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The Ex-Editor [1]

Written by **Tim Worstall** [2] | Sunday 24 February 2008

John Kampfner has recently been thrown out resigned as the editor of the New Statesman. My assumption is that even the highly partisan readership of that magazine got bored of being offered inaccuracies of the following sort [3]:

> It is strange to remember that a Labour government has presided over the phenomenal transfer of wealth and assets into the hands of the very rich.

I could understand if he said a transfer of resources from the productive, private, sector to the less productive State one, for taxation and government spending have indeed risen over the New Labour years. But a transfer of wealth from the poor to the rich? How does that work then?

Leaving aside the sarcastic point that the poor, by definition, don't have any wealth worth taking because, by definition, they're poor?

A requirement for this to be true would be that the poor now have less wealth (and we should distinguish between wealth, a stock, and income, a flow) than they did ten years ago. There's no evidence that this is in fact true: quite the contrary, every level of society is now wealthier than they were ten years ago. So there has been none of the transfer that he complains about.

What is true is that of the growth in wealth in the past decade more of it has gone to the top of the distribution than was formerly the case. But this is a function of the way in which the benefits of growth are distributed, not a transfer from one group to another. And even there [4] it's hardly phenomenal: in 1999 the top 1% had 34 % of the wealth in 2003 they had, err, 34% (adjusted for housing, and yes, I'm cherry picking).

I've no objection to someone complaining about the distribution of newly created wealth (I might disagree but it's a legitimate concern) but I do have an objection to someone insisting that if some have become richer then others must have become poorer: that simply isn't true, the economy and the wealth it can create are not zero sum games. All can benefit, as they have been, rather than more for some having to mean a transfer to them from others of a set amount.

Now we've put him straight all we need to work out is why this guff is appearing in The Telegraph rather than tucked away in a magazine no one reads.

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