

## EDITORIAL—INEQUALITY AND INJUSTICE: SOME NEWS FROM BRITAIN

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New evidence documents the correlation between inequality and social injustice (Callinicos, 2007; Wilkinson and Pickett, 2010), which merits close attention by the readers of *Urban Geography*. Intensified inequalities help explain a great many of the social problems that have worsened in British and North American cities in recent years. These social problems have become more concentrated in metropolitan regions—but we must look beyond urban areas for the explanation of recent trends.

Wilkinson and Pickett (2010) suggest that, in and of itself, a society's tolerance of a high degree of inequality has a heavily adverse impact on many social and economic indicators. In short, the argument proclaims that there is social scientific validity in the suggestion that the pursuit of greater equality can be a key element of a respectable political program, a way to secure many wider benefits for society. The argument draws mainly on evidence from the United Kingdom and United States, two of the most unequal rich countries. The evidence is drawn from the potential for adverse societal effects of high levels of inequality. This evidence is contrasted with social outcomes in other affluent, generally more equitable, countries.

The argument that inequality in itself is harmful is not, as yet, widely accepted. Many of those who would be expected to support it are put off by the possibly divisive implications of the strong emphasis on inequality. The argument often suffers from appearing to downplay some social achievements in the United Kingdom and United States. According to this argument, poverty reduction in Britain is relatively unimportant if income inequalities continue to rise. This can annoy poverty researchers. Likewise, the argument can appear to downplay the securing of marriage equality for gays and lesbians in the United States by suggesting that the most important and most clearly growing social divisions in that country are now not by sexuality, color, gender, or disability, but by income and wealth. In practice, securing greater rights often mainly means greater rights for the rich. This can annoy human rights researchers.

### VARIATIONS IN INCOME: INEQUALITY ACROSS THE RICH WORLD

In the rich world, the United States is currently the most unequal large country, but this pariah position may soon be challenged by the United Kingdom. Child poverty in Britain is currently rising by both relative and absolute measures, as deep cuts are being made to

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welfare provision and as many parents become unemployed (Gooby-Taylor and Stoker, 2011). In contrast, unemployment in the United States has fallen to a four-year low and continues to fall (Dougherty, 2012).

It has only very recently been demonstrated that among the richer countries of Western Europe, and in the few other countries of similar affluence, there are consistent correlations between the level of income inequality tolerated in each country and the prevalence of a host of social ills (Wilkinson and Pickett, 2010). These other affluent countries—Canada, New Zealand Australia, South Korea, and Japan—all have lower income and wealth inequalities than the United Kingdom or United States. Table 1 shows the income inequality present in the most affluent countries in the world.

Among this affluent group of nations, Britain and the United States experience the worst poverty, the highest rates of crime and imprisonment, and highest rates of drug abuse. These two countries also experience poor mental health, low educational achievement, high teenage pregnancy, low overall trust, and low overall life expectancy, among a plethora of measures of social dysfunction. There has been much debate in Britain about the precise mechanisms that lead to the high correlations between income inequality and other social ills, but there is very little dissent over the basic premise that in more unequal affluent nations there is much more social dysfunction than in more equitable affluent societies.

#### THE UNUSUAL CASE OF THE UNITED KINGDOM

By 2015 the United Kingdom plans to spend (as general government expenditure) a lower proportion of its GDP than all the other major European countries shown (as well as all those not shown) in Figure 1, and even less than the United States of America spends as a proportion of its GDP. Living conditions are, on average, worse in Britain than in the more socially mixed economies of Germany and France. One of the reasons for this is that most European countries are similar to Germany and France in the proportion of monies they raise in taxes and spend on public goods. If the United States were to continue on its current trajectory, spending less on overseas wars and more on services at home, it would soon enter the “normal European” area of the chart in Figure 1! In contrast, Britain has for decades been outside of that group and is moving in the opposite direction. Right-wing Republican and Tea Party activists have been visiting the United Kingdom recently to admire what the coalition government is doing.

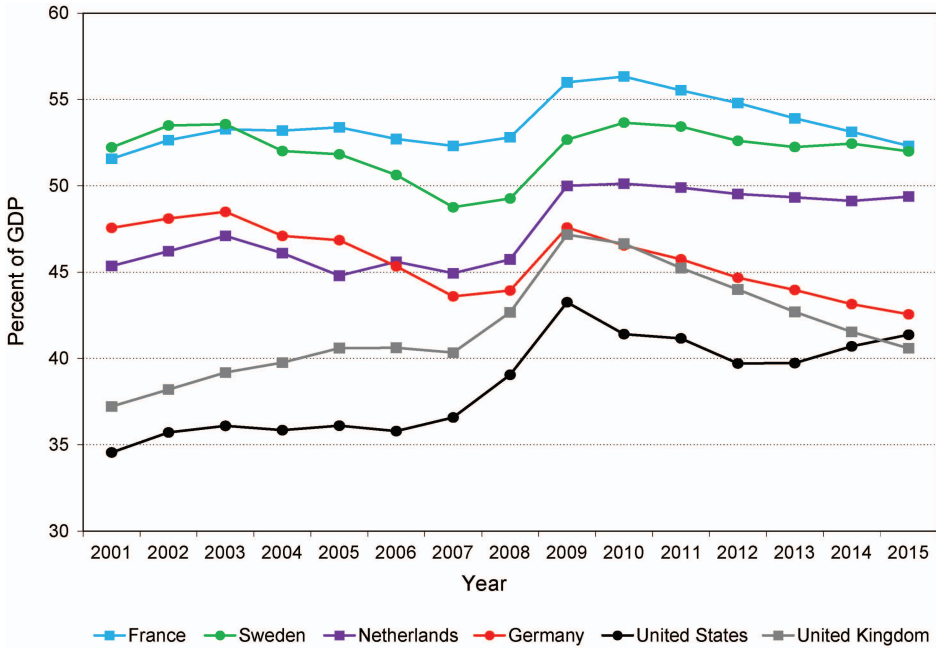
One example of declining public expenditure in the United Kingdom is that from September 2012 onwards there will be no public funding of social science education in British universities (or of much other education other than some sciences and medicine). Instead fees will be paid privately and will rise, in just a year, from £3000 to £9000 (€11,000 or US \$15,000) a year for many university students). This will be the most expensive and will thus likely become the most elitist higher education system in Europe. Already fewer young people in England are applying to go to university in 2012 compared to 2011. Enrollment rates are lowest among youth from cities.

Claims are made that the new high price of education reflects the high “quality” of a British university degree, despite state cuts that will decrease the actual funding that determines the numbers of university teaching staff. In the most recent year (2012), the year in which fees tripled in size, university salaries across Britain were rising by 4% less than inflation.

**TABLE 1. GREATEST LEVELS OF INCOME INEQUALITY  
AMONG THE WORLD'S RICHEST COUNTRIES WITH  
A POPULATION OF 1 MILLION OR MORE**

Country	Ratio of incomes/consumption of the best-off 10% compared to the worst-off 10%
Singapore	17.7
United States	15.9
Portugal	15.0
United Kingdom	13.8
Israel	13.4
Australia	12.5
New Zealand	12.5
Italy	11.6
Spain	10.3
Greece	10.2
Canada	9.4
Ireland	9.4
Netherlands	9.2
France	9.1
Switzerland	9.0
Belgium	8.2
Denmark	8.1
South Korea	7.8
Slovenia	7.3
Austria	6.9
Germany	6.9
Sweden	6.2
Norway	6.1
Finland	5.6
Japan	4.5

*Source:* These figures are derived from tables that appeared in the United Nations Development Programme World Human Development Report of 2009 (UNDP, 2009). Those tables were not repeated in the 2010 report, and so the data presented here were the most current available when this paper was completed. This table is the most reliable ranking of inequality the author can find. The rankings in this table are based on data that can be verified from most other sources. Where the table is different from alternative rankings is in the case of Japan with respect to recent estimates published by the OECD. Those OECD estimates used a different, and very possibly less accessible, and less representative survey than the one employed by the UNDP. Data for Japan are also missing from the Luxembourg income study: <http://www.lisdatacenter.org/our-data/lis-database/by-country>.



**Fig. 1.** General government expenditure as a percentage of GDP, 2001–2015. *Source:* Compiled by author from IMF (2010).

OECD statistics have shown for some time that Britain is the second most elitist affluent nation when secondary education is concerned. A quarter (25%) of the combined private and state education budget is spent on just 7% of children, almost all of whom start off most advantaged in life. Some 22.1% of all primary, secondary, and non-higher tertiary education spending in the UK comes from private sources (OECD, 2011). In many other countries more is spent on the education of the children who are most in need of more educational resources. According to the OECD, in comparison to the United Kingdom, the only affluent or semi-affluent country in the world to spend a higher proportion of its total education budget on an even smaller elite of children is Chile. Nowhere else in Europe, North America, East Asia, or Oceania is education spending so elitist.

Britain has a huge and growing problem with inequality. More of the richest people in Europe live in or near London than any other city on that continent. Between 2009 and 2010 the wealth of the 1000 richest people in Britain was reported to have increased by almost 30%, to stand at £335.5 billion. Just a quarter of the holdings of that tiny number of people would clear the national debt, but the British, and especially the English, are extremely averse to taxing the rich, particularly income for which the rich do not labor. Within the last year the wealth of the 1000 richest people living in Britain has increased by a further £60 million each, or £60 billion in total, to reach around £395 million each last year. This is a 25% rise on the £335.5 billion figure from 2010 (Dorling, 2012, p. 212). At the same time, average incomes in Britain are falling below the rise in the cost of living. This decline is being felt a long way up the income ladder, as demonstrated above by the university lecturers' salaries. But it is the incomes of the poorest in Britain which are

falling most rapidly in absolute terms, due to the most vicious ever cuts in a wide range of social welfare benefits.

Meanwhile, average prices for a three-bedroom flat now exceed £1 million across the entire central borough of Kensington and Chelsea, a borough that is larger in population than the vast majority of cities and towns in Britain (and Europe). Similarly, in the southeast of England, private school fees are among the highest charged in Europe. And, of course, all of mainland Europe is served by far fewer private schools than the United Kingdom—in many cases, almost no private schools. Britain also has far more children, as a proportion of all children, attending private schools than does the United States.

In Britain, by 2010, we had learned that the least wealthy of the richest tenth of Londoners had an average wealth that is some 270 times higher than the assets of the wealthiest of the poorest tenth of Londoners (Hills et al., 2010)! Under these circumstances, social mobility is reduced greatly as the wealthy seek ever harder to protect the futures of their children. The fear of these children falling down the social scale is understandably great. The wealth gap has grown considerably within the last year. Informal estimates now suggest that even the best-off of the poorest tenth of Londoners is probably now in debt, meaning that the 270 ratio (first published in January 2010) may now in fact be infinite.

Levels of anxiety are far higher in Britain than elsewhere in Europe, especially among children, and mental health is found to be worse in Britain than in all other Western European countries when World Health Organization–sponsored surveys are compared (Wilkinson and Pickett, 2010). It is thus claimed that as a consequence of inequality, poverty, and anxiety, which are all related, life expectancy in the United Kingdom is far more similar to that in the United States than to that found far nearer to “home.” But in the United States public spending is currently increasing (see above) and inequalities in income may be beginning to fall.

#### HOW DID BRITAIN GET HERE, AND WHERE IS IT GOING?

Between 1918 and 1978, inequalities in Britain were gradually, but in aggregate massively, reduced. The richest 1% of the population became more normal, less like deities, when they fell to earth from earning 18% of all income to receiving just 6% over the course of this period (only 4% after tax by 1978). By 2011, however, with bankers’ bonuses and punitive cuts to the living standards of the poor, the country was back to 1918 levels of income inequality. The richest 1% look as if they will again secure some 18% of all income. Households of servants are again becoming more common.

It is important to note that this tolerance for (and often encouragement of) growing inequality between people is now not the product of one political party in Britain but has become a national trait. This rise began with Thatcherism, but continued under Tony Blair (as revealed by the statistics that track households with below average income, or HBAl). New Labor presided over a period in which the United Kingdom moved one quarter of the way to becoming as unequal as the United States is today, and the United States is as unequal in terms of health, income, and wealth as currently seems possible for any large rich nation to become. In Britain, the current recession and the regressive May budget of 2010, the regressive June 2010 allocation of local government funding from April 2011, the massively regressive Comprehensive Spending Review of October 2010, the punitive Budget of March 2011, and their continuation in measures announced in the Autumn

Statement of 2011, with further tax give-aways for corporations and tax hikes for citizens, are all set to increase inequality and injustice rapidly in the near future in Britain, maybe faster than it has ever risen before.

In January 2011 a quarterly half-percentage-point fall was reported in the British GDP, which the government, characteristically, blamed on the weather. In January 2012 a fall was reported again (in the mildest winter for years). Another quarter's fall and Britain will be in double dip recession (BBC, 2012). In February 2012, the first negative warning was posted on the United Kingdom's "Triple A" credit rating by one of the leading credit reference agencies. Then GDP fell again and the country was officially in double-dip recession. Inequality was rising and living standards were falling.

There are a few certainties. We can be quite sure that the near future really will be very different, because, for at least the last six human generations, the near future has changed radically with each single generation (Massey, 2002, p. 15). Although the children of the very rich still have many options in Britain (if not much freedom to be who they wish to be, nor to mix on equal terms with others), for the remaining young adults almost all avenues of opportunity are closing down. The latest Labour Force Survey showed that for British adults under age 25, the only significant growth area is waiting and waitressing at tables, and even then new opportunities are mostly in London, thanks to increased tourism as the pound falls in value.

Even excluding those parts now nationalized, or in deficit, finance remains the United Kingdom's second most effective service industry, while tourism has, recently, been most effective. The country's third greatest service industry had been higher education, but that is about to be decimated as part of the £81bn cuts being made to public services by the coalition government. Public higher education spending has fallen from £8bn a year to £2bn a year in just two years. As documented above, that remaining £2bn is almost all ring-fenced for science and medical teaching and research.

Income inequalities in Britain are colossal. In the future there will hopefully be, at some point, a re-reckoning so that 1% of adults will not be paying 25% of all income tax. Hopefully soon the British will no longer tolerate this 1% paying themselves so very much that they end up paying 25% of the taxes.

Tourism will continue to matter and grow as more people from India, China, and many parts of Africa want to see what London is about. Education was the second fastest growth sector after the banks in the late 1990s and early years of the last decade.<sup>2</sup> The British could have that advantage again, in use of the English language, in creativity in that language, and in global education and innovation on the Internet, but not if they stifle the options of their young. The British could also grow a little more of their own food, consume far fewer disposable goods, and maybe make a few more things that people in other places want to buy and which do not cause harm. But British mills were initially the best because they

<sup>2</sup>In 2006 it was reported that "universities contribute £45 billion to the UK economy, placing them above the pharmaceutical and aircraft industries in the financial league table," which would rank them just below banking and finance (see Fazackerley, 2006). However, by 2007 it was being reported that "Although British universities and colleges recorded impressive growth in recent years, many other countries are catching up ... Thus, while the graduation rates for traditional first degree students in the UK rose from 37% of 20 to 21-year-olds in 2000 to 39% five years later, Britain's place in the league table of more than 20 countries by this measure of educational performance fell from third to 10th" (Meikle, 2007).

were the first. In manufacturing, the British will never again have that first-entrant advantage they possessed at the industrial dawn.

In Britain children are routinely sent to school at age four, or age three in parts of the private sector. Children in most of the rest of Europe start school later (Alexander et al., 2009). At the other end of the age range, across Europe people are currently talking about the optimum age to stop studying and to stop coerced employment (to allow retirement). Is coerced employment productive? Many groups in Europe are advocating the introduction of a European citizen's income, in which all adults are paid a set amount as a right of citizenship, in which there are no unemployment benefits, and in which people work if they choose to. If you think this is a fanciful view of the future, think how strange the concept of unemployment benefits once was.

#### ARGUMENTS FROM ELSEWHERE

The concept of a citizen's income is one of the few workable paths toward harmonization of the immense variety of tax, pension, and benefit systems that presently coexist in a European Union in which labor already is free to move. Such a harmonization of tax and benefit systems across Europe would create greater financial stability and reduce currency speculation on the Euro when one part of the Eurozone with particularly low taxes (Ireland) or high benefits (Greece) appears unstable. But introduction of a European-wide citizen's income, even if initially set at a very low level and then raised, would require trust. Yet trust varies greatly across Europe, and even within the United Kingdom.<sup>3</sup> However, the alternative to greater trust may be continued mass unemployment and widespread poverty, most concentrated in the United Kingdom, but spreading across the European continent while neoliberalism continues to hold sway: “[An] explanation of mass unemployment lies in the hard-wiring of neo-liberal policies into the EU, first by the convergence conditions for economic and monetary union laid down in the Maastricht Treaty, and then by the establishment, under the same treaty, of an independent and unelected European Central bank with sole control of monetary policy since the euro was launched at the beginning of 1999” (Callinicos, 2007, p. 107).

Social inequalities and the consequent injustices are greater in the United Kingdom than in almost all the rest of Western Europe. Neoliberal ideology finds a convenient home in the United Kingdom, from which its harms spread outward across Europe. Whenever advocates from the United Kingdom suggest more neoliberalism, I propose asking them why so much about British society is so unfair, and then whether they themselves and their messages are products of that inequality. Don't expect a plausible answer.

However, at the same time that British elites have been exporting messages of despair, that there is no alternative to massive public sector cuts, rising inequality, or allowing the rich to becoming ever richer, other voices have noted how much the rest of the rich world can learn by *avoiding* the excesses and current direction of Britain. These lessons apply directly to urban geography and may also be a useful context from which to consider the future of cities in the United States. Public expenditure policies in the U.S. are ominous, but look rather benevolent compared with the situation in Britain.

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<sup>3</sup>See Figure 8 in Wilkinson and Pickett (2010).



**Fig. 2.** “If Pounds were Pixels,” an income parade-style illustration of inequality in British society. *Source:* Produced by Duncan Rickelton. Available online at <http://amazingstuff.co.uk/ifpoundswerepixels/>. Reproduced here with permission.

Not that long ago we British used to say the opposite, observing that in many ways both countries (the UK and the U.S.) were not well organized, but at least our (UK) National Health Service was safe from privatization, the poor were better cared for than in the States, and our unemployment rate was falling while that in the States was rising. Now none of these claims are necessarily true. This reversal yields an important realization: We can learn from each other and we need cooperation, comparison, and collaboration. We need to learn from each others’ strengths, the real strengths, and emulate those strengths. There are even signs on the Internet of the British learning to become less deferential (Fig. 2).

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