long hot summer of 1922. As Ray Galvin explains in Chapter 10 of this volume, today just as in the 1920s, most people in the richest of countries do not question why so many households are poor while a few are so rich. But in between now and then we did, and we redistributed both wealth and income so that by the 1960s and 1970s most people had never been so equal. The rich could no longer be unbelievably profligate and the poor no longer had to shiver in winter for lack of money to heat their homes. But we forgot what we had gained and (in the UK and USA especially) we have returned to the past excesses of economic inequality, although in neither case are things as bad today as they were then.

After 1922 in the United States, and a little earlier across the rest of the rich world, economic inequalities fell, through to the late 1970s, but then they rose and rose again so that just one lifetime later, in October 2006, Knight Kiplinger, Editor in

Chief of 'Kiplinger Magazine' could lecture his readers. He claimed that: 'The biggest barrier to becoming rich is living like you're rich before you are'. And then he went on to explain what he meant by this. He wrote that that: 'I often hear complaints from young adults, twentysomethings to those in their early thirties, that they'll never be able to buy a home because they can't afford the down payment. But when I probe them about their budgets, I find that they earn enough to make a down payment in just three or four years — if they cut back on their spending, and if their starter-home expectations are reasonable.' (Kiplinger, 2006). Within just a few months of him writing that, but long enough for a few to have taken his advice, the US housing market crashed and those young people foolish enough to have believed him were financially burnt. Many may still be holding the negative equity if they were able to scrimp and save for those down payments.

Thirteen years later and the Magazine's writers were at it again. This is what they said most recently: 'Becoming wealthy and staying that way takes a certain level of discipline. Sure, an occasional splurge won't put you in the poor house, but frequent frivolous spending can quickly erode your net worth. The frugal habits necessary to achieve financial success and maintain it can be surprisingly simple' (Browne-Taylor, 2019). However, as Sam Pizzigati explained in commenting on all this foolishness, a simplistic view of why the rich are rich which pervades modern America, '....we simply do not want to believe that our rich may have gained their riches through exploiting others or rigging our economy or just finding themselves in the right place at the right time. So we ascribe to our awesomely affluent rich noble qualities that make them ever so deserving of their wealth'. (Pizzigati, 2019)

The key assumption being made here is the same as was presumed in the 1920s, it is that economic inequalities are justified. The rich are rich because they have worked hard, saved hard and invested well. The poor are poor because they have made a series of bad choices and, if only they had been frugal and well-disciplined, they too could be rich. Everyone can't be rich, or so this particular story goes, because not everyone can be well-disciplined, but try hard enough—and it could be you.

Travel back in time to 1922 again, not to the US Jazz age—but to the only very recently created UK which took its current shape that year, the year when The Irish Free State became independent of the rest of the British Union. Writing about that time a few decades later Evelyn Waugh created Lady Marchmain, the matriarch of a fictitious aristocratic pile. In his book 'Brideshead Revisited' based on real aristocratic families, the fictional character Lady Marchmain (Sebastian Flytes' mother) prior to launching into her explanation of how camels and rich men (apparently) can fit through the eye of a needle in England in the early 1920s said this:

It used to worry me, and I thought it wrong to have so many beautiful things when others had nothing. Now I realise that it is possible for the rich to sin by coveting the privileges of the poor. The poor have always been the favourites of God and his saints, but I believe that it is one of the special achievements of Grace to sanctify the whole of life, riches included. Wealth in pagan Rome was necessarily something cruel. It's not any more. (Waugh, 1945)

Waugh used her words to try to explain how the wealthy attempted (and still attempt) to console themselves in many different ways. One route is religious, suggesting God's favorites are the poor and that balances out the injustice of the wealth of the rich—even, in her words, to the extent of god sanctifying her riches with his 'Grace'. Others claim that their riches are merited by their imagined immense talents, and/or their frugality. Another tactic is to suggest that it has always been like this. They might well say that: "Although lamentable, many having so little, while a few have so much, is inevitable." Charity will have to suffice, they presume. None of these excuses are true, and charity is never enough.

The fictional Lady Marchmain was musing in the early 1920s at the start of an era of immense social change and during the last period when economic inequalities in British society (and just a little later in the USA) began to fall. It was that fall in inequality that most changed her life and her family's. That fall was more important to her than everything else; more important than the First World War or the loss of the British colonies that began in earnest with Ireland. Try to imagine the shock of the rich in the 1920s and 1930s as they watched their riches melt away before their eyes. Try to imagine the New Deal USA after the 1929 stock market crash and when unemployment at first exceeded 14 million people, and just how different that was to the Jazz age only a few summers before. Imagine that and you might possibly be able to imagine a little of what may well be about to come today.

Lady Marchmain was musing just after the First World War, when the best-off tenth in British society were taking almost 50% of all the income in the country, leaving only half for the other 90% of all British people to live on; but that unfair share was beginning to be corrected and, in the late 1920s, it would fall more rapidly than it had ever done before or since. In the early 1920s, within that top tenth of the population, the top 1% were taking almost a quarter of national income every year – half of what the entire top tenth took. Within that top 1% the best-off tenth-of-a-percent, in 1923, were taking 9.29% of all national income, almost 100 times the average income. And within that tiny portion was the group that Lady Marchmain belonged to, the highest 'earning' fraction, the 0.01 (just 1 in 10,000 people), who were taking 3.34%, or 334 times as much as the average person.

Lady Marchmain may have been fictional, but she was based on the few very extremely wealthy families of her day. She and they had never worked, or even imagined ever working. Her income was derived from 'investments' most of which would have been held overseas in the British Empire. She spent her days worrying about not saying the wrong thing in front of the servants, worrying about her errant son Sebastian, for whom all the riches of the world were no salvation, and worrying about whether she would fit through the eye of the needle when her time came.

And then change came (see Fig. 1). When change truly happens it at first strikes seasoned commentators as frankly impossible—a pipe-dream; then undesirable and full of negative consequences; then 'just about possible' once the clamor for change becomes overwhelming. Finally change happens and the memories of all of those effected change with it. Many will say that they believed in the change as desirable all along; they somehow saw it coming and so, too, were on the right side of history.

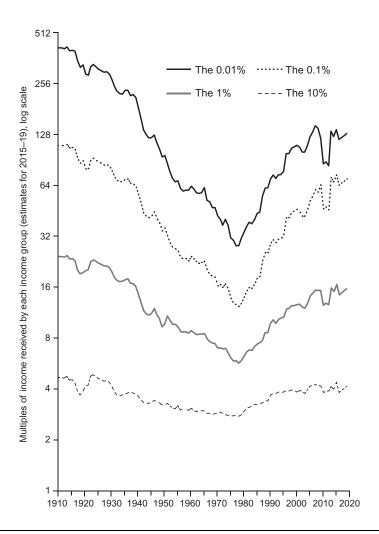


FIG. 1

Income inequality 1910–2019, UK (multiples of income received by each income group and estimates for 2015–19).

From Pre-tax national income share including pension income, individuals over age 20, from: Dorling, D., 2013
Fairness and the changing fortunes of people in Britain. J. R. Stat. Soc. A 176 (1), 97–128; Atkinson, A.B.,
Hasell, J., Morelli, S., Roser, M., 2017. The Chartbook of Economic Inequality; Brewer, M., 2019. What Do We
Know and What Should We Do About Inequality? Sage, London; and 2015–2019 extrapolated from household
data given in Shine, M., Webber, D., 2019. Using tax data to better capture top earners in household income
inequality statistics. ONS, London, February 26.

Then we can all forget that just a few years ago so many, especially those with power and a voice, had so vehemently opposed the change, had justified the status quo, were so very scornful, and ultimately wrong. That matters little. It is just history. What matters is ensuring that we are now at the peak and that we are now starting on

our way down. It's a long way down because the peak of inequality we are currently at is so very high. This chapter concentrates on the UK, but what is says can be applied to many of the most unequal of affluent countries in the world today. They are not so unequal due to some mistake, and they will not become more equal without hard work (Dorling, 2018).

#### 2 Modern times

Average income on the graph in Fig. 1 equates with the value 1. Any group taking above average income results in a larger number of other people getting less than 1. By 2014 the best-off tenth of adults aged 20 and over in the UK were taking 4 times average income. As a result, the remaining 90% of people were getting by on only 0.67 times average income (Atkinson, 2007, Dorling, 2013, Atkinson et al., 2017).

In 2014 the best-off 1% took 15 times average incomes, a share almost identical to what they took before the Second World War. The best-off 0.1% took 67 times, a share so high that they had last achieved such excesses only in 1936—other than in the 1 year, 2013, when their take was 7.2% or 72 times average earnings—and that year the best-off 0.01% took 130 times average earnings. It is sobering to realize that 130 times is three times less than in Lady Marchmain's day, although 130 times the average was what the share of families like hers had been 'reduced to' by 1943. The fictional Lady died (appropriately) in 1926, the year of the general strike. She died trying to tell herself that she had god's grace.

We will probably see the fall in inequality begin at the top of the income and wealth scale, not at the bottom, and not until after life for the poorest in the UK has first worsened to be even harder than it was at the peak. This is what happened before in the 1920s and 1930s and it may be what is just starting to happen now. It happens partly because rising wealth inequalities can never continue indefinitely.

In the year to October 2016, sales of individual properties within London 'worth' more than £10 m fell by 86%; and outside of London, they fell from 10 properties in 2015 to none being sold for such huge prices in 2016. In May 2017 it became clear that values across London for all properties had fallen slightly. The fall in UK wealth inequality could have already begun. If you measure your wealth in dollars and you live in the UK and own property there, you are already much worse off than in June 2016.

A fall in inequality can begin without policy and political changes, but they help sustain it. In December 2016 the City of Portland, Oregon, announced that it would surcharge companies that paid their CEOs more than 100 times their median workers' pay. In 2016 in the USA the average pay of the top 500 CEOs had fallen to 335 times the income of the average worker. That is incredibly high ('Brideshead Revisited' high) but in 2014 it was 373 times, although note that this compares to 42 times in 1980 (Dorling, 2017a).

Today it is when inequality falls that whole countries actually progress. There is now mounting evidence that since 2008 income inequalities in China have begun to

fall and the benefits of prosperity have started to spread (Zhuang and Shi, 2016). In 2017 I was able to write that the World Wealth and Income Database reported the 1% taking a little less than they took a few years ago in the USA, South Africa, UK, Canada, China, Germany, Ireland, Switzerland, Australia, Italy, Japan, France, Spain, Norway, Finland and the Netherlands. Among all the countries enumerated in that database, only in Denmark, Sweden and New Zealand did I find that income inequalities higher at the most recent year of recording than they were in 2007. Today I can now say that Denmark still has not updated its data. Sweden and New Zealand had yet to produce the equivalent statistics, but it looks likely that of the 21 countries for which these data exist only Korea was still seeing income inequalities rise in 2016 (see Table 1). However, a political scandal was then brewing in Korea that brought down president Geun-hye (who is now serving a 25 year prison sentence). Her successor, president Moon, was then also mired in scandals also involving money. High and rising income inequality tends to lead to political trouble and encourages corruption.

#### 3 Hard times

When inequality is high people lose face, they lose confidence, they suffer from comparisons in which it is implied that the vast majority warrant little or no respect. Improvements in life expectancy stall or even reverse, you fear for your children and their future. Life feels like a game of chance with most of the odds heavily stacked against you. Fear divides one person, one family, one social class, from another; loneliness increases, even as we become more crowded in cities.

Our greatest fear is other people, and inequality becomes the enemy between us. As we see increasing inequality, whenever and wherever people experience this, the pressures to move toward more equality increase. However, in the most unequal country of all in Table 1, the USA, the arguments for inequality being justified are still being made most strongly, and corruption is rife as embodied by the man who is currently president (who even set up a 'Trump University' which was later shut down by the authorities with a \$25 million fine being imposed). In contrast, Finland is the most equitable country in that table, and has no such stories to tell, although again its data could do with updating!

We too often too easily forget the past, but we have to look a long way back to see a situation as bad as that which we are facing today. If we are very optimistic, then it is possible to believe that income inequality recently peaked in the UK (Dorling, 2018). By several measures the *quality* of life in Britain peaked much earlier, in 1976, which far from coincidently was when income *equality* peaked (Monbiot, 2004; Jackson, 2004). In contrast, by 2019, university research had found that almost a third '...of UK adults with children under the age of 16 were food insecure. The risk was greatest among the unemployed, those with long term conditions or disabilities, and those on the lowest household income.' (Loopstra et al., 2019). This compares to 1 in 5 of all adults being so insecure, 3% of whom often go without food. Between 2004 and 2016 food insecurity among the least well-off almost doubled. Energy insecurity will have done the same, but it is less well measured.

**Table 1** Fiscal (taxed) income top 1% share of individual adults (% of national income)

Year of highest share is in bold, 21 countries shown for which full data was available. See: https://wid.world. Note: The USA and China data were released in November 2017 and have not been updated, the data for all the other countries were retrieved in June 2019. The proportions are before tax and welfare redistributions.

From WID, 2019. World Inequality Database. https://wid.world.

As more and more people go hungry in Britain, as homelessness rises and overall life expectancy begins to fall, we see wealth inequality still rising. Wealth inequality tends to lag the trend of income inequality. On April 12, 2019 Mike Brewer of the University of Essex revealed the most recent income inequality data. All eyes quickly turn to the very last data point, and the up-tick from 2015 to then. Income inequality briefly fell during and immediately after the financial crash of 2008. Now it appears to be rising again. However, there are many reasons to believe that we may now be at a peak, and not at yet another false summit.

As Mike Brewer explained in April 2019 'There is a big difference in what tax data says about the very rich and what household surveys say. Tax data says that the very rich continued to drift upwards until 2008. The financial crisis took a chunk out of top incomes, but by 2015-16 they were clearly on a rising trend'. (Brewer, 2019). Household survey data is of little use in monitoring just how large a take the top 1% extract. This is because those in the top 1% are loathe to fill in voluntary surveys, and if they do, then they often tend to be somewhat modest about their actual total income. Taxation data, of course, due to tax avoidance (legal) and evasion (illegal) also underestimates top incomes as those at the top have the greatest incentive to avoid declaring all their sources of income and have the resources to pay accountants to help them do that. Furthermore, the current Conservative UK government is not encouraging HMRC to release taxation data in a timely or useful fashion (Corlett, 2017).

#### 4 The crash and the rise of the far right

To understand what has occurred in a country such as the UK in very recent years requires understanding the gravity of the economic crash of 2008 and its incredibly long legacy. No one explains the situation better than economist Danny Blanchflower:

The UK's recovery was the third-slowest peacetime recovery in six hundred years. The South Sea Bubble, which was a speculation mania that ruined many British investors in 1720 when the South Sea Company collapsed, was the next slowest. The Black Death, from 1347 to 1351, which resulted in the deaths of more than 75 million, was the slowest. It was good for productivity, though. Recovery from the Great Recession was even slower than it was from the year without a summer, which occurred in 1816. Severe climate abnormalities caused global temperatures to drop, resulting in major food shortages. These weather conditions appear to have been caused by a huge volcanic eruption in 1815 by Mount Tambora, in the Dutch East Indies, which was the largest eruption in 1,300 years. Policymakers didn't learn the lessons of history and down we all went. It was as bad as that. (Blanchflower, 2019)

The 2008 economic crash was especially bad for the UK, and in particular for England, because successive governments, most recently and significantly New

Labor, had been happy to accept living with high income inequality, hoping that the trickle down they expected from it would appease the poor. It was only toward the very end of the New Labor period that Gordon Brown grudgingly introduced the smallest of tax rises for the very rich. It did not work and New Labor lost the 2010 general election. The Conservative-Liberal coalition that was formed after that election was a union between a Tory party that had moved far to the right and a Liberal party who might have fitted quite well within the old Conservative party.

To try to hold his rapidly splitting and right-ward moving swivel-eyed troops together, David Cameron took his party out of the center-right EPP block in the European parliament in 2014. In the European elections of that year parties to the right of mainstream European Conservative national parties secured over 52% of the popular vote in the UK. These were principally the Conservatives and the extreme right UKIP. From 2014 through to 2016 the British Conservatives were allied in the European parliament with many extreme parties including the German AfD neoNazis, who they ditched a little later as the British public could recognize them for who they were (Rankin, 2016). The British public tend to have less good knowledge of all the other minor far-right European parties now all allied with the UK Conservatives; but they do have a folk memory of what far-right in Germany means.

The rise in far-right voting in Britain has been far greater than in any other country in the EU when far right is defined as voting for a political party allied to a political group to the right of the mainstream EPP European Conservatives. In the European elections of 1979, 1984 and 1989 almost no far-right or extreme-right candidates stood. In 1994 those that stood won 1% of the vote, in 1999 they secured 7.5%; in 2004 a fifth; in 2009 around a third, and in 2014 over half. Thankfully in 2019 the far-right Conservative+UKIP+Brexit Party vote share fell as compared to 2014. Along with the loss of one Unionist seat in Northern Ireland to an Alliance MEP (Member of the European Parliament) this meant that 11 fewer far-right MEPs were sent to the European Parliament in 2019 as compared to 2014.

After the 2019 European parliamentary election the rump of the two UKIP and one Democratic Unionist MEP joined a small group of "Non-Inscrits" (none attached members) now standing alongside the fascist Golden Dawn MEPs of Greece and the extreme-right Jobbik MEPs of Hungary. The Conservative MEPs, now reduced to just four, joined a group called ECR that was mainly made up of the Polish extreme right "Law and Justice Party". Meanwhile the new UK "Brexit Party" was finding it hard to form any alliances at all with any other group of other MEPs and, at the time of writing (June 16, 2019) were not party of any bloc.

#### 5 The human geography of Brexit

When writing in 2019 on whether economic inequality can be reduced, we have to begin with some of the most inequitable countries in the affluent world, of which the UK and USA are among the most inequitable and ask what hope there might be given what is currently occurring in those countries. We could look at Trump in the USA,

but his agenda is fairly clear. Looking below the surface of the Brexit saga in the UK gives us some clues in relation to the UK where the right-wing does a slightly better job of hiding its true intentions. This is useful when considering other unequal countries. Often a false narrative is spun very strongly in places where inequality is most high. There is generally greater honesty and trust, both in life in general and in politics, when economic inequalities are low.

The European elections of 2014 were, in hindsight, a pretty good guide to what the outcome of the 2016 Brexit referendum might be. Brexit was a project led by a very small number of people with personal household/family incomes well up into the 1% who simply won a majority too early. They did succeed for a time in successfully selling the story that it was the voice of downtrodden northern working class that they had fired up; by cherry picking a few places and ignoring the low turnout there. In general, in areas where people did not usually vote, such as London and the North of England, those who might have voted Remain in greater numbers were very unlikely to vote (given Remain were assumed to be winning and general lack of interest). Turnout was lowest among young working-class men living in the North of England. But that, and the general performance of the Remain campaign, was not for lack of effort by the Labour party.

Over the course of the referendum campaign, the UK Labour Party spent £4,852,423 pledging to Remain on campaigning, on campaign materials and on trying the oppose the wealth and might of the newspapers owned by a few media moguls and a small number of their very rich friends who were implicitly or explicitly funding the Brexit campaign. Labour's £4.85 million was the large majority of all the Remain spending during the entire referendum campaign. The Conservative "In" campaign only spent £595,475—despite having access to far more wealthy potential donors (Electoral Commission, 2018). The Labour Party was ghosted in TV debates and much of the media to the extent that the vast majority of people had no idea that it was campaigning so hard to Remain and spending so much money to do so. Commentators on the BBC TV, radio and internet news sites still regularly say that both the Labour and the Conservative parties were and are 'equally split' and that Jeremy Corbyn 'really supported Leave'. If he did, why spend £4.85 million pounds doing the opposite? These reports that Labour did not care were almost never properly challenged. They were spending the hard earned money of many tens of thousands of trade unionists and other modestly off people to try to combat the large donations of just a few Brexiteer multi-millionaires.

In the run-up to the referendum Corbyn made 123 public appearances, including 60 in just 22 days, traveling the length and breadth of the country. Angela Eagle, a Labour shadow minister, who later left the front bench, praised him at the time for, 'pursuing an itinerary that would make a 25-year-old tired' (Barker, 2016). You would never have known he had done this if you watched the news or read almost all of the later 'analysis'.

The June 2016 Brexit referendum result was a shock when it came. We might now say that it should not have been, but we must not forget that it was. It was especially a shock to those who campaigned for Leave, many of whom clearly had not

expected to win, weren't prepared for winning and had much to lose by winning. That could be seen not just from the faces of Boris Johnson and Michael Gove on the day of the result, but from the fact that the victors did not cover their tracks in terms of the activity they took part in which was later deemed to have been illegal. And, as a consequence, there has been political chaos from the date of the vote, 23 June 2016, right through to the day Britain did not leave, March 29th 2019, and beyond.

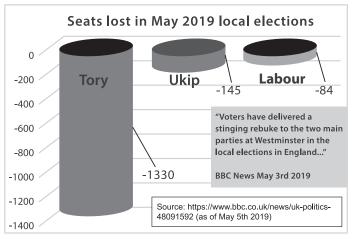
Brexit is part of an agenda for enabling the richest to turn Britain into a country that enables the wealthiest to take even higher proportions of the wealth generated in the country. That only became clear to people in Britain in the summer of 2019, after Mrs. May resigned in May, and as Conservative party leadership candidates who had only ever looked after the interests of the extremely wealthy competed with each other over who could leave the EU the quickest.

With a colleague I wrote a book about Brexit during the febrile months of late 2016, 2017 and almost all of 2018 (Dorling and Tomlinson, 2019). However, one thing that was not highlighted strongly enough in that book was that that the Leave vote was a majority middle class vote, 59% of Leave voters were middle class. The exit-poll sample that this vital statistic was estimated from was so large that the 95% confidence limits on that figure are 58%–60%.

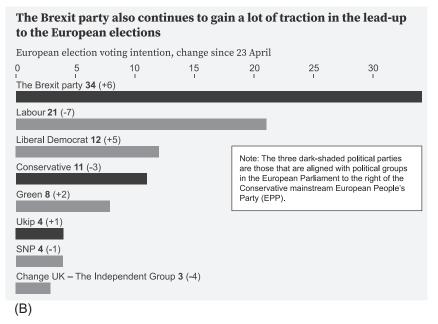
In the spring of 2019 local elections were held in which the Conservatives did spectacularly badly, but a new party, the Brexit party had emerged and appeared to be about to sweep the board (see Fig. 2). Fig. 2 is deliberately drawn to look like one of those patronizing graphics which are frequently now used in the TV news in place of just giving the three numbers to be illustrated. Needless to say the BBC did not actually make the comparison being shown below in that figure. The BBC did say that the two main parties had both received a 'string rebuke' from voters.

In the event, as explained above in more detail the Brexit party did badly—but this is only seen when its results were combined with the Tory and UKIP result in the EU 2019 election that were held in the UK. No major news outlet in Britain has explained that the total number of seats in the European Parliament held by these three parties fell by 10 in 2019 as compared to when the European elections were last fought in 2014. Furthermore, none have highlighted the importance of a far-right Unionist MEP in Northern Ireland having lost his seat to a pro-Remain Alliance candidate increasing the overall pro-Brexit loss to 11. Labour, a party which was at the time ambiguous on Brexit lost 10 seats. We have to go back to the 2016 referendum to see what was really transpiring.

Most of the Leave voters of the UK lived in the south of England (including London). This is surprising as it was where only a minority of the UK electorate lived. But it was where the Tory and UKIP voters who most wanted to leave lived in greatest numbers, where the old are concentrated, and where electoral turnout is almost always highest, and was highest then. Following on from the south east region of England where referendum turnout was highest (and which does not include London), the largest turnouts were—in descending order—the south west of England, Eastern England, and the East Midlands. Nowhere in the North of England had turnout as high as in the South. Nowhere in the North of England could a set of areas be found that was home to as many



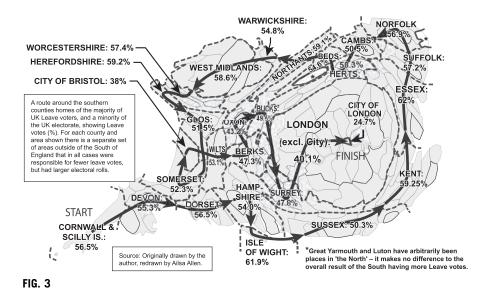
(A)



#### FIG. 2

Local elections and national polls, UK, May 2019. (A) May 2019 local election results. (B) May 2019 European election results.

From Savage, M., 2019. Brexit party may get more EU election votes than Tories and Labour combined—poll. The Guardian, 11 May, https://www.theguardian.com/world/2019/may/11/brexit-party-may-get-more-eu-election-votes-than-tories-and-labour-combined-poll



The Brexit Way (a route past the homes of the majority of UK Leave voters and a minority of the UK electorate). Proportion of the vote is shown. For each county and area shown there is a separate set of areas outside of the South of England that in all cases were responsible for viewer leave votes but had more voters on the electoral roll.

actual Leave voters as in comparable areas of the South of England (an area with a similar electorate). Every single county in the Map below (Fig. 3) has a corresponding set of areas that are not in the South of England, that it can be compared to, which had fewer Leave voters despite a larger electorate in every single case.

The map below shows the 'Brexit Way', a new national walk you can take to understand the Leave voters as it goes past the homes of the majority of Leavers. So many people in the South and East of England voted Leave, that the walk would take you a very long time. It is better to cycle the route to pass along the site of the Brexit victory of Southern England. The Brexit Way could be a permanent reminder to people in future of where the most and the strongest support for Leave came from.

Although the Liberal party and the Greens may have been most vocal in expressing their love of all things European, they raised hardly any funds to support the Remain campaign and carried out almost no campaigning in what turns out to be Leave areas. The 2016 Remain campaign was almost entirely supported financially by the contributions of millions of trade unionist, by Labour party members and by small left-wing donors, mostly then funneled through the Labour Party's own coffers. In contrast, the Leave campaigns were almost entirely funded by members of the 1%. Almost all the key advocates of Leave are in the 1%, from 'European Research Group' chairman Jacob Rees Mogg to Weatherspoon's owner and vocal Brexiteer Tim Martin. The Leave supporters among the 1% own newspapers, write

columns in the Daily Telegraph, and have been largely successful in their attempts to portray themselves as champions of the common man, occasionally also acknowledging the existence of women. They have been as successful as Donald Trump has been in controlling the narrative (and he has been successful).

#### 6 Inequality, pollution and stupidity

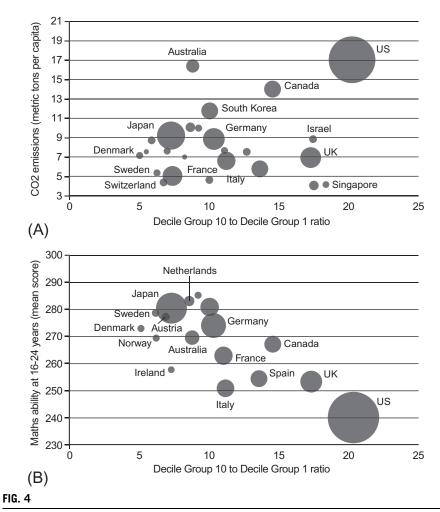
At first the links between the politics described above and outcomes such pollution and poor educational performance are not obvious, but as we step back and look it becomes more and more clear how everything may be more closely related than you might at first think. The most economically unequal rich countries generate the most pollution as their citizens use the most energy. They are also, not coincidently, worse at maths. Fig. 4 shows the general rise in pollution per head as inequality rises. Better quality data, and taking into account whether a country was tightly densely packed, like Singapore, or relied on flying to move people around like Australia, would probably tighten up the distribution shown in the top half of Fig. 4.

The graph in the bottom half of Fig. 4 shows a remarkably tight correlation between academic performance at mathematics after leaving school and income inequality. The UK and USA appear to do so very badly because children in those countries are "taught to the test" rather than taught actual mathematics. One theory is that this is because, in a very economically divided society, outcome matters so much more. Actual ability is taken far less seriously. Fig. 5 adds to the evidence and is from one of many now widely circulated reports showing that it is, in general, the most affluent tiny slice of the population (the 10%) who pollute the most when they are living and consuming in the most unequal of affluent countries.

#### 7 Inequality extremes in Europe

In February 2019 the *Telegraph* reported that income inequality in the UK was still growing, 10 years after the crash because 'the richest grew their earnings but the poorest were faced with falling benefits.' (Chandler-Wilde, 2019). The newspaper went on to explain to its (on average) more well-healed readers that median household income after tax was now stagnant and still standing at just £28,400 at the latest point in time for which we have data (the financial year ending in 2018). That is just £77.80 a day, to live on, to find the rent, food, clothing, bus tickets, to pay gas and electricity bills, to pay an Internet access charge, to replace a mobile phone, to buy the children clothes, maybe a book or a birthday present occasionally. Fifty percent of the population had to manage on £77.80 a day, or less. If you happen to think that is possible then it is worth knowing that the EU wide indicator for being 'at-risk-of-poverty" is 60% of median income, meaning £46.70 a day in the UK. Imagine living on that!

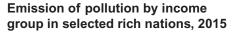
To calculate the national median household income the Office for National Statistics (ONS) had tallied up all income from wages, pensions, investments and benefits.



Economic inequality,  $CO_2$  emission and numeracy. (A) Economic inequality and carbon dioxide emissions, 2011. (B) Economic inequality and the mathematics ability of young adults up to age 24, 2012.

Original figures from Dorling, D., 2017. The Equality Effect. New Internationalist, Oxford.

Between April 2012 and April 2017 median household incomes had been rising by 2.2% a year, slowly gaining back some of the ground lost with the huge falls that came with the 2008 crash. However, in the latest financial year the poorest fifth of households, those families surviving (or not) on £36.50 on average a day, have seen their incomes fall. In contrast, the richest fifth of households most recently saw their incomes rise as their earnings rose and as they also benefited from very low rates of taxation (UK taxes are lower than in most other European countries). The ONS report that all the newspaper articles were relying on explained that this was the second year in a row that income inequality as measured by household surveys had risen.



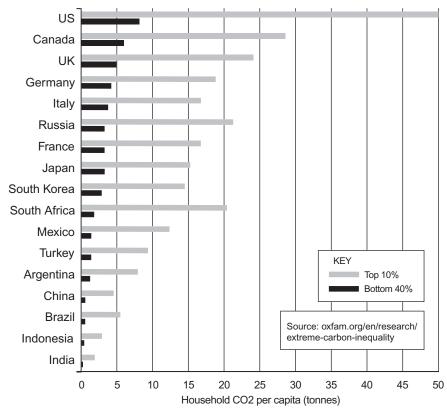


FIG. 5

Emission of pollution by income group in 2015.

Original figures from Dorling, D., 2017. The Equality Effect. New Internationalist, Oxford relying in turn on Oxfam.

Furthermore, we know that household surveys substantially under-estimate the income of the top 1%.

In March 2019 the Institute for Fiscal Studies (IFS) explained that there were 31,000 people in the UK with incomes within the top 0.1%, each receiving a million pounds a year or more (£3000, £5000 or even £10,000 a day to live on)! The IFS explained that this group accounted for 8% of all PAYE (pay as you earn) income tax and that that, combined with the national insurance receipts of this group for the financial year 2017–18 means that the average tax paid by each member of the 0.1% was £730,000 that year—which demonstrates just how much higher than a million pounds a year most of them were earning.

Echoing the analysis of Danny Blanchflower (quoted above), the Director of the IFS, Paul Johnson explained that 'the Bank of England had looked back through

history to find a worse period for relative workers' *pay*. "It's reached the early 1800s. I think it might be heading to the black death soon..." (Partington and Inman, 2019).

In that same month (March 2019), the European Banking Authority released shocking statistics showing that the pay of bankers in the UK had begun to rise again so that now a record 3567 'top UK bankers' were receiving more than a million euros a year, with the average pay of bankers in this group being £1,700,000 a year (£4660 a day). The UK was still home to nine times as many high paid bankers as in the next most 'banker heavy' country in the EU (Germany). A decade after the 2008 crash, three-quarters of all Europe's highest paid bankers were still working and living in London; but the writing was on the wall. At the very same time as these figures were revealed, it was announced that 7000 finance jobs could be lost from London in the very near future due to the Brexit mess (Neate, 2019). The bankers were simply taking the money while they could. They knew the good times were likely to end.

For significant names at the very top, the good times were already over. Martin Sorrel, the then boss of WPP, resigned in April 2018 having been until that moment the highest paid of any FTSE 100 chief executive. His pay was already falling before he quit, and he quit in unusual circumstances (Goodley and Davies, 2018). He was reported to have been paid £70 m in 2015, £48 m in 2016, and £14 m in 2017. A few months later Jeff Fairburn, chief executive of housebuilder Persimmon, had to resign after his £85 m pay for 2 years of 'executive work' was labeled by one shareholder as 'grossly excessive'. It would have reached £110 m for those 2 years' 'work' had he stayed and carried on being rewarded under the arrangements he had initially negotiated (Evans, 2019).

The mean income of the very highest paid may now be falling as the tallest poppies are cut down, but median FTSE 100 CEO median pay still rose by 11% between 2016 and 2017, and now stands at £3.93 million per year, an increase on £3.53 million in 2016. The mean 2017 pay ratio between FTSE 100 CEOs and the mean pay package of their employees is 145:1, which was higher than the year before (it was 128:1 in 2016), but lower than its peak in 2015, which was 146:1 (High Pay Centre, 2018). However, in 2018, just like the bankers taking their possible last chance to grab the cash before inequality has to fall, median CEO pay rocketed up to £3.9 m. (Rutter Pooley, 2019).

When reporting on all these events, the *Financial Times* was reproached by one of the paper's letter writer's Mary Acland-Hood (of London) who suggested that 'A news headline is not the place for value judgments'. (Acland-Hood, 2019) This was despite the headline being factual: 'Top UK CEOs earn annual wage of average worker in 2½ days'.

Recently, lower ranking bankers and CEOs started taking more when they saw that those above them were being made to take less and that they had little time left to cash in and get out. In the summer of 2018 the Archbishop Justin Welby, a former banker, mentioned that he had been in a meeting in which a group of senior bankers were reflecting upon their diminished compensation. One was reported to have said that 'back in 2007 many of us were on eight-figure salaries — i.e. over £10m [a year...] If you look around this room, there's not one of us who's getting paid more than £5m a year' (Davies, 2018).

By late spring 2019 there was no sympathy for the top CEOs and top bankers who had seen their take drop, and rising anger over any at the top who had taken more than they had received in the year before. In the February of 2019, taking into account inflation in the financial year to April 2018, ONS reported that the average income of the poorest fifth of households had fallen by 1.6%, while the average incomes of the best-off fifth had risen by 4.7%. (Partington, 2019).

In April 2019 the news was released that two million of the country's poorest families were to lose £1000 a year due to further benefit cuts (Giordano, 2019). This was on top of earlier reports that had revealed that: "...the impact of welfare reforms between 2010 and 2018, shows households with lone parents and children are set to lose an average of £5,250 – almost one-fifth of their total net income, compared to a loss of £3,000 for couples with children. This will see the child poverty rate for those in lone parent households increase from 37 per cent to over 62 per cent" (Bulman, 2018), Table 2 shows that by 2017 the UK was already the most unequal OECD

**Table 2** The most unequal of OECD countries (by Income Inequality, 2017)

Rank	Gini coefficient	State
1	0.241	Slovak Republic
2	0.244	Slovenia
3	0.253	Czech Republic
4	0.255	Iceland
5	0.262	Norway
6	0.263	Denmark
7	0.266	Belgium
8	0.266	Finland
9	0.282	Sweden
10	0.284	Austria
11	0.284	Poland
12	0.285	Netherlands
13	0.288	Hungary
14	0.291	France
15	0.294	Germany
16	0.296	Switzerland
17	0.297	Ireland
18	0.304	Luxembourg
19	0.307	Canada
20	0.314	Estonia
21	0.328	Italy
22	0.330	Australia
23	0.331	Portugal

Rank	Gini coefficient	State
24	0.333	Greece
25	0.339	Japan
26	0.341	Spain
27	0.344	Israel
28	0.346	Latvia
29	0.349	New Zealand
30	0.351	United Kingdom
31	0.355	Korea
32	0.376	Russia
33	0.378	Lithuania
34	0.391	United States
35	0.404	Turkey
36	0.454	Chile
37	0.458	Mexico
38	0.470	Brazil
39	0.480	Costa Rica
40	0.495	India
41	0.514	China
42	0.620	South Africa

**Table 2** The most unequal of OECD countries (by Income Inequality, 2017) *Continued* 

Gini coefficient after tax and welfare redistribution, 2017 or nearest year. Source: OECD (2019 data release).

country in Europe by income inequality other than Lithuania (and the statistics for Lithuania fluctuation greatly year on year).

The reports kept flooding in: 'The Social mobility Commission says Government policies have harmed efforts to improve social mobility by axing children's centres, cutting school budgets and limiting access to free childcare' (Hymas, 2019); Academic research has recently revealed that UK 'newspapers deploy deeply embedded Malthusian explanations for poverty' (McArthur and Reeves, 2019). There are now many signs of a rise in disgust at the conspicuous excess behavior of a few very rich people in the world. Two years ago a party planner based in Monte Carlo explained: 'We probably got through 200 bottles of £300 a bottle Perrier-Jouët champagne. We'll go through Whispering Angel, and Garrus – their finest rose. We'll go through three kilos of French organic caviar. We also have a live cooking station with caviar and truffles' (Halls, 2017). Would such a report be written today?

In the United States, lavish tax cuts under Trump will probably cause income inequalities to rise soon. However, 2019 changes to the tax rules that prevent the very rich from deducting much of their state taxes from their federal tax liabilities have resulted in the suggestion that the rich of New York (which has higher local taxes) will now move to Florida or Puerto Rico as the changes mean they can now only deduct a maximum of \$10,000 a year from their federal tax payment due to what they have to pay locally. But an exodus does not appear to be happening. The price of

luxury property in tax 'haven' Puerto Rico is falling. Instead, the New York rich are gritting their teeth and paying their new taxes. In reporting on all this, the *Financial Times* asked, 'After all, if the wealthy leave New York, who is going to live in all those glass skyscrapers in Hudson Yards?' (Financial Times Reporter, 2019). It is worth thinking about who could sleep in all those luxury apartments now, often many stand empty. Many luxury apartments were also recently built in London, and also still stand empty. At least they have been built, they are available if we just have the will to find the way. The way to occupy those apartments is not to strive to be rich as was suggested by Knight Kiplinger at the very start of this chapter. Instead it is to ensure that empty and under-used apartments are taxed so highly that their owners work very hard to ensure they are occupied – or just sell them.

#### 8 Hope

There is anger now. To see whether this is well directed enough turn the clock back just over a century to 1917. That year was the height of the last peak of income inequality, the year in which Richard Tawney wrote an essay that was published in the then educational supplement of *The Times*. He concluded:

The educational system of today was created in the image of our plutocratic, class-conscious selves, and still faithfully reflects them. Worshipping money and social positions, we have established for the children of the well-to-do an education lavish even to excess, and have provided for those of the four-fifths of the nation the beggarly rudiments thought suitable for helots. who would be unserviceable without a minimum of instruction, and undocile helots if spoilt by more. The result has been a system of public education neither venerable, like a college, nor popular, like a public house, but merely indispensable, like a pillar-box. (Tawney, 1917)

In our Internet age the pillar boxes are no longer indispensable. Public Houses are far less popular. Oxford and Cambridge colleges are no longer seen as venerable, but as snobbish and anachronistic. However, even they are changing, a little more doubtful about their pomp and circumstance, slightly more self-aware. The English educational system has not yet fully returned to its plutocratic past, although England's private schools have never been so highly funded as they are today. Their money comes through escalating fees that rose as the take of the 1% rose and as they began to take more and more of the children of the global 1%—as boarders.

Until the crash of 2008, worshipping money and social position had again begun to be seen as normal. We had sleepwalked into believing it was acceptable to provide beggarly rudiments for the seven-eighths of the nation able neither to pay for private education, nor to afford a home within the catchment area of an 'excelling' state school. We watched as our housing became unaffordable and our streets again became places to sleep. We complained as our health service worsened, but did

<sup>&</sup>lt;sup>a</sup>The underdogs in ancient Sparta. There were seven helots to every citizen.

too little to save it. We lamented the growth of inequality, but refused to even consider outlawing gross inequities.

We can choose now to be at the peak of income inequality. We can choose now to demand it falls each and every year for many years to come. But it will take luck as well as determination if this is to be the time the turn comes. The UK provides just one example, but people are fighting in the USA, in Australia, in Israel and all around the most unequal parts of the rich world for change. As Sam Cooke sang in 1964 'Its been a long time going, but I know, a change gonna come'.

To end, here is a prayer, not a prayer for luck, but for those whose luck has already run out:

A prayer in a time of austerity

We remember all who have died while their income was sanctioned,

who were overcome by any feelings of humiliation or shame,

by fear or distrust, insecurity or loneliness;

or by a sense of being trapped and powerless

under the abuses of power by the State

in a time of austerity.

In a time of austerity we pray,

in solidarity with the 1000s of UK citizens currently suffering sanctions,

which are imposed with the maximum use of the media

to blame decent people for their own unemployment and poverty;

for the millions of UK citizens who are suffering under unmanageable debts due

to high rents, the council tax, the caps and cuts in social security

imposed by Parliament, made worse by sanctions.

We pray too for those in power, and seeking power, that they may find;

The courage to work for and implement social and economic justice,

The will to build a well-being state on the ashes of the welfare state

in which rich and poor and Parliament are in solidarity with each other

The policies to ensure that no one will have to choose between

heating or eating,

the rent or the streets,

life or death

due to the unjust enforcement of debts

against inadequate incomes,

or no incomes at all.

due to a sanction.

In the name of Jesus Christ,

Amen.b

<sup>&</sup>lt;sup>b</sup>This prayer was first published in a book edited by Neil Paynter of the Iona Community, of which its author, the Reverend Paul Nicolson, is an associate. It is reproduced here with Paul and Neil's permission. N. Paynter, *In the gift of this new day: Praying with the Iona Community* (Glasgow: Wild Goose Publications, 2015). It was first said outside the DWP Headquarters, Westminster on March 19, 2015, at a demonstration called by UNITE Community, with the relatives of people who had died after their income was stopped by a job centre sanction.

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