

the present value of the costs incurred by relegating oneself to a lower earnings tranche for the required number of years to enable one's children to qualify for a lower privilege tax (or a subsidy) exceeds the present value of the benefits to one's child from qualifying for this lower tax (receiving the subsidy). Secondly, if a lot of parents reduce their labour supply and depress their earnings, the thresholds defining privilege/underprivilege for their cohort of children should be correspondingly adjusted down. This method of setting the thresholds makes it riskier for parents to try to game the system: they will be imposing a definite loss on themselves and their children in return for a highly uncertain gain.

5. Pettit (1997: 85–6) explains that to be subject to the arbitrary will of another 'is to suffer an extra malaise over and beyond that of having your choices intentionally curtailed. It is to have to endure a high level of uncertainty . . . [that] makes planning much more difficult . . . and [it] is to have strategic deference and anticipation forced upon you at every point.'
6. Roy Hattersley makes essentially the same point in his discussion of why Gladstone's Irish Land Act of 1870 increased the 'sum of liberty'. See Hattersley (1987: 76–7).
7. Trotsky made this remark in relation to the Soviet Union under Stalin. But we should note that in the Civil War period he was himself a strong advocate of the militarisation of economic life. For helpful discussion, see Knei-Paz (1978: 263–9).

Chapter 8

1. This chapter is a revised version of Ben Jackson and Paul Segal, *Why Inequality Matters* (London: Catalyst, 2004). We are very grateful to Tony Atkinson, Ingrid Bleynat, John Goldthorpe, Graham Hobbs, Martin McIvor, Zofia Stemplowska and Stuart White for reading and commenting on earlier drafts.
2. David Aaronovitch, 'Size Doesn't Matter', *Observer*, 25 May 2003.
3. Quoted in Rawnsley (2001: 213).
4. Tony Blair, interviewed by Jeremy Paxman, *Newsnight*, BBC Two, 5 June 2001.
5. Stephen Byers, 'Labour's next PM must abolish inheritance tax', *Daily Telegraph*, 20 August 2006.
6. This became most apparent in the celebrated exchange between Roy Hattersley and Gordon Brown in 1997, which was widely understood to indicate a contrast between an old Labour egalitarianism focused on 'outcomes' and a New Labour egalitarianism focused on 'opportunities'. In our view (and most likely also in the view of Hattersley and Brown) excessive attention has been focused on this contrast. As we argue below, 'opportunities' and 'outcomes' are closely connected, and current inequalities of income and

wealth will certainly undermine any serious effort to equalise opportunities. See Hattersley (1997), Brown (1997) and, for helpful commentary, Cohen (1999).

7. See also Cooper (2004), Compass (2003: 7–8), Toynbee (2003), Miliband (2005: 39–51) and Fabian Commission on Life Chances (2006).
8. We do not directly address gender and racial inequality in this chapter, though these also raise important and urgent political issues (and of course interact with the economic inequalities that we discuss). However, our purpose here is the limited one of highlighting the extent to which political debate on the left has recently neglected economic inequality and spelling out the damaging political implications of this neglect.
9. See Fig. 8.1 and Lindert (2000).
10. See Chapter 1, note 8 for an explanation of the Gini index.
11. Inland Revenue, *Distribution of Personal Wealth*, 2004; quoted in Dixon & Paxton (2005: 53).
12. Institute for Fiscal Studies calculation using 1978–1996 Family Expenditure Survey; quoted in Kelly & Lissauer (2000: 6).
13. The definition and underlying data are different from those in Brewer et al. (2006), leading to a different estimate for the UK.
14. Up-to-date figures that are comparable across countries are not available, but the most recent US data shows that incomes at the tenth percentile have actually declined since 1999, despite aggregate economic growth (DeNavas-Walt et al. 2006: 40).
15. United Nations Development Programme, *Human Development Report 2005*, p. 230.
16. Brewer et al. (2006: 30), using figure before housing costs.
17. Institute for Fiscal Studies, *Where Do You Fit In?* website.
18. New Policy Institute, *Monitoring Poverty and Social Exclusion* website, ‘Key Facts’.
19. Household incomes from Institute for Fiscal Studies, *Where Do You Fit In?* website.
20. For discussion of the historical pedigree of this argument, see Jackson (2004).
21. Neil Kinnock, speech, Llandudno, 15 May 1987; quoted in Westlake (2001: 406).
22. Peter Mandelson, ‘New Labour: The Challenge of Becoming New Labour’, at www.petermandelson.com, accessed June 2004. The website has since been taken down.
23. The most eloquent of these critics has been Roy Hattersley: see Chapter 3 of this volume and ‘It’s no longer my party’, *Observer*, 24 June 2001.
24. This and the previous paragraph draw on Jackson (forthcoming).
25. See Aldridge (2001, paras 22–5).
26. See also Marshall et al. (1997: 52), who find that the odds of ending up in the middle class versus ending up in the working class are five to six times higher for those born into the middle class, compared with those born into the

- working class. This measure is not directly comparable with the relative chances used by Johnson and Reed.
27. Björklund & Jäntti (1997), cited in Österberg (2000).
 28. See also Goldthorpe (2000: 253–6); Esping-Andersen (2003); Erikson (1990).
 29. See also Goldthorpe (2000: 179–80).
 30. See also Goldthorpe (1987: 20–2).
 31. For a perceptive discussion of this point, see Fabian Commission on Life Chances (2006: 113–59).
 32. However, other factors typically cited in this context, such as varying levels of parental support and other parental cultural resources, may correlate to some extent with the wealth commanded by particular families: see Esping-Andersen (2003: 113).
 33. See also Jonsson (1993: 126).
 34. We use the words ‘talent’, ‘skills’ and ‘abilities’ to refer to the same underlying idea: the set of capacities which an individual can use to earn income when placed in competition with other members of the community in the labour market.
 35. In an interview with Will Hutton, Patrick Wintour and Andrew Adonis, *Observer*, 27 April 1997.
 36. This and the preceding paragraph once again draw on Jackson (forthcoming).
 37. See Freedman (1978: 134–45); Clarke (1978: 109–27).
 38. On the parallels between the writings of contemporary political theorists and earlier social democratic writers and politicians, see Plant (1981); Plant (1999).
 39. See also Dworkin (2000); Cohen (1989); Marshall et al. (1997: 158–87).
 40. See also his Chapter 7 in this volume.
 41. It is worth noting that these class differentials in life expectancy widened during the late 1970s and 1980s, reaching a peak in the early 1990s. Today’s figure is still larger than the equivalent for the early 1970s.
 42. Gordon Brown, ‘Britain and the Knowledge Economy’, speech, 16 February 2000.
 43. Estimated using the calculator on the government’s website, www.childtrustfund.gov.uk.
 44. See for example Shapiro & Stiglitz (1984); Akerlof (1982).
 45. UK figures for original income and post-tax income from Office for National Statistics (2006: 91); Canadian figures in Atkinson (1999: 19). Note that Donald Hirsch (2004: 49) states that ‘growing inequality in the 1980s and 1990s was driven by growth in market inequalities rather than by a reduction in the redistributive effect of taxes and benefits’. We disagree with this statement for two reasons. First, by using ‘disposable income’ rather than ‘post-tax income’ Hirsch does not account for the effect of indirect taxes, which became more regressive over the period. Second, the rise in post-tax inequality occurred only after 1984, despite market inequality having grown from 1980. Hence fiscal policy was successfully countering rising market inequality up until 1984. It was the massive reduction in redistribution after

1984 that caused post-tax inequality to rise, at which point it rose much faster than market inequality. This point can also be seen on Hirsch's Graph 3 (ibid.: 53).

46. Quoted in 'I won't raise taxes to help students, insists Blair', *Guardian*, 21 January 2004. HM Revenue and Customs has estimated that a 50 per cent tax rate on those earning more than £100,000 would have raised £2.9 billion in 2000/1, with this figure rising by around £200 million annually over the following few years: see Fabian Commission on Taxation and Citizenship (2000: 235).
47. This figure is not directly comparable with the estimate cited earlier from Brewer et al. (2006).
48. On the complexities of public attitudes towards redistribution, see Fabian Commission on Life Chances (2006: 29–45); Taylor-Gooby (2005); Paxton & White (2006); Hedges (2005).
49. See White (2003), especially pp. 210–19.
50. See Toynbee (2003b), especially pp. 95–114, 168–204.

Chapter 9

1. Goodhart was accused of 'liberal Powellism' by Trevor Phillips, chair of the Commission for Racial Equality, on the grounds that his real concern was not culture but race. This accusation was in turn denounced as 'nonsense' by Julian Baggini, editor of *Philosophers' Magazine*.
2. The terms 'covenantal communitarians' and 'care theorists' are used here as convenient shorthand. They are not terms that are used by the writers concerned.
3. This is, of course, an idea as old as Aristotle, and Wilson acknowledges his debt to Michael Oakeshott (Wilson 1993: 243).
4. The platform may be found at the Communitarian Network website, <http://www.gwu.edu/~ccps/index.html>.
5. Kathryn Edin and Maria Kefalas (2005) have provided a brilliant analysis of why young poor women choose to become mothers, and documented the commitment and resilience they bring to their parenting.
6. Fiona Williams has addressed these issues: for example, in debate with the author (Williams & Deacon 2004).
7. The author has argued elsewhere that there is an inverse relationship between the care giver's claim to compensation and her obligations to the wider community. The argument for unconditional support is strongest in respect of someone caring for a profoundly disabled child, and weakest in respect of the parent of a school age child (Deacon 2007).