

[Equality: as cheap as 50p?](#) [1]

Written by [Ben Southwood](#) [2] | Monday 27 January 2014

[Peter Osborne argues that Ed Balls' pledge to raise the 45p top tax rate back up to 50p is a good idea](#) [3].

While the extremely high marginal rates (top main rate 83%, plus a 15% surcharge for "unearned income") of the 1960s and '70s might have been driven by "socialist envy", George Osborne's dropping the rate from 50p to 45p in was "profoundly shaming and offensive", Osborne contends. This is because, echoing Stanley Baldwin and his brand of Toryism, the conservatives should represent the whole country, not the rich or any other factional interest.

Apparently the Coalition has "devoted a great deal of effort to lowering the living standards of the poor", and this move to "make the rich richer" is inappropriate when the poor are getting poorer. I contend this by arguing that inequality is down to 90s levels under chancellor Osborne, while the worst-off in society are the only group to actually see their living standards improve the since the recession hit. And the (ugly, unpleasant, and regrettable) attitudes that have emerged towards benefits claimants [are probably driving government rhetoric in that area, rather than vice versa](#) [4].

In general, it annoys me when a columnist writes something apparently trading on what everyone just knows. Sometimes the common view is incorrect. [Funnily enough, politics is the area where people err most profoundly and with the most regularity.](#) [5] And I would argue that Osborne is trading on falsehoods in his piece; would it still be a coherent argument if it started with [the factual premise that inequality in the UK fell back below its 1997-8 low in 2011-12, 0.34 measured by the GINI coefficient?](#) [6] [That the top 10% of earners endured the biggest blow to their incomes since the onset of the recession? And that the bottom 10% by income were the only one to see a rise in living standards taking inflation into account?](#) [7] I don't think so.

The IFS reports I link above predict that by 2015-16 inequality will rise back to roughly its pre-recession level, so perhaps Osborne could refocus his attack on the future inequality Osborne possibly has a hand in. But in all likelihood there is probably little the government can do about inequality over the long-term, caused as it is by very fundamental trends and robust as it is to institutions even such as the USSR's. Most of the extra inequality since the 60s and 70s [has come from couples engaging in much more assortative mating.](#) [8] And very long-term trends are mainly dominated by heritability of social class?[those with Norman surnames are 28% more likely than a random sample of similar others to get an Oxford place.](#) [9]

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[4] <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3551585/>

[5] <http://www.adamsmith.org/blog/politics-government/the-problem-with-democracy>

[6] <http://www.ifs.org.uk/comms/comm124.pdf>

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