*How do high earners perceive inequality?*

In debates on inequality in the UK, most attention is given to the top 1% of earners or even to the 0.1% global elite. However, the remaining top 10% is often overlooked. This group mostly do not own yachts or have direct access to senior politicians, but many of them do vote regularly, have disproportionate political influence and make a vital tax contribution. The top 10% includes all MPs and most of the top echelons of government, as well as a sizable proportion of decision makers in the media, the third sector, political parties, business and academia. It possibly excludes those working in finance, which, as Paul Johnson reminded us at the APPG on Inclusive Growth conference, is firmly the remit of the 1%. Many sitting in the audience on 6 July will be in this group and are helping design, regulate, and operate the institutions behind our economic, social, and political systems. So, what does this group of the top 10% think about inequality?

A recent [Ipsos/Fairness Foundation study](https://www.ipsos.com/en-uk/britons-worry-about-inequality-but-put-equal-opportunities-before-equal-outcomes) found that 85% of Britons, whatever their income, think inequality is an important problem facing Britain, although not necessarily the most urgent. ‘Inequality’ was not a word used by the British high earners we interviewed as part of a [two-year study into the attitudes of high earners in four European countries](https://feps-europe.eu/publication/752-inequality-and-the-top-10-in-europe/). Some would refer to a person experiencing homelessness who they see on their way to work, for example, but otherwise many are fairly insulated from the socio-economic realities of much of the population as, despite the still prevalent rhetoric of the ‘undeserving workshy scrounger’, [the majority of those in poverty are in work or live in a household where someone is working](https://ifs.org.uk/articles/lots-more-people-are-working-jobs-keep-them-poverty).

High earners’ rather distant view of inequality can be better understood by their preoccupation with looking up the ladder at the top 1%. Paul Johnson reminded us that, when they do this, they see some very big steps ahead of them. Even if a high earner is in the top 5%, on about £104,000, they are further away from the top 1% (£183,000 and over) than from the median earner (around £26,300)[[1]](#footnote-1). As a result, most high earners don’t feel rich and no one we interviewed was aware that they were near the top of the income distribution.

However, consistent with the recent Opinium survey presented at the conference, high earners are starting to question meritocratic explanations of social mobility. They are struggling financially and anxious about downward mobility, particularly for their children, they know that work is paying less and that social mobility has stalled. That home ownership is down among middle income 25-35 year olds will not be a surprise to the parents within the top 10% that Friedman, Laurison, Moor and Toft have described as ‘the bank of mum and dad.’[[2]](#footnote-2) However, while they support redistribution in principle, they want taxes targeted initially on those even higher up that ladder. The riches line is always above them.

Over a decade ago, [Wilkinson and Pickett](https://equalitytrust.org.uk/resources/the-spirit-level) showed how inequality doesn't just threaten people on a low income but the whole of society, including high earners. Health and social problems are worse in more unequal countries, including life expectancy, infant mortality and mental health. Increasing political polarisation and decreasing economic stability, social cohesion and environmental quality impact everyone’s lives. We need policy makers and politicians to reframe inequality as a drag on our collective national productivity and wellbeing.

In [Uncomfortably Off: Why the top 10% of earners should care about inequality](https://policy.bristoluniversitypress.co.uk/uncomfortably-off), Marcos Gonzalez Hernando and I argue that high earners need to understand where they stand relative to others, and also that the majority of them will find themselves reliant on the state at some point in their lifetimes. The alternatives, either through private insurance or accumulating enough cash to see themselves through all eventualities, are hugely expensive and out of reach for most. As the late [John Hills demonstrated](https://policy.bristoluniversitypress.co.uk/good-times-bad-times-1), high earners tend to be unaware that most of them will get back something close to what they pay into their welfare state. This dynamic aspect of inequality is crucial in political terms. It reminds all of us – including high earners – that, when we talk about redistribution, we are mostly talking about redistribution from ourselves to ourselves, not from ‘us’ to ‘them’.

In the UK, we have become accustomed to thinking that education, healthcare and social care are free and available when we need them. However these services, as we know, are under strain. Greater public investment would address high earners' anxieties, create stronger social cohesion across income groups and generations, reduce inequality and underpin a clear sense of public good and the state’s public purpose. In order for that to happen, however, high earners may have to rethink their relationship to the state and question whether it's really solely hard work that determines where we end up.

1. HMRC (2020/21) The threshold for the 10% is £59,200. [↑](#footnote-ref-1)
2. See for example, Friedman, S. and Moor, L. (2021) Justifying inherited wealth: Between ‘the bank of mum and dad’ and the meritocratic ideal. *Economy and Society*, 50: 4: 618-642. [↑](#footnote-ref-2)