

Dorling, D. (2010) Britain must close the great pay divide, Observer, 28th November:
<http://www.guardian.co.uk/business/2010/nov/28/pay-inequality-hutton-review>

Britain must close the great pay divide

UK wage inequality is approaching levels not seen since the end of the first world war. Equality expert Danny Dorling argues a cap on bosses' pay is vital if Britain is to become a fairer place

- [The Observer](#), Sunday 28 November 2010



Top surgeons in Britain earn just 0.5% of the wages paid to high-flying bankers. Photograph: Christopher Furlong/Getty Images

Do you know how well you are rewarded and how you compare with your colleagues? Here's a simple way to work it out. First, calculate how much you are paid an hour, without subtracting tax and national insurance.

At £5.93 an hour, the minimum wage for those aged 21 and over, you are almost perfectly representative of the poorest fifth of employees. Moving up the income ladder, if you receive just over £7 an hour, you are in the next bracket, the "modest" fifth. At £10 an hour, you are now, more or less, the median worker – while £14 an hour takes you into the more "affluent" fifth of employees.

At close to £21 an hour, which translates to an annual salary of just over £40,000, you are bang in the middle of the best rewarded fifth of all employees. You earn getting on to twice the national average. In short, you are, in relative terms, rich.

But here's the thing. If you are in that top income bracket, you may not feel rich. In fact, although you are heading towards double the median income, you might well feel part of the "squeezed middle".

This vague term – deliberately vague, perhaps, when used by Ed Miliband, determined as he is to reach out to as many potential voters as possible – seems, at times, to capture all of us who are neither poor nor rich.

However, the exact details of what we are paid – in particular the gap between the best and worst paid, wider in Britain than in much of the developed world – is an urgent political topic. Earlier this year, Will Hutton, executive vice-chairman of the Work Foundation and an *Observer* columnist, was appointed by the government to head a review into creating fairer public sector [pay](#) – and to what extent a multiple between top and bottom [public sector pay](#), say 20 to 1, could help shape norms of private sector pay. This week, Hutton will rehearse his first thoughts in the review's interim report.

Vince Cable, the business secretary, has also launched a review of British business which includes an analysis of executive pay. In addition, the thinktank Compass, in collaboration with the Joseph Rowntree Charitable Trust, has set up its own "high pay commission" after failing to convince the coalition that it should set up one of its own.

A recent poll by Compass and the Joseph Rowntree trust showed that only 1% of people think that top executives should be paid as much as they are. Another striking figure revealed that 64% believe that a chief executive should take home an annual salary of less than £500,000. This contrasts sharply with the actual pay figures. Research by Income Data Services found that the average FTSE 100 chief executive was paid £4.9m, a figure that had risen more than 50% in a year. This equates to 200 times the average wage.

The previous year – between June 2008 and 2009 – the earnings of the FTSE 100 chief executives had fallen 1%, in the wake of the financial crash. Examining this year's figures, it seems that restraint at the top was short-lived, and it's back to business as usual.

This week, it is widely expected that Hutton will support the concept of a pay multiple. It will be hard, given the terms of his review, not to imagine that he will also advocate the principle being extended to the private sector.

Why do pay differentials matter? Plenty of recent research – best detailed in Richard Wilkinson and Kate Pickett's book *The Spirit Level* – suggests that a wide range of statistical indicators, from mental health to social mobility, are better in more equal societies. These societies tend to have narrower income distributions.

One consequence of wide pay differentials is a more atomised society. We do not mix as much as we used to in the 1950s. Now we tend to stick much more with our "own"; we read the newspapers written for people like us, we buy food sold for people like us, our children go to schools for children like them.

Across much of western Europe the income inequality ratio is lower than in Britain. It is lower in Australia, New Zealand and Canada too. Japan's ratio is half Britain's.

What's more, in Britain high-paid work is concentrated in particular families. So while in a prosperous home you might find two high incomes, in a poorer home one

low income might be supplemented by a convoluted mix of benefits – a pattern found far less often abroad.

For much of the 20th century, the income gap in Britain narrowed steadily as we gradually became a more equal society. In 1918 the richest 1% of earners was rewarded with 19% of all income, receiving about 19 times more than the average earner. By 1935 the top 1%'s share of income had fallen to 14%; by 1950, 12%; by 1960, 9%; by 1970, 7%; and by 1980, 6% (and only 4% after taxes).

This was all achieved without stipulating a ratio from top to bottom – but it was much lower than 20:1. And, in fact this process towards a more equal society seemed inexorable, an almost *natural* consequence of an advanced democracy. During these years – the three decades or so after the end of the second world war – this trend was part of the political consensus.

However, in the late 1970s a few of us got greedy; the rest of us failed to stop the greedy, and they spread their ideas around (if not their money). By 1983 the income share of the best-off percentile was back up to 7%; by 1992 it was 10%; by 1997, 12%; by 2001, 13%; by 2005, 16%.

Today, with the return of big City bonuses, I very much suspect it will be back up to 18%. We should have a national day of mourning when we return to a level of inequality last experienced at about the time of armistice day in November 1918.

New Labour did not do as much as it might, perhaps, in checking the trend. In 1997 the hourly pay rates for each fifth of earners were all lower than they are now, but so were the gaps between our earnings. And income cannot, of course, be divorced from other factors. The cost of housing rose even faster than average earnings, for instance, and it can be argued that the poorest ended up with even less choice over where they lived at the end of New Labour's time in office.

Though Alistair Darling's final budget could be deemed progressive, with the introduction of a new top rate of tax for those earning more than £150,000, during New Labour's reign as a whole the income ratio of the richest to the poorest earners rose from to 3.6 to 3.9. Hence the poor became relatively poorer despite receiving on average an extra £2 an hour for their labour.

In Tory chancellor George Osborne's first budget, the effects of the unevenly distributed £6bn of local authority cuts and the punitive £81bn cuts of the comprehensive spending review were all designed to be regressive. I say designed because you don't introduce a regressive policy *by accident*. So the gap will have grown again since narrowing slightly at the start of this year.

In the 1970s, the earnings ratio between the richest and poorest fifth of UK earners used to be nearly 3 to 1. It approaches 4 to 1 today. In recent decades, the greater part of the increase in inequality occurred during Margaret Thatcher's premiership, but Tony Blair added a little extra dollop of unfairness on top and Gordon Brown his own sliver.

When we consider families as a whole, and not just the family's central figure, the inequality ratio is found to be even greater. The richest fifth of families by income in 1997 each received 6.9 times the income of the poorest fifth in 1997. By the time of the election the Liberal Democrats were loudly complaining that the ratio had risen to 7.2 to 1. In other words, from 1997 to 2009, we moved a quarter of the way to becoming as unequal in income distribution as the United States.

Will Hutton's predicted proposal of suggesting a maximum full-time pay ratio of 20:1 may help this situation, but we need to take the principle seriously and apply it to the private as well as to the public sector with whatever necessary adjustments need to be made. Otherwise high-earning public sector employees will simply carry on comparing their salaries with those earned by private-sector employees.

On the minimum wage, someone working 38 hours a week now earns £11,700 a year. Twenty times that is an annual salary of £234,000 (or £118 an hour). Ask the British people their views, and you find that the overwhelming majority consider this more than ample. It is approaching twice what the prime minister is paid, for instance.

However, there are a handful of public-sector workers receiving more than £100 an hour. I predict a rapid adoption of the £7.85-an-hour London living wage in their organisations to raise the permissible take-home pay at the top to £310,000 a year (or £157 an hour).

I may be a cynic, but I would prefer that approach to not seeing wages rise at the bottom. However, I think almost everyone would be better off if wage rises at the bottom were coupled with wage reductions at the top.

Hutton's proposals could begin to change how we think. It is assumed that constraint at the top results in a contraction of the whole income distribution – one reason is that top earners, so research suggests, do not like those just beneath them in earning power getting too close to them. Couple that with wider adoption of the living wage and you have more rises at the bottom, stagnation in the middle, and maybe even a few cuts at the peaks.

This though, can only happen if the effects are spread across all occupations, not just the public sector. Why should an excellent brain surgeon receive "only" 0.5% of a top banker's income? At the peak of excess a top banking boss can receive £40m a year in remuneration. 0.5% of that income is a salary of £200,000 a year, which is just about in the possible range of top surgeons' salaries. You can have 200 excellent brain surgeons, and quite a few more average ones, all for the cost of a single man in a suit running a large bank in Britain.

If the chief executive's pay fell, the surgeon could soon be earning a far higher proportion of that top banker's income without anyone having to spend a penny. And all the rest of us would be richer, as we would not be being charged so much by our banks to allow them to pay those exorbitant salaries and bonuses.

The good news is we can change – and any public sector reform should be accompanied by private sector change. I would suggest that, just as many parts of the public sector have begun not to work with private sector companies that do not pay

the living wage, a new clause is simply added to those ethical contracts. This clause would demand that for any new work where the private sector is contracted in, no one should be paid more than 20 times that living wage. And why? Because helping to support such profligacy is a waste of public money.

Danny Dorling is professor of human geography at Sheffield University and the author of Injustice: Why Social Inequality Persists (Policy Press)

Comments in chronological order (Total 94 comments)

Showing all comments

-  [johnpaulread](#)

28 November 2010 12:21AM

Danny Dorling uses the example of the brain surgeon and the banking boss. I, like most people, would not seek to justify the excessive pay of banking bosses.

However, is there any evidence that the brain surgeon will work less well, or change career, because he is not paid as much as the banking boss - or Wayne Rooney ?

Further, there is evidence that those at the top of the public sector now get pay (and benefits) far in excess of what their work merits.

In Scotland over 3,000 people in the NHS get paid over £100k.

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-  [Craglerock](#)

28 November 2010 12:23AM

What made me laugh is when Theresa May said that she "does not believe in a world where everybody gets the same out of life, regardless of what they put in". So it's a pure coincidence that the majority of the members of the cabinet are multi-millionaires and were educated at prestigious universities and public schools? It just goes to show that where you were born and to which family

can ultimately determine the rest of your life. Obviously you yourself are a major influence on the course of your life, but so too is your environment and your background. It's so insulting that May is implying that every successful high earner got there by hard graft alone. Yeah right. There are several very intelligent people at my school, a pretty ordinary state school, that would almost certainly be very successful in life if they had the pure luck to be born into a family that could afford to send them to Marlborough or Eton. Of course, because they are ordinary working class people their chances of success are greatly reduced. It's quite sad.

- - Recommend (168)
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- [Cragglerock](#)

28 November 2010 12:54AM

Sorry to go a little bit off topic. Income inequality in a society breeds unhappiness, crime and class tension. I do agree to a cap in pay for private sector employees contracted in, but why not go the whole distance and enforce the same rules on the whole of the private sector? Or would that infringe on economic freedom a bit too much to justify?

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- [HopeSprings1](#)

28 November 2010 1:47AM

I don't see any valid argument for a privately owned business to be told what its remuneration policy should be.

We've had income-policy before in this country and it failed, spectacularly.

Further, your Brain Surgeon / Banker analogy is somewhat flawed. Not only do many brain surgeons have private practices which vastly inflate their salary (as well as NHS work), but their NHS work is ultimately paid for by the taxpayer. The taxpayer doesn't pay a penny into the remuneration of the Banker. As such, why should they have any involvement whatsoever? (as per my 1st point).

Finally, because you happen to think the CSR was meant to be regressive doesn't make it fact. Tell me, what Govt would want to come to power with the deficit & debt that the current Coalition has had to face? Whatever cuts were to be made there would be people like yourself stating they were "regressive". It would be best to remember that these "cuts" are, in fact, the Govt simply not *borrowing* so much (ie. not getting us into even more debt as quickly as we have been).

Still, if you have a novel way of allowing us to continue ploughing money we don't have into our Public Sector, I'm all ears.

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28 November 2010 2:45AM

A person on £20,000 per year is absolutely not twice as well off as a person on £10,000 per year...despite what we hear (assuming similar circumstances). This is because if housing costs them £5,000 per year and travel £2,500 per year the one has £2,500 to pay for food and everything but the other will have £12,500 for food and everything.

In other words for two people in similar circumstances as you get closer to the minimum required to survive on in the UK, the directs of inequality on your spending choices are often much much greater.

Also at these levels small changes in housing and travel costs can make a massive difference.

What this means in practice is that while we hear about people on £40,000 per year bleating on about them not being rich....if they wish to take that particular stance then they should absolutely and without question accept that someone on £10,000 per year is dirt poor!

And by contrast if we assume that the minimum JSA of £51.85 is enough to live on and seek work as well as pay the minimum level of child support £5 and that the local housing allowance is £60 per week in Wolverhampton (for those under 25).

Then we can say that £111.85 (less the £5 CSA) giving £106.85 is the minimum required to live on (without having children). That gives £5,556 per year.

Anyone on £40,000 per year will of course have 7 times more disposable income than the folk on the minimum JSA are considered need to live on and even seek work with. Paradise!

Myself I'd say the minimum for human dignity in the UK is nearer the £12,000 per year mark and that nothing below that figure should count...I do wonder what the universal income will be set at...perhaps they will set it at the level that most middle classes think is "poor" and not (as has been the trend with benefits) at a figure that makes those on minimum wage blush at their immense spending power.

I'd like the maximum wages to be set as a proportion of the minimum benefit in the UK for a Jobseeker (the kind that is doing the right sort of things)...for example say 40 times the current level the rich think is "enough for people to languish on the dole with" ...in this case £5,556 x 40 or just over £222,000 per year.

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28 November 2010 4:00AM

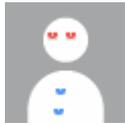
I don't much see the point of comparing a surgeon (someone paid vast sums of money) to a banker (paid inconceivable sums of money). I'd rather see the

comparison between the top decile to the bottom or a surgeon to a nurse, a headteacher to teaching assistant or something similar.

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- [UnevenSurface](#)

28 November 2010 4:40AM

Every time I see these figures I am struck by the fact that the turning point was 1979 - which just happened to be the year when global oil production per capita peaked. It seem logical to me that as the world's energy wealth peaked, those at the top continued to pay themselves more but there was no longer enough to fuel the same increase for everyone else. As oil production per capita has decreased every year since then, it's not going to get better without legislation.

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- [FrancesSmith](#)

28 November 2010 5:50AM

cragglerock

theresa may is distorting the position of those she disagrees with to support her argument, no one thinks everybody should get the same out of life, no matter what they put in, it is just a distortion of her opponents argument.

but the problem is we have to differentiate between the talented rich and the greedy rich.

if someone has a genuine talent in a particular area and as a result is extremely successful and becomes very wealthy that's one thing, it is another thing entirely for someone to become rich at the expense of the rest of us, because they are greedy. which is what is happening in the banking sector, and sections of private industry.

for example the fuel companies who have made excess profits as a result of rising prices, that's greed. and that's greed at the expense of other people, so for that person to become very rich someone else, who already has very little money, becomes very poor. that is not acceptable in a civilised society.

it also reduces the amount of money that the poorer person has to spend on other essential items, and therefore impacts on the local economy in which they live.

it is, i would suggest, greed that needs to be curbed, while finding a way to ensure that the genuinely talented are still rewarded. though that is not as hard as it may sound, as very often the genuinely talented do things because they enjoy it, and are then surprised to find themselves with so much money!

- - Recommend (20)
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28 November 2010 5:58AM

@~Uneven Surface

Every time I see these figures I am struck by the fact that the turning point was 1979

and Maggie Thatcher's 'loads-of-money' society.

- - Recommend (49)
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[wjk7](#)

28 November 2010 6:17AM

The cost of housing rose even faster than average earnings, for instance, and it can be argued that the poorest ended up with even less choice over where they lived at the end of New Labour's time in office."

This is why housing benefit costs have risen : the value of earnings at the lower end of the scale has fallen in real terms and so more and more people rely on benefits to cover their housing costs.

The Rowntree Trust has recently concluded that £14,000 is the minimum required for a decent standard of living in the UK ; many thousands subsist on less than that and are now facing the prospect of substantial cuts in benefit payments coupled with the recent increases in fuel and water prices.

Inequality is set to rise .

- - o Recommend (55)
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[EFirman](#)

28 November 2010 6:35AM

Hopesprings1

"The taxpayer doesn't pay a penny into the remuneration of the Banker. "

A brain surgeon who could find any grey matter in your head would be worth the entire banking bail-out.

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- Recommend (78)
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- [rightthinkinglol](#)

28 November 2010 6:50AM

Wage inequality is the inevitable consequence of mass immigration.

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- Recommend (25)
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- [Salfordian](#)

28 November 2010 7:02AM

When too much wealth is concentrated at the top the whole system is liable to collapse, as in the depression of the thirties, so It is imperative that we address income inequality.

UnevenSurface:

The latest report from the IEA states that conventional crude production peaked in 2006. When you think that growth is dependent on cheap energy then you realise there is not going to be any easy way out of the recession.

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- Recommend (16)
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• [james317a](#)

28 November 2010 7:35AM

After decades of Thatcher & NewLabour inequality and unfairness has become the norm. NewLabour are more to blame than Thatcher, for enshrining her values not overturning them.

- - Recommend (43)
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• [TonyB33](#)

28 November 2010 7:49AM

One massive issue that the author has failed to address is the devaluation of money.

However, in the late 1970s a few of us got greedy; the rest of us failed to stop the greedy, and they spread their ideas around

One of the key causes was that in 1971 the USA came off the gold standard. The impact of this was that it allowed all government to print money to satisfy the unfunded promises that they have made to the people. What then happened was that more and more money was printed devaluing all currencies. The pound was linked to the value of the US Dollar so as the USA devalued we also devalued our currency.

The higher earners who where able to maintain the true value of their pay where less affected than the manual workers who did not realise their pay was being devalued and were less able to raise their pay to compensate.

The author has also failed to address the fact that we have moved from a manufacturing economy to a serviced based economy. Around 25% of the national wealth is produced from the city her proposals would see the key

players leaving London to set up shop elsewhere. We are already losing on average one FTSE 250 company a month to tax competition.

Her numbers are also skewed by including the earnings of wealthy international people who tax domicile in the UK. They tax domicile here on the basis that their international earnings will not be taxed in the UK. Once the rules change they will leave or more probably reduce their time here to less than 91 days and move their tax domicile.

Finally the author fails to address the fact how easy it now is to work internationally. Her proposal of capping earnings would ensure far more tax revenue would be lost to the UK than gained. It would also prevent inward investment into the UK. The net result would be a massive fall in living standards for all including the lower paid.

- - Recommend (9)
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- [peterfieldman](#)

28 November 2010 7:56AM

I have been advocating such a policy for the past five years culminating in a report sent to the leaders of the major European states and the USA: "A Moral Path to Recovery" which can be found on my blog:

www.pfieldman.blogspot.com

I make the point that the highest corporate earnings should be no more than £500000 taxed at 25% with limited bonuses etc only payable for real success over the long term. Without becoming any cleverer, banking and quoted corporate boardroom directors have awarded themselves ever increasing earnings, stock options, bonuses and pensions thanks to remuneration committees and recruitment consultants. The non executive directors who make up the committees tend to be fellow boardroom members of other companies in a frenzy of scratching each others backs. Chairmen too take six figure sums for a couple of days work a week. It would not be so bad if it was related to performance but not only do these "managers" take no personal risks like entrepreneurs but too often the big money is passed around for abject failure and shareholders have not done enough to end the greed.

This accumulation of wealth in a few hands has led to Britain's biggest industry-tax avoidance, or to give it its real name - legalized tax evasion. It is run by and for the benefit of the financial services industry who conjure up

sophisticated schemes for corporations and individuals which the Government, astonishingly, rubber stamps. Example: The state lost £300million when Mrs Philip Green went off to Monaco. So not only have earnings escalated out of all proportion but those with the most do not even pay their fair share of taxes. This loss of revenue coupled with the present crisis has led to the increased national debt and the burden of tax falling more and more on the middle class. More social benefits and less jobs means less tax revenue. It is a recipe for disaster. The wealthy also avoid inheritance tax thanks to the evasion schemes within the Government-financial services partnership. This is clear when one considers how the richest families in the country remain the richest families in the country generation after generation despite tax at 40% of net assets, while the average upper middle class family have to sell the family home to pay the taxes leaving their heirs worse off. Something is clearly wrong. What is the point of the Government fixing taxes when those at whom they are aimed avoid paying with Government approval? We need a total reform of the tax system that leaves more money in the pockets of the middle class without whom there simply cannot be any economic growth. Bringing back outrageous earnings back to earth is a first step followed by transferring taxes to the financial industry through the Tobin tax on transactions. The Government could then reflect on the wisdom of reducing inheritance tax to 10% of net assets for everyone without exemptions except for the family home. This would raise more revenue than at present and reduce the need for the wealthy to seek ways to avoid paying or leave the country. This would be far more beneficial for the economy than the fees paid to the financial industry to dream up their fancy schemes. Sorry this has been rather long.

- - Recommend (20)
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[Dinsmoor](#)

28 November 2010 8:05AM

The greedy have 'never had it so good' as they do today!

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- [Katali](#)

28 November 2010 8:14AM

It has to be one of the most divisive factors in society - how dare the government talk about austerity, and 'all in it together'?

An why does anyone need that amount of wealth? Are they so insecure in themselves?

And it doesn't help to say that no one is living in pre-World War 1 conditions, or in absolute poverty as compared to developing countries - the sheer conspicuous wealth of some sectors of society, compared with the struggle of others, is what has broken Britain.

- - o Recommend (48)
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- [SplitEnz](#)

28 November 2010 8:18AM

This is a good article and one that harks back to when the Observer (and the Guardian) used to campaign against **genuine** inequality, not the spurious 'inequality' based on gender or ethnicity, which ignores the wide disparities of incomes between those with the same gender or ethnicity. That New Labour exacerbated this disparity of wealth should make all Labour voters ashamed.

At close to £21 an hour, which translates to an annual salary of just over £40,000, you are bang in the middle of the best rewarded fifth of all employees. You earn getting on to twice the national average. In short, you are, in relative terms, rich.

In **relative** terms £40k is 'rich', but when one compares that to the salaries of chief executives in the public and private sectors one can see that it is modest. In reality £40k is just about a living wage for a single person in the South of England and some of the other more expensive parts of the UK (eg Edinburgh). Elsewhere it could just about comfortably support family of four.

- - Recommend (28)
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[jekylhyde](#)

28 November 2010 8:22AM

Good on you Danny. England is obsessed with money. The reason they don't want anything to do with Europe is that Europe will make them spread it out a bit. The Murdochs, bankers and their ilk run the country. The ordinary Joe is too stupid to see it. Never talk about politics or religion.

- - Recommend (27)
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[Waltz](#)

28 November 2010 8:46AM

I have no problems whatsoever with wealth inequality, so long as those at the bottom of the pile have their basic needs met.

But even if one accepted that wealth inequality is something the State should address by capping income, how on earth would that actually work in practice? I can see how it could work re: public sector workers but what about everyone else? How do you cap incomes in the private sector? What about

people who run their own, successful businesses? Or who make very large sums of money in sport or the entertainments industry? Or who - like me - have a good salary that is further supplemented by paid spin-off work? Etc.

And why would any high earner put up with this when in most instances they could simply move base to somewhere overseas and avoid this ridiculousness? Why would - say - a top footballer play for a British team and get a capped salary when they could go to any of countless other countries and earn 10x more? Why would successful businesspeople remain in the UK if it seized all their income over a certain sum?

Capping income is lunacy - a fast-track to Third World status.

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- [SplitEnz](#)

28 November 2010 9:04AM

jekylnhyde

28 November 2010 8:22AM

Good on you Danny. England is obsessed with money. The reason they don't want anything to do with Europe is that Europe will make them spread it out a bit. The Murdochs, bankers and their ilk run the country. The ordinary Joe is too stupid to see it. Never talk about politics or religion.

And the EU of course **isn't** run by and for bankers?

- - Recommend (10)
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- [maldonglass](#)

28 November 2010 9:09AM

Our society cannot afford to waste the talents of the children that come from poor families -
Equally we cannot afford the social and economic costs of an unequal society - higher crime rates - more stress and mental illness - higher teenage pregnancy rates - generally more ill-health - lower productivity - etc all of these are directly affected by inequality and cost all of us rich and poor - WE NEED A FAIR SOCIETY not a Bullingdon society which will return us to the dark ages

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- [maldonglass](#)

28 November 2010 9:17AM

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Equally we cannot afford the social and economic costs of an unequal society - higher crime rates - more stress and mental illness - higher teenage pregnancy rates - generally more ill-health - lower productivity - etc all of these are directly affected by inequality and cost all of us rich and poor - WE NEED A FAIR SOCIETY not a Bullingdon society which will return us to the dark ages

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• [Wyndley1857](#)

28 November 2010 9:21AM

PurpleMage

The Minimum Income Standard 2010 for a single person is £14,400

This confirms that the tax allowance should be at least your £12k, perhaps even more.

NI should be merged with income tax so that better-off pensioners - like myself - pay a bit more into the pot.

(Believe me, there's plenty of us!)

- - Recommend (18)
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- | [Link](#)



• [kenlittle](#)

28 November 2010 9:39AM

Dear HopeSprings1:

I don't see any valid argument for a privately owned business to be told what its remuneration policy should be.

But we don't have to do business with them unless they follow basic criteria around providing their workforces with TU recognition agreements and reasonable earnings and employment terms and conditions.

Particularly public contracts.

Why should I as a tax and rate payer subsidise bad employment practice.

The consumer is King is he or she not?

Funny how this principle gets ignored when it comes to Bankers bonuses and sharp practice.

- - Recommend (17)
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- | [Link](#)



[jimlad](#)

28 November 2010 9:41AM

They call them selves the best and brightest. They believe their recompense for that so called intelligence means no one should have any effect on their earnings.

They've first reared the greedy heads in 1985. When Lord Plowden chaired a Review Body on the Top Salaries in the public sector and seemed to take for granted. That high pay in the private sector was a good thing and the growth in greed took off.

[That greed as carried on unabated since then](#)

In the 1970 the pay divide between 90th percentile and the median wage was 17/1. It is now 181/1.

In that time in both the public and private sector. The so called brightest and best have managed to sink this country into a mountain of DEBT. A debt that we. The nice but dim Tim's, are expected to pay. By pay freezes and increased taxes for their incompetence.

Their greed as taken this country and us to the brink of ruin. As they gambled with our money and wasted out taxes to enrich themselves.

It needs to change. Their greed needs to be curtailed. But we have the party in power that invented this culture of greed. So I for one wont be holding my breath on that score.

- - Recommend (21)
 - [Report abuse](#)
 -



- | [Link](#)



• [ExpatTom](#)

28 November 2010 9:57AM

The comments in CIF are always so predicable - blaming richer sections of society for the plight of poorer ones.

Although it may be that there are unjustified excesses in some areas, the truth is that everyone in this country is free to become a "banker" or "corporate fat cat" if they have the talent and motivation to do so. Trying to make the poor feel better about themselves by restricting the pay available to those who are financially successful will inevitably lead to worse conditions for everyone.

For example, if I currently earn £200k and consider whether I should a) sit back and enjoy my success or b) double the size of my business so that I can earn £500k, my choice will always be a) if there is any form of income capping or punitive marginal tax rates at the top end. If that is the choice I am forced to make, this will obviously mean far fewer jobs created, far less income/corporation tax collected by the exchequer, less VAT collected on my spending etc. The net result is that the "poor" are worse off, not in relative terms, but in absolute terms.

Do you all really think that increasing absolute poverty is a worthwhile price to pay for reducing inequality?

- - Recommend (9)
 - [Report abuse](#)
 -



- | [Link](#)



• [jimlad](#)

28 November 2010 9:59AM

Waltz

How do you cap incomes in the private sector

Simple. Introduce a punitive absorbent pay tax. It shouldn't be hard to using

inflation figure, company growth figures, company expenses figures and average pay rises of company workers. To calculate whether the ceo and the board of Ltd companies are rewarding themselves unjust pay awards. If they are the absorbent pay tax kicks in. The onus would then be on them to prove otherwise.

- - Recommend (12)
 - [Report abuse](#)
 -



- | [Link](#)



- [Bluejil](#)

28 November 2010 10:07AM

Great article.

@jimlad, beautiful comment, spot on.

- - Recommend (8)
 - [Report abuse](#)
 -



- | [Link](#)



- [jimlad](#)

28 November 2010 10:12AM

ExpatTom

Trying to make the poor feel better about themselves by restricting the pay available to those who are financially successful will inevitably lead to worse conditions for everyone.

It isn't about making anyone feel better about themselves. The so called talented and successful devised a system of reward, based on risk that gave

them massively inflated remuneration. The remuneration was supposed to be for the risk they were taking with THEIR money. When all all went tits up in 2007 they turned to the least well off. For a hand out to pay for the risk they took. Since it was their so called financial success that created the is mess. They should at the very least be taking pay CUTS. NOT the 58% pay rises they so recently received.

- - Recommend (23)
 - [Report abuse](#)
 -



- | [Link](#)



[ochjim](#)

28 November 2010 10:14AM

20:1 - absurd and offensive. Even 3:1 is hard to justify when the various factors are looked at closely. A minimum of £12.50 per hour for the lowest paid and a maximum of £30 is more like it And, at the same time, get rid of all the institutions and status related creations such as lordships etc (how ridiculous and infantile they are in a so called mature democracy) which reflect the pecking order urges of the animal world, for those plus greed are what underlies the extraordinary inequality which disfigures this society. We're all blind drunk on the juice of various myths . . . it's well past time that we started sobering up.

- - Recommend (21)
 - [Report abuse](#)
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- | [Link](#)



[TedStewart](#)

28 November 2010 10:24AM

Britain must close the great pay divide

I have shares in a Bank and get Pennies in dividend.

I have savings in a Bank and get Pennies in interest.

The Board of this Bank contrive to pay themselves Millions of Pounds.

But am I angry?

You bet your sweet 'bippy' I am!

These despicable Bonus Bandits are the root cause of the banking crisis and must be stopped NOW before they can do any more damage to our lives!

- - Recommend (31)
 - [Report abuse](#)
 -



- | [Link](#)



- [ExpatTom](#)

28 November 2010 10:26AM

Jimlad:

You seem to be making a specific point about the "bankers" and how they have been rewarded for failure with other people's money. I wouldn't ever suggest that this would be acceptable - if you want the huge rewards when you are successful at something, you must be willing to accept the painful losses that come with failure.

However, I think that many people misunderstand the nature of the "bailout" that banks received. In most cases, the Government simply bought shares in the banks and/or lent them money. I suspect that the net result of this is that the Government will make money. The important point is that the shareholders in the banks (i.e. bankers and others) lost huge amounts of money in this process. For example, the shareholders and employees of Bears Stearns, Lehman Brother et al lost almost everything when these companies went under. I know of one senior banker at Bear Stearns who lost his entire life savings in a single day (several million £) and was reduced to tears as a result.

I think that it is important to understand that the current financial crisis that the country is facing was NOT caused by the banks or bankers. It was instead

caused by the Government and the majority of the population assuming the good times (that were, by the way, mainly generated by the financial sector) would last forever instead of saving up in the good times to pay for the bad times. As a result, when the good times came to an end, a huge adjustment was required.

- - Recommend (6)
 - [Report abuse](#)
 -



- | [Link](#)



- [jimlad](#)

28 November 2010 10:33AM

TedStewart

These despicable Bonus Bandits are the root cause of the banking crisis and must be stopped NOW before they can do any more damage to our lives!

Couldn't agree more.

Our Bankers being the greediest and exploit the people when they are hardest hit.

[Take a look at this graph on Banker pay](#)

Note the times when their pay increases significantly. We should have let them stew in their own juices. Protected savers like your self and let them sink in the mountain of debt they've created.

- - Recommend (8)
 - [Report abuse](#)
 -



- | [Link](#)



- [PaulBowes01](#)

28 November 2010 10:35AM

Does anyone really believe that the likes of Will Hutton will produce anything more than an anodyne review? If he did, he would be ignored, as he was ignored during the whole of the New Labour period when his more radical ideas, useful in opposition, proved to be politically inconvenient for the government. The coalition aren't talking about restraining private sector pay: as usual, it's public sector only.

The case for restraining the pay of very high earners has always been a moral one. Stratospherically high pay destroys any sense among those who benefit of belonging to the same community as the rest of us. These are the people who in effect belong to a stateless uberclass, migrating away from tax demands as they see fit. The market, which is essentially an amoral mechanism, will never operate to restrain these people.

At the other end of the scale, it should be a matter for national shame that so many people will live out their lives on a tiny fraction of these salaries. Again, the case is moral. These are supposed to be our fellow citizens. In practice, we have not so much 'two nations' as three or four, separated by enormous gulfs of life chances.

We need to make clear the case that market efficiency is not the sole value in our world. Equity is more important. If this is a democratic country, then let us have real democracy. Where is the courageous political leadership that will take the necessary *radical* steps?

- - Recommend (18)
 - [Report abuse](#)
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- | [Link](#)



- [jimlad](#)

28 November 2010 10:40AM

ExpatTom

However, I think that many people misunderstand the nature of the "bailout" that banks received. In most cases, the Government simply bought shares in the banks and/or lent them money. I suspect that the net result of this is that the Government will make money.

You like many are misinformed. If you wish to better understand the nature of this crisis and the roll our bankers played in it go here
<http://golemxiv-credo.blogspot.com/>

This man understand the roll our bankers played in our downfall better than anyone.

Alternatively buy The Debt Generation by David Malone and learn how wrong your perception of the financial crisis is.

- - Recommend (6)
 - [Report abuse](#)
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- | [Link](#)



- [Rech](#)

28 November 2010 10:44AM

This is really quite ridiculous. Now I actually perform brain surgery so I know a bit about the topic.

If the chief executive's pay fell, the surgeon could soon be earning a far higher proportion of that top banker's income without anyone having to spend a penny.

How would the money get from the chief executive to me? Are Tesco shareholders going to give me a bonus? This makes no sense at all!

Also, why do I actually need to earn part of his (or her) pay? I'm paid perfectly well and like most medical specialists I don't do what I do primarily for the money anyway (although a reasonably high final salary will be required to motivate people to train for twenty years on a trainee wage).

"Why should an excellent brain surgeon receive "only" 0.5% of a top banker's income"

Why not? Who cares? What difference does it make to "excellent" doctors like me?

- - Recommend (14)
 - [Report abuse](#)
 -

Clip

- o | [Link](#)



[kenlittle](#)

28 November 2010 10:48AM

Dear Expat Tom.

Trickle down looks good in principle but in practice its record is poor to say the least.

The Bankers and CEOs get paid loads, whether they perform well or not, and poverty continues to increase in the UK.

They are on record wages and bonuses at present.

Where are the record jobs and proud headlines that the very last child was taken out of poverty?

All my adult life I have lived with this propoganda that if I just keep my mouth shut and buckle down then rich crumbs from the Masters plate will fall my way. So far the mice and myself find ourselves getting poorer and just a little disillusioned with this Thatcherite/New Labour nonsense.

I suppose that you will go on about too much govt and too many restrictions on the Master to get these crumbs to me.

Another lie that has been forced down my throat by Thatcher/Major/Blair/Brown and now nobby Cammeron/Clegg all my adult life.

The truth is that over the past thirty years taxes and regulations on Business have been slashed. Half the reason that the incompetent Bankers did their disasterous stuff was because every regulation that prevented them in the past from givng duff loans was written out of the statute books.

The truth is actually worse than fiction. GREED IS GOOD proclaims a character played by Douglas.

Thats been my experience.

Not even a trickle of the rich mans fortune.

- - o Recommend (32)

- o [Report abuse](#)

- o



- o | [Link](#)



- [Rech](#)

28 November 2010 10:50AM

A minimum of £12.50 per hour for the lowest paid and a maximum of £30 is more like it

On 30/hour, after I have paid my student debt and malpractice insurance I would basically be losing money whenever I went to work. You'll have to try harder before you're able to centrally plan the economy. Maybe there is an economics school in North Korea that can show you how it is done.

-

- o Recommend (7)

- o [Report abuse](#)

- o



- o | [Link](#)



- [Rech](#)

28 November 2010 10:57AM

Chairmen too take six figure sums for a couple of days work a week. It would not be so bad if it was related to performance but not only do these "managers" take no personal risks like entrepreneurs...

You have got to love CiF attitudes. This is great, the concept that you can be the chairman of say Rio Tinto based on a few hours work here and there, I am imagining perhaps in the evening over a nightcap. People earn six figure salaries as sole owner-directors of their own small businesses, of course others will earn six figure sums to run corporations turning over billions of pounds.

-

- o Recommend (6)

- [Report abuse](#)

-



- | [Link](#)



- [Katali](#)

28 November 2010 11:02AM

@Rech

I don't think anyone was suggesting that the CEO super-salaries should be cut in order to pay yours. And no doubt you are worthy of your hire.

The money could be put back into society in other ways - certainly by raising the wages of the lower paid in their own organisation, but also through taxation to provide some of the things necessary for a society which is not broken and divided in the way we are, increasingly. For example - NHS equipment, drugs, buildings, staff - more doctors to keep waiting lists low etc.

I would go for an off the top of my head multiple of 10 x the lowest salary, so in my utopia you could be getting £125 per hour.

-
- Recommend (9)

- [Report abuse](#)

-



- | [Link](#)



- [jekylnhyde](#)

28 November 2010 11:05AM

Splitenz

Murdoch was thrown out of France when he tried to take over their television. Just for information.

-
- Recommend (9)

- o [Report abuse](#)

- o



- o | [Link](#)



- o [gauily](#)

28 November 2010 11:19AM

PurpleMage, 28 November 2010 2:45AM

"A person on £20,000 per year is absolutely not twice as well off as a person on £10,000 per year...despite what we hear (assuming similar circumstances). This is because if housing costs them £5,000 per year and travel £2,500 per year the one has £2,500 to pay for food and everything but the other will have £12,500 for food and everything.

...What this means in practice is that while we hear about people on £40,000 per year bleating on about them not being rich....if they wish to take that particular stance then they should absolutely and without question accept that someone on £10,000 per year is dirt poor!"

You are failing to take account of the effects of tax, NI, tax credits, benefits and also where you live. The difference this makes amazes me. A family on £20k is not 5 times better off than a family on £10k as you try to imply. They are not even twice as well off. Their incomes are surprisingly similar.

A family with 2 children on £10k a year will have a monthly income of £1,575 (income after tax/NI, plus child benefit, working tax credits, child tax credits). Plus they will also qualify for council tax benefit, housing benefit and discounts on many other things such as prescriptions and entry to leisure centres. Plus even more valuable they will also probably qualify for a council house.

A family with 2 children on £20k a year will have a monthly income of £1,828. They will not qualify for working tax credits, nor many other benefits.

Even a family on £40k need not be rich if they have to work in London to earn that income (which is very likely, most jobs earning over £40k are in the south east). Their monthly income is £2,606 but realistically they could pay an extra £300/month for a season ticket and pay £1k a month extra in mortgage costs.

- - o Recommend (7)
 - o [Report abuse](#)

-



- | [Link](#)



- [sheedysharp](#)

28 November 2010 11:36AM

Just a thought and likely to be scoffed at. Also probably already said but what about a maximum wage. i recognise apparent fairness is not high on the agenda in this unlightened shithole nowadays but by bringing people together economically do you not well bring them together. Just a atthought> A sad one since we could have been so much more back to XTC

-

- Recommend (4)

- [Report abuse](#)

-



- | [Link](#)



- [sheedysharp](#)

28 November 2010 11:38AM

Can i ask you Gauty do you want them to be and if so why?

-

- Recommend (0)

- [Report abuse](#)

-



- | [Link](#)



- [becarefuloutthere](#)

28 November 2010 11:54AM

Danny Dorling is professor of human geography at Sheffield University

An equality expert, and students seek to study at his knee. Blessed are the university fee raisers for they save the sheep from the slaughter.

The Economist published figures a month or so ago showing how middle income jobs had shrunk across the western world. It also showed how, in percentage terms, every country except the UK had grown higher paid jobs faster than lower paid ones. In the UK the lower paid ones had grown faster than higher paid ones.

The shrinkage of middle income jobs is a natural outcome of globalisation. The UK is increasingly a low-wage economy, this may be due to globalisation in part but, I suspect, also to having lost its natural advantage of being an island and not subject to the wars and revolution of Europe pre-1945. Coupled with generally poor management.

Now had this 'expert' realised that the low paid pay tax on too little it would have been a useful contribution. However, the consequence of taking those on the minimum wage out of tax is for those who escape by being non-doms, tax exiles and the like paying more. And no politician is going there.

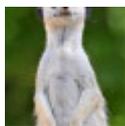
But that still would not fill the gap. The public sector and that includes professors of human geography also have to be paid less.

That this man doesn't realise that banker's bonuses might have a statistical impact but not a real world one speaks volumes.

- - Recommend (3)
 - [Report abuse](#)
 -



- | [Link](#)



- [stevibaldi](#)

28 November 2010 11:59AM

It would be a fairer Britain if the "booses" paid their taxes at source like the rest of us do. Or maybe us little slaves could have our wages paid into a Cayman Islands bank.

-

- Recommend (10)
- [Report abuse](#)
-



- | [Link](#)



[happyhorse](#)

28 November 2010 12:06PM

If the UK did not have an open door immigration policy perhaps wages would be higher - thank you Nulabour.

-
- Recommend (3)
- [Report abuse](#)
-



- | [Link](#)



[gauily](#)

28 November 2010 12:12PM

sheedysharp, 28 November 2010 11:38AM

Can i ask you Gauty do you want them to be and if so why?

I presume you are asking if I want net incomes to be similar or not?

It is nice to know that families on only £10k a year are not in abject poverty and in fact incomes between about £10k a year and £45k a year are not vastly different. At that point over £45k where all the distortions of benefits and tax credits are removed then salaries do take off quite significantly - particularly at the levels mentioned in this article!

The problem I have is that people don't sit down and do the maths. Its not just that we need more equality of income - the perception of equality is just as important. The family on £10k a year is struggling to make ends meet. If they perceive the family on £40k to have four times as much money they will

wonder why they are complaining - and also feel very resentful. In fact, the incomes can be closer than you expect.

Maybe we need to quote salaries after tax and benefits so that people can see for themselves that they aren't as low down the pecking order as they thought. Of course no amount of changing perceptions is going to make a salary of £1,000,000 seem fair.

- - Recommend (4)
 - [Report abuse](#)
 -

Clip

- | [Link](#)



[jimlad](#)

28 November 2010 12:20PM

happyhorse

28 November 2010 12:06PM

If the UK did not have an open door immigration policy perhaps wages would be higher - thank you Nulabour.

If your playing the blame game. Most of them came from the Eastern Pert of the E.U

Ted Heath took us in to the E.U. So we should also say thank you Tories?

- - Recommend (2)
 - [Report abuse](#)
 -

Clip

- | [Link](#)



[jimlad](#)

28 November 2010 12:20PM

Part Not Pert sorry

- - Recommend (0)
 - [Report abuse](#)
 -



- | [Link](#)



- [Waltz](#)

28 November 2010 12:22PM

@ jimlad - thanks for sharing your Class War fantasy with us. Unfortunately it doesn't actually answer any of the questions I posed. Firstly, you single out bankers alone. I appreciate that bankers are currently the target of your particular brand of leftwing venom but the article is about high earners in general, not bankers in isolation. Moreover, the highest earning bankers would simply be relocated elsewhere if your exciting little scheme was ever to be effected. This is precisely why no government - including the last Labour government - has done anything remotely similar to what you suggest.

- - Recommend (1)
 - [Report abuse](#)
 -



- | [Link](#)



- [tresortechnol](#)

28 November 2010 12:25PM

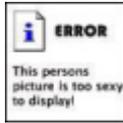
Look at the graphs for the lowest paid, and the next one up. Pay increases virtually stop around the early to mid 2000's. What happened then, that could have effected bargaining position of low paid workers in the UK?

- - Recommend (1)
 - [Report abuse](#)

o

Clip

o | [Link](#)



• [cghorn](#)

28 November 2010 12:37PM

Very often jealousy is quoted as a reason for complaining about the obscene salaries paid to bankers

But for most people the complaints arise because we are paying for them through bank charges

•

o Recommend (1)

o [Report abuse](#)

o

Clip

o | [Link](#)



• [jimlad](#)

28 November 2010 12:49PM

Firstly, you single out bankers alone. I appreciate that bankers are currently the target of your particular brand of leftwing venom but the article is about high earners in general, not bankers in isolation. Moreover, the highest earning bankers would simply be relocated elsewhere if your exciting little scheme was ever to be effected.

Actually the first one to be denounced for their greed was Cedric Brown of British Gas 1995.

I single out bankers more because they've led the charge (as they continue to do now) in the last few years for exorbitant wage inflation and the private sector as followed on their coat tails.

As I said previously executive pay increased from 17/1 in the 70's to 181/1 now. In that time the beneficiaries of this greed have taken us to the brink of ruin in their thirst for more money. Their greed drives our debt and should be curtailed.

Just because I oppose that greed doesn't make me left wing. Just someone who

sees the injustice of their greed
It would be just as easily said that you are right wing because you support unjustified greed.

- - Recommend (7)
 - [Report abuse](#)
 -



- | [Link](#)



- [SplitEnz](#)

28 November 2010 1:04PM

jekylnhyde

28 November 2010 11:05AM

Splitenz

Murdoch was thrown out of France when he tried to take over their television.
Just for information.

And what exactly has this got to do with the topic of this article. Is France an egalitarian utopia? It's never looked like it when I have been there.

- - Recommend (3)
 - [Report abuse](#)
 -



- | [Link](#)



- [ForestTory](#)

28 November 2010 1:06PM

You seem to be confusing 'inequality' with unfairness. They are two completely different things. It is entirely fair that someone in the private sector should earn whatever he or she can convince the boss to pay them.

You also acknowledge that the bottom fifth of earners have seen their salaries increase. They have become richer over the past 10 years. What difference does it make to them if other people have richer at a faster rate?

- - Recommend (1)
 - [Report abuse](#)
 -



- | [Link](#)



- [SplitEnz](#)

28 November 2010 1:07PM

jimlad

28 November 2010 12:20PM

If your playing the blame game. Most of them came from the Eastern Pert of the E.U

Ted Heath took us in to the E.U. So we should also say thank you Tories?

Ted Heath took us into the EEC (as was) and Major Major into the EU (as it was he who signed the dirty deed ,aka the Treaty of Maastricht). It was New Labour which opened the door to cheap migrant labour from the Eastern accession countries in 2004, however the Tories would most likely have done the same, so on that point I dare say that we would agree.

- - Recommend (4)
 - [Report abuse](#)
 -



- | [Link](#)



- [efmcandrew](#)

28 November 2010 1:13PM

Re Cragglerock at 12.23 am

Obviously you yourself are a major influence on the course of your life, but so too is your environment and your background. It's so insluting that May is implying that every successful high earner got there by hard graft alone. Yeah right.

I agree with you but I think what many fail to realise is that, in the past more so than today maybe, people got jobs in investment businesses in particular because of connections and quite often those connections were that their family had money invested in the business. How do you stop this? You cannot stop people bringing their children or relatives in to work in a business where they are a major shareholder.

As regards the schools, I have always thought the very principle of private schools were unfair and to a large extent Britain's downfall.

I worked in a lot of banks in the 80s and so did most of my friends. It was very noticeable that as ssecretaries we dealt with numerous grace and favour appointments for people who had been to the right school. Their jobs comprised very easy admin work (ie sending out marketing material, ringing clients) where an understanding of finance was not necessary. Of course, they had a degree from somewhere and to most outsiders it seemed that you needed a degree to earn megabucks. In fact, you needed to have gone to private school. Some of them were so thick that they used to get on my nerves. This applied across the whole of Europe. I also noticed that it did not seem to apply to Americans where applicants seemed to have got there on merit. No prizes for guessing that they all seemed to have gone to state schools.

- - Recommend (6)
 - [Report abuse](#)
 -



- | [Link](#)



28 November 2010 1:21PM

@expatTom

For example, if I currently earn £200k and consider whether I should a) sit back and enjoy my success or b) double the size of my business so that I can earn £500k, my choice will always be a) if there is any form of income

capping or punitive marginal tax rates at the top end. If that is the choice I am forced to make, this will obviously mean far fewer jobs created, far less income/corporation tax collected by the exchequer, less VAT collected on my spending etc. The net result is that the "poor" are worse off, not in relative terms, but in absolute terms.

The problem with your point of view is that you don't earn £200k - it is earned for you by the efforts of others, few if any would be given the opportunity to earn £200k, indeed I suspect you would rather resent your employees earning the same as you. You only earn large amounts because you keep the pay of your employers as low as you possibly can. Your £500k would only come as a result of continuing exploitation supported by the kind of corrupt governance which passes for democracy.

If you enjoy what you are doing, can pay your bills and met your needs and what you help produce has some value, what is to stop you from expanding if that is the sensible thing to do?

- - Recommend (7)
 - [Report abuse](#)
 -



- | [Link](#)



[wjk7](#)

28 November 2010 1:36PM

- People enjoy better health and a higher life expectancy;•
Fewer• citizens have drug problems;
People are less victimised by violence;•
• Teenage birth rates are lower;
Children experience higher levels of• well-being;
The rate of obesity is lower;•
Mental illness is less• common;
Many fewer people are imprisoned; and•
Opportunities for social• mobility are more widespread

Markers of more equitable societies.

Summary from 'The Spirit Level' ; discussed in 'Enough is Enough ' -published by CASSE : Centre for the Advancement of Steady State Economics.

- - Recommend (6)
 - [Report abuse](#)
 -



- | [Link](#)



[sludge](#)

28 November 2010 1:44PM

The massive public sector income inequalities introduced by New Labour could be solved at a stroke by having a £100k/yr public sector ceiling including replacing the obscene £850k paid to head of BBC . If they dont like it tell them to sod off to the private sector and replace them by younger lively people. Droning on about bankers pay is largely irrelevant as they represent a tiny % of the population . Interference in private sector pay cant and wont work and there the solution is simple , ... high tax rates for earnings over £100k/yr. & what about 2 family members earning at £30k/yr rolling in it versus 1 struggling ?

As regards "equality" there is actually a high level already bearing in mind free health care and education etc for all . The social stability factor is FAIRNESS not equality . EG the unfair property based council tax should be replaced by a poll tax.. The greatest erosion to social stability and public confidence in society is where those who sponge off benefits are seen to be better off than those that are stupid enough to choose to work . There is a damaging active incentive in society to have a career of crime and exploitation of state benefits . This with the legal system seen to have nothing to do with justice or fairness (due to "human rights" act) results in us angry at the political class and increasingly disolusioned with society. Its not "equal" societies that are happier its fair ones in which everyone is expected to work, no sponging of the taxpayer and in return pathways to basics of life enabled.

- - Recommend (7)
 - [Report abuse](#)
 -



- | [Link](#)



[clearsnott](#)

28 November 2010 1:44PM

And the pigs with their noses in the trough might fly.

- - Recommend (2)
 - [Report abuse](#)
 -



- | [Link](#)



[sludge](#)

28 November 2010 1:51PM

Notably the factors listed by wjk 7 28 Nov 1.36 pm of an equitable society have NOTHING to do with income , but instead are to do with clear social ethos and norms known to all and values including moral " concern for society" education through religion and schools . EG the present encouragement of young single girls to have guilt free kids out of wedlock with the perepetuating cost and social diasters resulting needs to be replaced by social stigma to actively massively reduce the problem to meet equitable objectives not simply write the cheques .

- - Recommend (2)
 - [Report abuse](#)
 -



- | [Link](#)



[jimlad](#)

28 November 2010 1:58PM

sludge

free health care and education etc for all

You made me laugh there sludge. You don't pay income tax, N.I, V.A.T, and council tax then?

Lucky Old You.

- - Recommend (2)
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- | [Link](#)



- [Clevo](#)

28 November 2010 2:02PM

Regarding the ever-growing gap in wealth between the richest and the poorest, I remember Margaret Thatcher saying in 1979 that her government would bring back the old values. I wasn't quite clear what she meant at first, but, as the years went by and 'her' policies were turned into legislation, and then continued by her godson Tony Blair, the unequal Britain and its social ills became very clear.

In essence, it is the principle of competition. Set dog on dog. Brother against brother. Hospital against hospital and school against school. All emotionally detached from each other, and wide open to being manipulated.

In a basic sense, that same political and economic philosophy drives the current coalition. Cause and effect. Before "Th Spirit Level" was published, unbiased observers could see how the gap was caused. We may rest assured, if the policies of the new Blair-lite and Blair-liter continue to be applied, everybody (including the government) knows exactly what the outcome will be.

With five years salaries, pension contributions and social contacts, why should they care. They'll be alright. After all, they are all in this together.

- - Recommend (4)
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- o | [Link](#)



- [teddave](#)

28 November 2010 2:05PM

the rich deserve to be happy.

high levels of economic inequality diminish the hapiness of all.

by increasing the distribution of wealth across all classes we can increase the hapiness of the wealthy.

we owe it to them, then they can stop making ill-informed consumption decisions and get on with a lovely life...

how nice would that be?

- - o Recommend (1)
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- [Clevo](#)

28 November 2010 2:13PM

Regarding the ever-growing gap in wealth between the richest and the poorest, I remember Margaret Thatcher saying in 1979 that her government would bring back the old values. I wasn't quite clear what she meant at first, but, as the years went by and 'her' policies were turned into legislation, and then continued by her godson Tony Blair, the unequal Britain and its social ills became very clear.

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- - Recommend (5)
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• [Gusset](#)

28 November 2010 2:21PM

I think that it is important to understand that the current financial crisis that the country is facing was NOT caused by the banks or bankers.

ExpatTom

The current financial crisis was *actually* caused by the banks, but if you jaundiced tax-dodging ex-pats prefer to blame an international financial crisis on Gordon Brown and New Labour, then that's OK with me.

At least it will give you something to talk about on the golf course.

- - Recommend (5)
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• [ExpatTom](#)

28 November 2010 2:38PM

Gusset:

Excellent, well-argued and thought through analysis of the situation. Are you perhaps an expert in banking or economics? I am interested in debate on these issues and accept that I may be wrong, but your post does little to advance the debate.

- - Recommend (0)
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- [blacknapkins](#)

28 November 2010 3:32PM

One consequence of wide pay differentials is a more atomised society. We do not mix as much as we used to in the 1950s. Now we tend to stick much more with our "own"; we read the newspapers written for people like us, we buy food sold for people like us, our children go to schools for children like them.

Is Dorling seriously saying that Britain is a more class-ridden society than it was in the 1950s? Only someone entirely ignorant of history could believe such a thing. In the 1950s, the classes were very distinctly defined by the newspapers they read and the food they ate, far more so than today. Pretending the 50s was a golden age suits the theory of 'equality experts' like Dorling, but it is naive at best, and intellectually dishonest at worst.

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- [ForestTory](#)

28 November 2010 3:47PM

wjk7
28 November 2010 1:36PM

- People enjoy better health and a higher life expectancy;
- Fewer citizens have drug problems;
- People are less victimised by violence;
- Teenage birth rates are lower;
- Children experience higher levels of well-being;
- The rate of obesity is lower;
- Mental illness is less common;
- Many fewer people are imprisoned; and
- Opportunities for social mobility are more widespread

The idea that inequality causes these problems is ludicrous. These are symptoms of absolute poverty, not of a relative lack of affluence. As the article concedes, the poor have become richer in absolute terms over the past 10 years, and indeed the country has improved against most of the issues you mention. To say that paying bankers, footballers or surgeons less would reduce teenage birth rates or mental illness is beyond ridiculous.

Whilst we're on the subject, who was it that made 'poverty' a relative term rather than an absolute term? This introduces the fallacy that keeping the poor poor is better than making them richer, so long as we punish the well-paid.

- - Recommend (1)
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- [reallynavatar](#)

28 November 2010 4:47PM

The way to reduce inequality is through education, improvements to the welfare system and productivity improvements for UK businesses such that the lower deciles of income earn more money on a globally competitive basis.

In the modern era, increased mobility of capital and labour has allowed value (wages) to accrue at the going international rate. This has kept many UK employees salaries down (for example anyone competing with factory workers in China) whilst massively improving those of a small group of people (global finance execs).

The UK can not (and should not) leave the global economy and its increasingly free movement of labour and capital. Therefore trying to artificially restrict salaries at the top is pointless and self-harming. The only solution is to make more people at the bottom and in the middle more valuable on a global basis.

More income equality might well be good for society but it is very harmful that same society to try and enforce this by holding back or disincentivising the successful. It is much more useful to concentrate on the reasons why many people are not able to command a higher wage.

In short the author's analysis entirely mistakes cause and effect. This is only a zero sum game on a global scale. Within the UK, The rich can be very rich and the lower deciles can still do better than now at the same time. This is at someone else's expense on the planet.

More equal societies are more successful because even those near the bottom are valuable, productive and engaged. Not because those at the top have somehow manipulated an excessively successful outcome for themselves.

- - Recommend (1)
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- | [Link](#)

-  [socialistMike](#)

28 November 2010 5:34PM

We've had income-policy before in this country and it failed, spectacularly.

Pure assertion added to utter lack of meaning.

What do you mean by 'income-policy'? What do you mean by 'failed'?

'Spectacularly'? What the hell does that mean?

- - Recommend (3)
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 -



- | [Link](#)



- [socialistMike](#)

28 November 2010 5:36PM

What would make us happy is not being ruled by a corrupt class system.

- - Recommend (1)
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- [JDinParticular](#)

28 November 2010 6:34PM

All this reminds me that some union reps I know were leafleting outside of Capita HQ on Friday on behalf of workers of said company who earn just over the minimum wage and are in dispute over their pay claim that would take them up to £6.92 per hour.

The CEO Paul Pinder came out to challenge some info that was on their leaflet that said he was on £9m a year. He actually brought out a wage slip to prove that he was paid nearer to £700k. Poor bloke.

Glad he cleared that up. Remains to be seen whether he'll up the 1% pay rise currently on the table for his workers though.

- - Recommend (1)
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- | [Link](#)



• [HopeSprings1](#)

28 November 2010 6:55PM

socialistmike

What do you mean by 'income-policy'? What do you mean by 'failed'?

'Spectacularly'? What the hell does that mean?

Just because you can't understand it, doesn't mean it lacks meaning. I've seen enough of your posts to realise that its futile trying to explain anything to you.

Do your own research if you don't know about this countries attempt at an income-policy.

- - Recommend (1)
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- | [Link](#)



• [HopeSprings1](#)

28 November 2010 6:59PM

jdinparticular

The CEO Paul Pinder came out to challenge some info that was on their leaflet that said he was on £9m a year. He actually brought out a wage slip to prove that he was paid nearer to £700k. Poor bloke.

Glad he cleared that up. Remains to be seen whether he'll up the 1% pay rise currently on the table for his workers though.

Such typical lefty tripe. He's the frickin CEO of Capita. He's ultimately responsible for a multi-billion dollar company. I'm amazed he even bothered to come out to prove the Union was talking crap. I mean it's not exactly news is it?

-

- Recommend (3)
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- | [Link](#)



- [JDinParticular](#)

28 November 2010 7:12PM

I'm surprised he came out too but it hardly proved why Capita is too hard up to settle a pay dispute that wouldn't even cost them a third of what he's earning and give their employees a decent wage.

- - Recommend (1)
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- | [Link](#)



- [HopeSprings1](#)

28 November 2010 7:29PM

What on earth is what the CEO earns anything whatsoever to do with another employee's salary?

I'm all for them getting their wage rise. But it would take a far better argument than simply "well the ceo earns x".

- - Recommend (2)
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- | [Link](#)



- [YummieMummie](#)

28 November 2010 8:27PM

Every fat cat banker is aided and abetted by a person on the street (who gets all their information from the Sun or the Daily Mail) who is horrified at the thought of higher taxation for the rich. People might say that they want more equality, but at the same time they don't want to upset the status quo.

- - Recommend (2)
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- | [Link](#)



- [HopeSprings1](#)

28 November 2010 8:36PM

Yummie

Every fat cat banker is aided and abetted by a person on the street (who gets all their information from the Sun or the Daily Mail) who is horrified at the thought of higher taxation for the rich. People might say that they want more equality, but at the same time they don't want to upset the status quo.

Does it make you comfortable to be able to box people like that?

Your inference is typical of a CiF poster. The irony being that the vast majority of the working class read.... The Sun. The very class you profess to be for / to represent are the one's you are inadvertently slandering.

The "rich" (and that appears to be different for each and every poster on here) have just been taxed an additional 10%. We now have top marginal tax rates way into the 60th percentile.

And yet still you look for scapegoats.

- - Recommend (2)
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• [OpenComment](#)

28 November 2010 8:44PM

"What would make us happy is not being ruled by a corrupt class system."

So what do you suggest instead of what we have now and how would you put it in place ?

More slogans without solutions are you sure your not in the shadow cabinet !!!

•

o Recommend (0)

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• [jimcroydon](#)

28 November 2010 8:56PM

While I totally agree that the pay of the wealthiest earners is excessive and that they aren't worth much more than the average employee in terms of their contribution to a business, I simply don't see how you tell the private sector how much they can pay their employees unless it is a minimum wage for those at the bottom. Regulation can work in the public sector but it's much more difficult to achieve in private businesses. Therefore the solution would have to be something more attuned to the capitalist mentality.

Some ideas; Increase the taxation on the super high income earners. Their income over about 1 million pounds is irrelevant anyway, it's more a status symbol than anything else. There will of course need to be changes to the system to stop tax avoidance, perhaps a cap on tax deductions, and some changes to the way income derived from within the country is taxed within

this country. That will mean that Formula 1 drivers and similar will no longer be able to live in Monaco on earnings made in the UK etc.

No doubt people will say that this will drive business overseas but I don't see how a company that is able to make money somewhere will give up that opportunity because of taxes that don't affect the actual business but rather it's employees. Surely cost of doing business is it's main concern. People will do business in the UK as long as there is money to be made. The extra taxes gained could also be used in part to create incentives for business investment and particularly education, that should attract businesses. It is of course a concern that so much of Britain's economy is based on financial transactions whose value is debatable and these businesses care so little about where they transact.

Another method would be to allow shareholders to actually deny salary increases or even better, set executive pay. I don't think many shareholders really think that they are getting value for their money paid to the board and I think the board setting their own pay is pretty obviously letting the fox run the chicken coup.

In order to get any of this through you're also going to have to change the way the political system works as at the moment political parties need funds to survive and go to people with money to get them. They give funds as an investment in getting policy that will reap them rewards. These people are not likely to be in favour of equality. It is about time that the political system was brought back to pleasing the voters not the people buying influence. I would propose finally admitting that politicians cost money and allocating funds from the public purse to administer parties. Then you could ban donations.

- - Recommend (1)
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- | [Link](#)

-  [TwoSwords](#)

28 November 2010 9:10PM

"We do not mix as much as we used to in the 1950s."

This is complete nonsense.

Britain was very divided socially and culturally on class terms in 1950. It no longer is so. We are far more one nation than ever before.

Dorling is just another socialist who wants to claim there are downsides to enterprise being rewarded - an approach that inevitably leads to inequality. we are a healthy dynamic society. Inequality is not a problem. It will never be demonstrated scientifically that it is no matter how many times the Spirit Level is bandied about as if it is some kind of definitive proof.

Shades of "scientific socialism" emerging...

- - Recommend (3)
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- [beansprouts](#)

28 November 2010 10:10PM

@ ExpatTom

I know of one senior banker at Bear Stearns who lost his entire life savings in a single day (several million £) and was reduced to tears as a result.

I knew they were rubbish, but hadn't realised they were that rubbish!! Who would invest their money so badly that they could LOSE THEIR ENTIRE LIFE SAVINGS IN A DAY?! Answer - a Bear Stearns banker. It could almost be a joke if it weren't so tragic, and if it were only their own money they were investing not ours.

the truth is that everyone in this country is free to become a "banker" or "corporate fat cat" if they have the talent and motivation to do so.

ExpatTom, you appear to be as numerically illiterate as the bankers you defend. Of course the whole country can't become a banker or corporate fat cat. An entire nation of bankers? No one even to empty the bins? Barmy!

- - Recommend (2)
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- | [Link](#)



- [Gusset](#)

28 November 2010 10:58PM

ExpatTom,

Are you the same ExpatTom with a MySun profile?

Apparently, he is a Sun reading West Ham United supporter living in Phuket, in Thailand.

- - Recommend (0)
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- | [Link](#)



- [DocBud](#)

28 November 2010 11:16PM

On the minimum wage, someone working 38 hours a week now earns £11,700 a year. Twenty times that is an annual salary of £234,000 (or £118 an hour).

Ask the British people their views, and you find that the overwhelming majority consider this more than ample. It is approaching twice what the prime minister is paid, for instance.

Hardly a surprise that people on £11,700 think that £234,000 is "ample" or that a university professor might think that relevant, but the simple reality is that low and middle income earners in the private sector have jobs because other people provide them and that the public sector needs a flourishing private sector in order to generate the money to finance it.

I'm a director of a small business employing about 30 people. In 12 months time we plan to be more than three times as big, employing around 100 people. To do so will keep me working 60+ hours per week and taking on large loans to fund the expansion. This is my choice, but I choose to do so because the potential rewards are complete financial security to do the things we want to do when I retire and a comfortable lifestyle now.

I can earn £234,000 on my own from professional fees working 45 hours per week for about 46 weeks, so if the government wants to tell me that is all I can earn, why would I go through all the hassle of employing other people and taking on the financial risk?

- - Recommend (1)
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- | [Link](#)



- [Rech](#)

29 November 2010 8:48AM

I can earn £234,000 on my own from professional fees working 45 hours per week for about 46 weeks, so if the government wants to tell me that is all I can earn, why would I go through all the hassle of employing other people and taking on the financial risk?

Are you serious? Using logic in this discussion? That won't do. Anyway shouldn't you employ them because it's a nice thing to do? It would be "social justice".

- - Recommend (4)
 - [Report abuse](#)
 -



- | [Link](#)



- [ExpatTom](#)

29 November 2010 9:14AM

Gusset:

For the record, I don't have a MySun profile, I don't live in Thailand and I don't follow football. Don't let that get in the way of your prejudices though.

Having read the contributions on here, all I can conclude is that I am truly grateful that the type of unthinking socialists that most you represent will never gain power in this country. If they ever did, the plight of the "poor" you claim to represent would be truly dire.

- - Recommend (2)
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• [MattBay](#)

29 November 2010 10:08AM

I whole-heartedly agree with the more sensible comments stating how ridiculous it would be to introduce maximum wages in the private sector. We have to address income inequality, and it makes sense in the public sector, but really.. the reality of implementing something like this would be impossible...

How on earth could it be fair and equitable across all industries.. does the surgeon not perform any more surgery once they've hit their target for the year; does the small business entrepreneur not take on the additional resource to grow and invest; and would be strong CEO of a medium-sized bank still step up to be CEO of a large bank if there is no financial reward for doing so.

- - Recommend (2)
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• [Gusset](#)

29 November 2010 12:13PM

For the record, I don't have a MySun profile, I don't live in Thailand and I don't follow football. Don't let that get in the way of your prejudices though.
ExpatTom

Up the 'ammers!

- - Recommend (1)
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- [SeeClearly](#)

29 November 2010 9:02PM

The graphic accompanying Professor Dorling's article shows a 2009 GP earning £78k. This figure is not credible. All the evidence I have seen indicates that GP's earned nearer double this amount in that year. Has Professor Dorling deliberately underplayed the increase in GP salaries in order to accentuate the increase in bankers' pay and thus make a political point ? The scale of the increase in GP pay is the key reason why the vast increase in NHS spending implemented by the Labour Government achieved little by way of increased quantity and quality of 'health outputs'. UK GP's are grossly overpaid by all international comparisons except perhaps the USA where doctors have to finance the full cost of their own education. I also believe that the egregious pay increases also led to a reduction in GP 'input hours' as the newly rich GPs chose to reduce hours worked and work less than fulltime. Can anyone claim that it's got easier to see your GP over the last 5 years ?