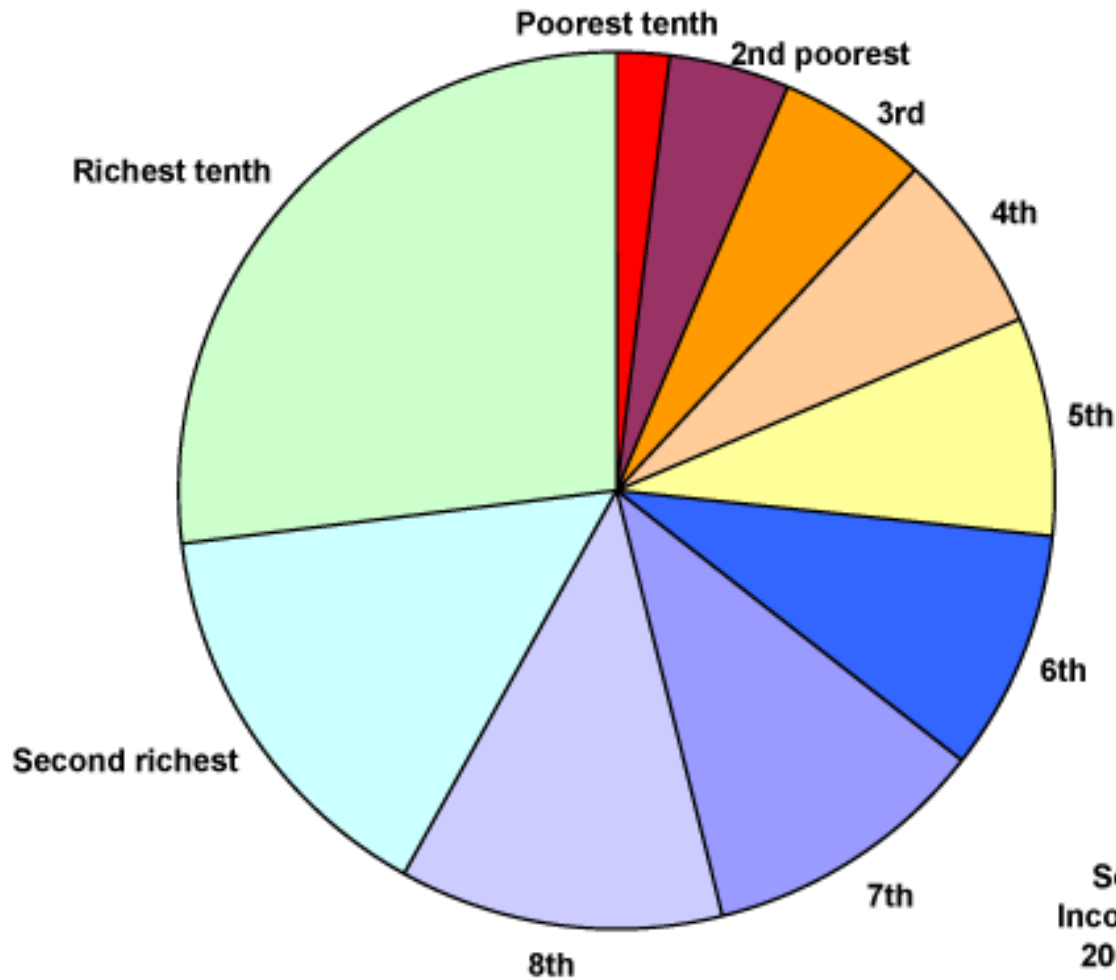


How can we reduce income
inequality?

Professor Adrian Sinfield,
University of Edinburgh

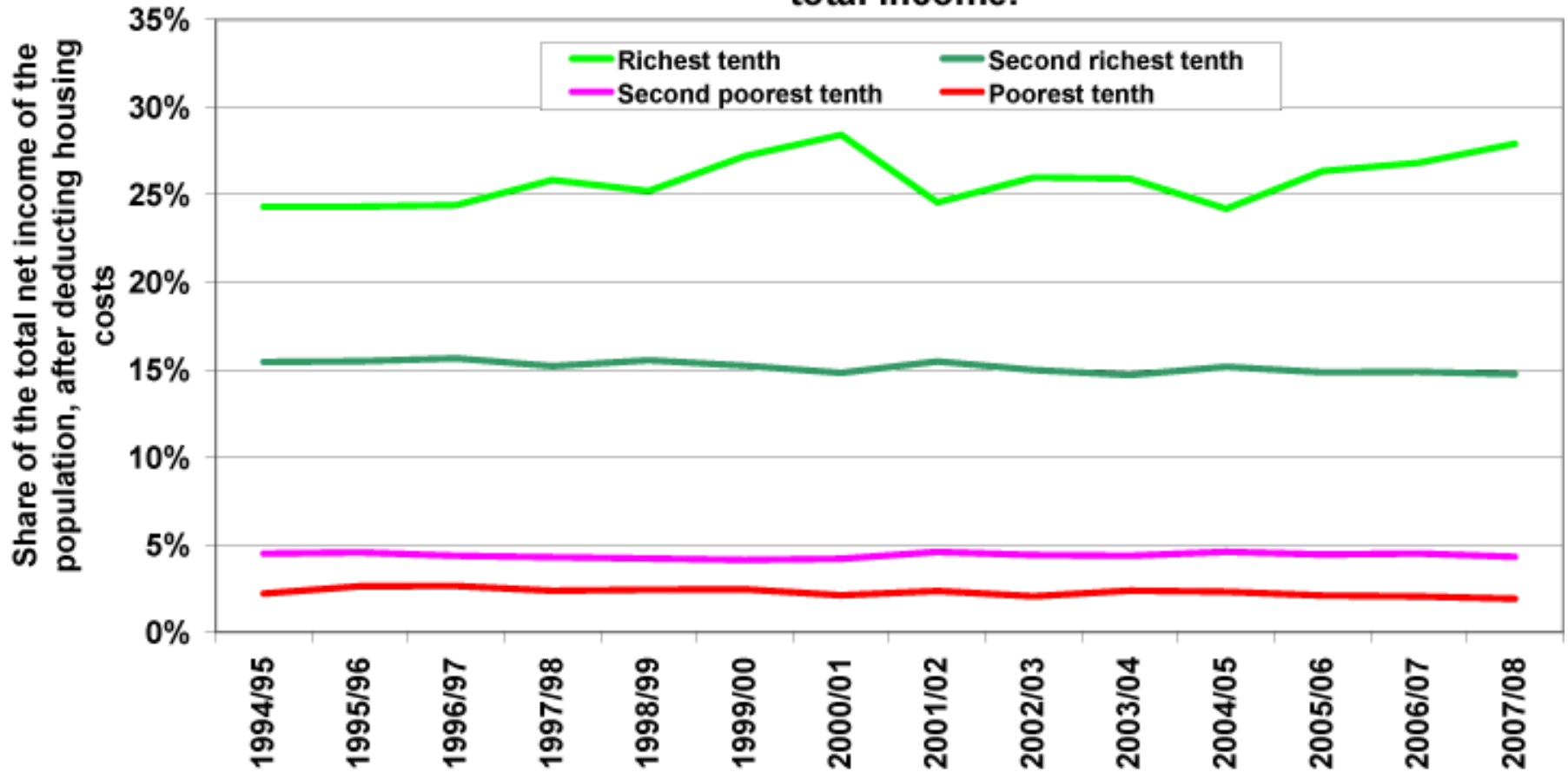
Poverty Alliance Seminar, 24
September 2009

The income of the richest tenth is the same as the income of all those on below-average incomes (i.e. the bottom five tenths) combined



Source: Households Below Average Income, DWP; the data is the average for 2005/06 to 2007/08; updated Aug 2009

Apart from the richest tenth, the overall distribution of income has changed little over the last decade. The poorest tenth have 2% of total income.



Source: Households Below Average Income, DWP; updated Aug 2009

**'CAPITALISM,
wisely managed,
can probably be made
more efficient for
attaining economic ends
than any alternative system
yet in sight.**

**In itself, it is
in many ways
thoroughly objectionable.**

J.M. Keynes, 1927.

**What thoughtful
rich people call
the problem of
poverty,
thoughtful poor
people call,
with equal justice,
the problem of riches.**

**Richard Tawney,
1913.**

**THE GREATEST CHANGE IN
THE LAST FORTY YEARS
IN THE UK**

‘Above all, the rich feel much less need than their predecessors to account for their wealth, whether to society, to governments or to God. Their attitudes and values are not seriously challenged by anyone. The respect now shown for wealth and money-making has been the most fundamental change in Britain over four decades.’

**Anthony Sampson,
Who Runs this Place?, 2004**

**‘It may seem a strange principle
to enunciate as
the very first requirement
in a hospital that
it should do the sick no harm’**

**Florence Nightingale,
Notes on Hospitals, 1859.**

**This means
The right treatment
At the right time
In the right way
AND
The right amount
that is needed to keep us well
and prevent us from getting ill.**

All UK Taxes as a percentage of gross income 2007-2008

	Income & NI contribution	Council Tax	Indirect	All Taxes
All	18.2	2.8	13.9	35.0

ONS 2009 – adjusted for household size;
After council benefits;
Tax credits divided between tax & benefits

All UK Taxes as a percentage of gross income 2007-2008

	Income & NI contribution	Council Tax	Indirect	All Taxes
All	18.2	2.8	13.9	35.0
Top Fifth	23.1	1.8	10.0	34.9

ONS 2009 – adjusted for household size;
After council benefits;
Tax credits divided between tax & benefits

All UK Taxes

as a percentage of gross income

2007-2008

	Income & NI contribution	Council Tax	Indirect	All Taxes
All	18.2	2.8	13.9	35.0
Top Fifth	23.1	1.8	10.0	34.9
Bottom Fifth	4.7	6.1	27.9	38.7

ONS 2009 – adjusted for household size;
After council benefits;
Tax credits divided between tax & benefits

JUST TAXES

**‘It is not very unreasonable that
the rich should contribute
to the public expense, not only
in proportion to their revenue,
but something more than
in that proportion’,
because a tax on
‘the luxuries and vanities of life
[which] occasion the principal expense
of the rich ... would in general
fall heaviest upon the rich
and in this sort of inequality
there would not, perhaps, be
anything very unreasonable’.**

**Adam Smith,
The Wealth of Nations,
1776, Book 5.**

**Europe cannot
be built upon
unemployment and
social exclusion,
nor on
an inadequate sense of
citizenship.**

**Europe
will be
a Europe for all,
or
it will be nothing at all.**

Comité des Sages, 1996