

The Great Redistribution

People claim that they are indifferent to the distribution of resources at any one point in time, as long as everyone has an opportunity to achieve success are effectively deluding themselves. Equality of opportunity often requires an equal starting point.

OECD, Growing Unequal, 2008

Between persons of equal income there is no social distinction except the distinction of merit. . . That is why idiots are always in favour of inequality of income (their only chance of eminence), and the really great in favour of equality.

George Bernard Shaw, playwright (1856–1950)

Nobel Laureate Amartya Sen looks at it from a different perspective and asks if the ‘capabilities’ required to enable a flourishing and fulfilling life are met across the population in a relatively equitable way?³⁷ The result of this would be likely to be an equitable distribution of the outcomes described above, though this is by no means guaranteed of course. Generally, however, if we have equal capabilities, we will have relatively equal outcomes. If we can do this, we will have created the conditions for the well-being of all, both individually and socially, to flourish and can turn our attention fully to developing quality rather than quantity in a post-Transition society.

To achieve this, the Great Transition would see redistribution in three areas: income, assets and time, and would seek to extend this to a fourth – carbon.³⁸ The first of these is *incomes*, which have become increasingly unequal in the UK since the 1980s. This has had very damaging effects, individually, socially, economically and environmentally. At the individual level, well-being suffers in unequal societies, as relative status is an important determinant. This is also associated with higher consumption, as people tend to aspire to the consumption patterns of those on higher incomes than themselves, stoking materialism and pulling total consumption up. The environmental consequences of this are all too obvious, but in social terms, income inequality is also highly corrosive for community cohesion, which is associated with higher levels of social ills, such as crime, for example.

In the first part of this report we illustrated a process of income redistribution in five stages, which would reduce income inequality in the UK to that seen in the most equal European societies, such as Denmark. A genuinely progressive tax system, phased in over 10–20 years would achieve this. The advantage of such a Transition would be that taxes could then be shifted towards ‘bads’, such as environmentally damaging factors, rather than ‘goods’ such as income and employment. This will be described in more detail later in the report.

Key to preventing the generation of income inequalities in the first place is the distribution of assets or wealth. This is the second stage of the Great Redistribution. Assets such as land, property and family wealth are even more unequally distributed in the UK than incomes.^{39,40} Indeed, the possession or lack of such assets is itself a major determinant of incomes. Wealth enables a good education to be purchased, either directly through the public school system, or indirectly through the ability to buy a house in the catchment area of a high-performing state school. The result of this is that the UK is one of the least socially mobile countries in the developed world.⁴¹ The children of the wealthy go on to be wealthy themselves. The children of the poor stay poor.

To give everyone an equal chance in life, we need to level the playing field in terms of the ownership of *assets*. There are many ways this could be done, but one straightforward approach would be to provide all citizens with a cash transfer on reaching adulthood, money which could be used to start a business, or could be invested in real assets in their local communities, or in human assets such as continuing education. If of sufficient size – we propose £25,000 per individual – such a ‘Citizens’ Endowment’ would both level the playing field and move us towards a genuinely ‘stakeholder society’.

The logical way of funding such a transfer is through a phased increase in inheritance tax, which would both generate the sums needed and itself start to reduce the unequal distribution of the relative assets available to young people in our society.⁴²

A society in which all have a real stake is about much more than financial assets. As inheritance tax rises, this would see more land and property being transferred to the state, which would form the basis for redistribution on a non-individual basis. These assets could form the basis of community land trusts,⁴³ where land is commonly owned and managed on a stewardship basis by the local community underpinning the provision of affordable or social housing.

The Government of Margaret Thatcher envisaged a stakeholder society of sorts, where shares in privatised state enterprises would be widely held throughout society. Despite its obvious problems, there was the germ of a good idea hidden in there. What would make much more sense would be to move to a far greater level of employee ownership, where publicly listed companies would progressively transfer shares to their staff, giving them a real stake in and control over the companies where they work. With similarities to the Meidner Plan⁴⁴ in Sweden in the 1980s, such a process could lead to the creation of a series of co-operatives, operating in regulated markets, and subject to competition from new companies, perhaps also formed co-operatively as young people pool their Citizens' Endowments to start new companies.^{45,46} Such a process would fundamentally change power relations within workplaces, creating a form of economic democracy.

The final aspect of the Great Redistribution is that of *time*, or more precisely, *work and time*. Just as income and assets are very unequally distributed in the UK, so too are work and time. For those on above-average incomes, working hours per week are far in excess of other European countries. At the other extreme, one in five households has no one at all in employment. Astonishingly, three-quarters of single mothers from low-income backgrounds have no income from employment.

Something is very wrong in a society that suffers simultaneously from chronic overwork and chronic lack-of-work, both of which are highly corrosive at personal, family and social levels. By redistributing working hours at the outset of the Great Transition we address income poverty at the bottom and time poverty at the other end of the income distribution.

Even on average we work too much. Working hours in the UK exceed those in most other developed European countries, not least because of the UK opt-out from the *European Working Time Directive*, which allows companies and workers to 'agree' that working more than the Directive's 48 hours per week is acceptable. The final part of the Great Redistribution would see total permitted working hours gradually reduced from 48 to 32, equivalent to a 4-day working week for all. In time, it might be possible to reduce this further, perhaps even to 21 hours, or a 3-day week. How would these changes impact upon our sources of value described above, as well as human well-being?

Well, as consumption – and therefore economic output – is reduced to meet the UK's carbon reduction obligations, this would help ensure that unemployment did not increase. As already pointed out, the equal distribution of working time would

contribute significantly to relative poverty and inequality, and to the reduction of social ills and so the creation of the sort of society that people would actually want to live in. Finally, equally distributing increased time to spend with family (caring or just being together), friends, or in leisure pursuits creates more space for individual well-being to flourish, as well as for more community engagement and so the advancement of social cohesion and the growth of the core economy.

Just outcomes can also be good outcomes for individuals, for communities and for society.