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Inequality in the UK just ain't what people say it is [1]

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I've said this before and no doubt I'll say it again. But inequality in the UK just isn't quite what people generally say it is. We're in an unusual situation: we've in London one of the great commercial cities on the planet. The rest of the UK is pretty standard high income European stylee. A goodly part of the recorded inequality in the UK is between these two economies. We can see this in this report on the latest ONS figures [3]:

> The least inequality was in Wales, where the highest earners had wages seven times higher than the lowest. The top 10 per cent of earners in Britain earned at least £26.75 an hour last year. Of these, 36 per cent worked in London, indicating that more than a third of the highest-paid jobs were in the capital.

London is, of course, significantly less than 36% of the total population (more like 12% or so). Which does indeed lead us to two important points about nationwide inequality.

The first is that we all know that London is vastly more expensive to live in than other areas of the country. So measuring inequality by inequality of incomes is going to hugely overstate the consumption inequality we have. Consumption inequality being the only one we should even theoretically worry about given that it's what people get to do with their lives which could conceivably important, not the numbers on their paycheque.

The second is that a good piece of even the income inequality being recorded across the nationwide figures isn't, in fact, a nationwide difference between the oppressing capitalists and the ground down workers. It's that we have, in one city, a part of the great global high end economy. In a manner that no other European country really does. Given that there is indeed a difference in wages between that high end global economy and the usual standard European economy we therefore have higher recorded inequality.

And if I'm honest I really can't see a problem with this. That we've got one part of our economy that really is world class, world beating, seems rather cheering actually, not a cause for woe and despondency.

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