

Riots, redistribution and reparation

Many people have asked why a tiny proportion of (mostly) young people rioted this summer. They have also questioned the part that rising inequalities could have played in making many people poor and some angry. After all, young adults in Britain today have only ever known a country in which income and wealth have been redistributed from poor to rich – to the detriment of all. How much money could be saved by doing the reverse and redistributing from rich to poor? And how much reparation is required in the long run for a sense eventually to emerge that we are all in this together? Danny Dorling seeks answers from an eclectic mix of sources, including a Chinese daily newspaper, a former London gang member and the Institute for Fiscal Studies.

Riots: the language of the unheard?

For a few days in August 2011, London and anarchy was the talk of the world. Writing in the *China Daily Post*, Londoner Murad Qureshi reiterated a common response:¹

Western youths do not suffer absolute poverty. Nevertheless, they feel the pangs of relative poverty in a city where some parts, like central London, have become a playground for

the super-rich and where they feel excluded from the game of consumerism. The scale of inequality in our society is undoubtedly an underlying factor. But it is tragic that young people seem to believe that the only way to fix this imbalance is to have all the latest electronic gadgets, which they looted from the shops and establishments they destroyed or damaged.

Murad Qureshi was writing in a debate with Binod Singh, an Indian lecturer working at Beijing's Foreign Studies University. In reply to Qureshi's comments on underlying factors, Singh quoted what he thought were Martin Luther King's words. From the outside (of Britain), what was happening looked both extreme and familiar. This is what Singh reported Martin Luther King to have said 44 years ago:

When you cut facilities, slash jobs, abuse power, discriminate, drive people into deeper poverty and shoot people dead whilst refusing to provide answers or justice, the people will rise up and express their anger and frustration if you refuse to hear their cries. A riot is the language of the unheard.

Martin Luther King could have said this, but it is hard to find any evidence that he did. What we know he did say is: 'A riot is, at bottom, the language of the unheard'.² Quite how his words were edited and added to we may never know, but Singh's version now circulates widely on the Chinese whispers of the web.

At the time of writing this article, five people had died in this year's riots. The riots in Los Angeles in August 1965 claimed at least 28 lives.³ And it was amidst the aftermath of the bloodshed that Martin Luther King wrote about the language of the unheard.

No doubt King's detractors at the time claimed that poorer Americans had never had it as good and there was no excuse for their criminality. In contrast to being poor and/or black in the 1930s, this was certainly true. I was struck by how many British people told me this summer that our own rioters should be sent to Sierra Leone or the Sudan to experience real deprivation.

tion. But, in reality, few people compare themselves with their parents or with people living in another country when they complain about inequality and injustice, or just about being bored and not having stuff. We compare ourselves with those around us.

Riots: the work of gangs?

In many ways, the internet resembles a virtual graffiti-covered wall, replete with people writing on it complaining about graffiti. One of the pieces of graffiti plastered across the blogosphere in August claimed that the riots were the work of gangs. Members of the upper classes, whose predominant experience of gangs is their membership of university dining clubs (and later exclusive gyms), were especially vocal. In response to David Cameron's views on gang culture, a series of better informed people began to explain why it was not in the interests of gangs to start riots.

Elijah Kerr was reported by Reuters as being a former London gang member who did not trust the government, police or press, but who nevertheless decided on 15 August to speak out because the claims were simply getting silly. He explained:⁴

They [the government] is trying to say gangs ... organised the whole riot a week before to loot a Curry's [electrical store]. It's so stupid and ridiculous... It's just rubbish.

All those involved, they are little kids on bikes. KIDS. Look at who has been charged... they're not gangsters. Youths who have nothing, who have been swept up in trying to fight back against their circumstances and the police 'cos there's just nowt for them.

Or a growing divide?

A few days earlier, a *Guardian* columnist argued that it was impossible to divorce the troubles from the growing divide and the feeling that some people were being left behind. She concluded:⁵

Polarisation between rich and poor areas, as much as between rich and poor people, has been increasing since the '70s, in large part because regeneration projects have not been able to make good the simple fact that wages and employment prospects at the bottom have collapsed, while those at the top have gone through the roof.

She was not alone in her views. While leading politicians flew back from their luxury resorts, tans gleaming, youth workers on the ground in London were explaining to reporters what they thought was happening. Bloggers began con-

structing the basis of a narrative that is likely to become more firmly cemented as time passes:⁶

... as one youth worker explained to a reporter, 'Youths are frustrated, they want all the nice clothes. They ain't got no money, they don't have jobs...' Couple this with the growing police harassment, the shutting down of social services, rising rents and gentrification and an ideologically bankrupt – in many cases just plain bankrupt – economic system that rewards only the most avaricious, competitive individualism and nobody should still be surprised that a generation born of futility and resentment, wholly unheard and bereft of any sense of consequence or accountability, has seized upon an opportunity to reclaim some small and fleeting handful of power.

If it were only the extent of inequality that fuels riots, there would have been fewer riots in the early 1980s when, measured both by income and wealth, we had almost never been as equal. However, in the early 1980s (as is again the case now) Britain was becoming more unequal and there was not much hope of that trend reversing. So it is not the *extent* of inequalities, but the *direction* they are taking, that correlates with riot.

But how much awareness of inequality do people explicitly have and how much seeps through implicitly into a collective, largely unconscious, well of despair?

There is growing fear of falling to the bottom. Near the bottom are people appealing benefit decisions. Citizens Advice Bureaux report that in the north east of England, the benefit appeal process invariably takes over six months, sometimes 12 months or longer. Cuts to legal aid are likely to make a bad situation worse. Young adults can see how their parents are treated and do not look at that kind of future with envy.

An adult appealing an incapacity benefit decision suggesting s/he is fit for work is entitled to a reduced rate of income support amounting to £52.36 a week. S/he is likely to spend, on average, £10 on gas and £10 on electricity, leaving her/him with £32.36 a week. Water charges are at least £6 a week and many people have to make up a shortfall in rent, uncovered by housing benefit, of at least £5 a week. This leaves £21.36. A basic TV licence is £3.50 a week, which leaves £16.36 – £2.33 a day for everything else, including food and drink, clothes and travel expenses.⁷

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Put more succinctly from a part of the country that is often seen as affluent, a debt adviser writes:⁸

It makes me so angry that the gutsiness and sheer hard graft of the people I see is buried under garbage about benefit scroungers: so many people with disabilities and/or caring for small children and/or living on pension credit, people who care for people with disabilities... And that on incomes that don't cover the rent, maybe in villages where services are increasingly non-existent.

Fewer young people can now look forward to a decent life, especially in London. For the large majority, getting rich quick or even moving into the best off one-fifth of society is an increasingly unlikely option. As income inequalities rise, the gaps between us grow, and the chances of moving between groups diminish just as the significance of such moves rises.

It appears foolish to suggest that the current trend of rapidly rising inequality is unrelated to disorder. But how bad is inequality in the UK and what would it take to get back to those days before the early-1980s riots when the country was a more equitable and peaceful place? Let us start with what has happened most recently and then work back a generation.

A divided nation

In October 2010, the Institute for Fiscal Studies (IFS) produced a series of estimates demonstrating that the comprehensive spending review announced that month would hit families in the poorest 20 per cent of the income bracket the most.

An incensed government turned on the IFS. Deputy Prime Minister Nick Clegg said that 'the IFS was wrong to claim that the biggest losers from the £81 billion public service cuts were the poorest families' and suggested that a fuller analysis would reach a different conclusion. By this he meant an analysis that suggested that the middle and upper classes would come to rely less on state support, but he could not produce any numbers to back his claim.

Andrea Leadsom, a former Barclays banker and now Conservative MP, said that the IFS figures 'might misrepresent the number of poorer households affected by tax and benefit changes'. But, just like Nick Clegg, she provided no evidence for her assertion. This was the routine response of government in 2010 and 2011 to criticism: try to rubbish opponents with the statistical equivalent of innuendo.

Mike Brewer, then head of direct tax and welfare at the IFS, responded by pointing out that what was being criticised in the IFS analysis was the reliability of assumptions made within the government's own surveys, conducted on its behalf by the Office for National Statistics and directly in the case of those of the Department for Work and Pensions. The *Guardian* reported:⁹

Brewer conceded that a minority of households within the lower deciles of its analysis, when interviewed about their responses to surveys, produced answers that could skew the analysis. But he emphasised the small number of people involved were unlikely to alter the outcome.

What he might have added is that there are likely to be more problems inherent in estimating hidden income for tax avoidance reasons at the top of the income distribution than at the bottom and, if anything, the estimates might be more biased in underestimating how well the very affluent (with their paid financial advisers rather than charity debt advisers) have avoided being hurt in the downturn.

In 2010, the *Sunday Times* reported that the wealth of the thousand richest people in Britain had risen by 29.9 per cent in one year, with each holding, on average, £335.5 million. In 2011, it reported that it had risen by a further 25 per cent. Beneath these 'very richest', the 'extremely rich' did almost as well, the 'very rich' not quite as well and so on down to the 'average', who experienced a real fall in living standards for the first time in decades. It is likely that figures will soon show that those below the 'average' experienced a real increase in absolute poverty.¹⁰

Table 1: **The incomes and taxes of 'high income' individuals, 2004/05**

	All taxpayers	Top 10–1% of adults	Top 1–0.1% of adults	Top 0.1% of adults
Number of adults	29,500,000	4,215,483	421,702	46,854
Before-tax annual income				
Minimum value	£5,093	£35,345	£99,727	£351,137
Average value	£24,769	£49,960	£155,832	£780,043
Average relative to all taxpayers	1.0	2.0	6.3	31.5
Net taxes paid				
Higher-rate taxpayers	11.0%	66.6%	99.6%	99.2%
Average net income tax paid	£4,415	£10,550	£49,477	£274,482
Average net income tax rate ^a	17.8%	21.1%	31.8%	35.2%
Deductions permitted from pre-tax income – eg, pension contributions ^b	2.3%	4.0%	5.2%	6.3%

a This is measured as average tax paid for each group divided by average total income for each group.

b This represents the average proportion of before-tax income that is deducted from before-tax income in order to arrive at taxable income (excluding personal allowances).

Notes: All data is presented at the adult level and for Great Britain only. There were 46.8 million adults in Great Britain in 2004/05, and the numbers of adults in the richest bands have been calculated assuming that adults not represented in the SPI have incomes below the income tax personal allowance.

Source: Original authors for this table – M Brewer, L Sibietta and others, *Racing Away? Income inequality and the evolution of high incomes*, Institute for Fiscal Studies, 2008, based on SPI.

So if, as the IFS says, the cuts have hurt those at the bottom most and those at the top have seen their wealth soar and bonuses restored, just how bad has inequality become?

Just how unequal are we?

Almost three years before defending the IFS against Liberal and Conservative attack, Mike Brewer and two colleagues produced a report on the extent of income inequalities in the UK. It was titled *High Income Individuals: racing away?* and was press released in January 2008.¹¹ Because of what has happened since, we now know that this represents a conservative analysis of the current state of income inequalities.

Table 1 is taken from the 2008 IFS report, reproduced because its figures can be used to compare inequality in 2008 with the situation in 1970 (Table 2). Table 2 uses the IFS data and figures from the recently released World Top Incomes Survey and calculates just how well paid people at the top are compared with those near the top, those near them, and the rest. These groups are defined as follows. The richest are the best off one-thousandth of the population. The next row of the table is the remainder of the best off one-hundredth of the population (people in the top 1 per cent, but not in the top 0.1 per cent). The next row is the remainder of the best off one-tenth, and then the final row is the 90 per cent of us all remaining. Each row contains ten times more people than the row above it.

Non-taxpayers and wealth not subject to income tax is not included in the table. If it were, the picture would be far more inequitable. Similarly, if these figures were worked out for households rather than individuals, the inequalities would grow (but, equalised for household structure, they would shrink a little too). Even so, these figures are bad enough.

Table 2 shows that most adults – almost 25 million taxpayers – have an income of just under £17,000 a year (£16,837). This has risen by 48 per cent in real terms since 1970. Two people today can buy what three could afford during their parents' time. The next column shows that this 90 per cent of the population have recourse to 57.2 per cent of all income, a much smaller share than the 71.2 per cent their parents held but, in absolute terms, much more money.

Above the bottom 90 per cent of the population, the next 9 per cent (the top 10 per cent less the top single percentile) have an average income of almost exactly £50,000 a year. They are doing well. They are 143 per cent better off compared

Table 2: **UK annual income, before tax, all tax payers, 1970-2005**

	Number of people	Average income 2005	Change 1970-2005	Share 2005	Average income 1970	Share 1970
Top 0.1%	47,000	£780,043	694%	5.0%	£98,193	1.2%
Top 0.1-1.0%	420,000	£155,832	181%	9.0%	£55,535	5.9%
Top 10-1%	4.2 million	£49,960	143%	28.8%	£20,525	21.8%
Bottom 90%	24.8 million	£16,837	48%	57.2%	£11,400	71.2%

Note: all the values are in 2005 pounds, adjusted for inflation.

with their equivalents 35 years ago, who received just £20,525 each a year. Two of these people can now buy what five in the same group could buy a generation ago. Compared with those below them, they have been raking it in.

But above most of the best off tenth are the best off one per cent, who have done even better. Even excluding the very richest one-thousandth of the population, the best off one in one hundred people are now each, on average, more than three times richer than the remainder of the best off tenth of tax-paying adults in Britain. Their average incomes exceed £155,000 a year. They now take home 9 per cent of all income, even though they are only 0.9 per cent of the population. Assuming they come from the same strata of society, a couple now has the spending power of their parents and their grandparents combined. These are the people in the prime ministerial pay bracket.

But, of course, the Prime Minister does not operate in the circles of people in his pay bracket. Will Hutton's report on income inequalities revealed that his real take-home pay, including such perks as country retreats, exceeds half a million pounds:¹²

Radio 4's More or Less calculated that the PM's total package could be worth £581,651, including an estimate of the annual cash value of the pension (£45,651), a nominal rental value of accommodation at Downing Street and Chequers of £338,000.

The Prime Minister moves in the circles of the best off one-thousandth of the population. In 1970, the average income of this group in today's money was just below £100,000. Today, it exceeds £780,000. A couple in the best off one-thousandth today has the income of eight such couples a generation ago. That is enough to leave the remainder of the best off percentile feeling very sore indeed, especially when they are told they receive too much. Like everyone else, they receive too much compared with those below them and too little compared with those above them.

Redistribute

Pay is relative – just like poverty. What matters is what everyone else is paid. That is what determines where you can live, where your children can go to school, whether you can have what is considered to be a decent holiday, and whether you can pay the TV licence and be part of society or not pay it and be a criminal. The current pay bill of the UK, based on simply multiplying the figures above, is £731 billion a year.

If we were to return to the pay differentials of 1970, but to increase the incomes of the bottom 90 per cent of the population by 1 per cent, the total pay bill would be only £537 billion a year. It is easy enough to work this out from the figures above. The overall pay bill could be reduced by one-quarter and – at the same time – 90 per cent of people in Britain could be better off. It is interesting to hear the wealthy try to explain how this is not affordable.

And if you think what has happened in Britain is stunning, take a look at the USA.

Exactly the same table as Table 2 is reproduced in Table 3 for the USA. All I have done to create this final table is to merge a couple of cells of data from a more complex original that was published in the *Washington Post* on 18 June 2011.¹³

Britain's wealthiest one-thousandth still have a long way to go to match their counterparts in the USA, but they are currently converging with them. Even more remarkable is the fact that, in real terms, the bottom 90 per cent in the USA are slightly worse off today than they were in 1970.

Give everyone in the bottom 90 per cent in the USA that 1 per cent and reduce the inequalities between the remaining 10 per cent to what they were in 1970, and you then reduce the overall pay bill of the USA from \$8,247 billion, to \$6,404 billion. Funnily enough, the Tea Party has not yet worked out how easily the United States could start to live within its means by this mechanism.

Conclusion

Just as rioters do not consider possible prison sentences as they riot, not a single rioter will have been seething with anger over that 694 per cent increase in the income of the richest in Britain over the course of a generation. But prison sentences and rising income and wealth inequalities still influence riots. The people imprisoned will be more careful to cover their faces next time. And, until inequalities begin to fall, there will always be a next time.¹⁴ ■

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- 1 Chair of the London Assembly Environment Committee, quoted in 'Debate: London riots', *China Daily Post*, 15 August 2011, www.chinadaily.com.cn/opinion/2011-08/15/content_13110309.htm
- 2 *Oxford Dictionary of Quotations*, Chapter 4, attributing this to 1967
- 3 http://news.bbc.co.uk/onthisday/hi/dates/stories/august/15/newsid_3750000/3750939.stm
- 4 The Reuters reporter was Stefano Ambrogi. Whether the northern word 'nowt' really was used in Brixton we may never know. The report is at: www.reuters.com/article/2011/08/12/us-britain-riots-gangs-idUSTRE77B47I20110812
- 5 Lynsey Hanley, 'Invisible forcefields surround our estates', *The Guardian*, 11 August 11, 2011, www.guardian.co.uk/commentisfree/2011/aug/11/invisible-forcefield-regeneration-estates
- 6 Aragorn Eloff, 'Hackney is everywhere', *Mail and Guardian Readers Blog* 15 August, 2011, www.thoughtleader.co.za/readerblog/2011/08/12/hackney-is-everywhere
- 7 Personal communication with Mark Gamsu, Visiting Professor, Leeds Metropolitan University. These figures are taken from a report by Gateshead CAB, which concluded: 'The impact on someone with significant mental health problems is obvious and can only be a barrier to recovery and maintenance of good physical and mental health.'
- 8 An email sent to the author from an adviser at Cambridge CAB.
- 9 Phillip Inman, 'IFS stands by judgment that spending cuts are regressive', *The Guardian*, 1 November 2010, www.guardian.co.uk/business/2010/nov/01/budget-deficit-public-sector-cuts
- 10 Figures on the very affluent are released a few months after they increase their wealth by surveys conducted on behalf of newspapers. Figures on poverty tend to lag about two years behind events as there are so many more poor people to count than the handful of multi-millionaires in any rich list.
- 11 M Brewer, L Sibieta and others, *Racing Away? Income inequality and the evolution of high incomes*, Institute for Fiscal Studies, 2008
- 12 Hutton Review of Fair Pay in the public sector, interim report, www.hm-treasury.gov.uk/d/hutton_interim_report.pdf
- 13 www.washingtonpost.com/wp-srv/special/business/income-inequality
- 14 If you want to see where falling income inequalities could eventually get Britain, look to the recent discussion of a minimum income standard in the House of Commons. An amendment to the Welfare Reform Bill was proposed by Kate Green (formerly of CPAG): 'Such regulations will make reference to an independently determined minimum income standard', 31 March, cols262-79, www.publications.parliament.uk/pa/cm201011/cmpublic/welfare/110331/am/110331s01.htm

Table 3: **USA annual income, before tax, all tax payers, 1970-2008**

	Number of people	Average income 2008	Change 1970-2008	Share 2008	Average income 1970	Share 1970
Top 0.1%	152,000	\$5.6 million	385%	10.3%	\$1.15 million	2.7%
Top 0.1-1.0%	1.4 million	\$636,522	118%	10.6%	\$291,527	6.2%
Top 10-1%	13.6 million	\$164,372	49%	27.1%	\$110,181	23.4%
Bottom 90%	137.2 million	\$31,244	-1%	52.0%	\$31,560	67.6%